

## East Lothian Housing Association Ltd

14 December 2012

This Regulation Plan sets out the engagement we will have with East Lothian Housing Association Ltd during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

East Lothian Housing Association (ELHA) registered as a social landlord in 1988. It has charitable status and employs around 30 full time equivalent staff. It owns and manages approximately 1,230 properties in East Lothian and factors around a further 50. Its turnover for the year ended March 2012 was around £4.9 million.

ELHA has set up an unregistered subsidiary, R3 Repairs Ltd, to provide maintenance services to its own and other RSLs' stock. It intends also to extend its services to the private sector.

We inspected ELHA in December 2011 and awarded it a 'B' grade, indicating a good performance. However we found weaknesses in its governance including its approach to senior staff remuneration and our report made a number of important recommendations. ELHA has agreed an action plan setting out how it would address the recommendations from our report. We will be reviewing progress of the action plans during 2012/13.

We also carried out an inquiry in June 2012 to follow up the salary review process. ELHA has responded to the findings in our inquiry report and will complete the salary review process to meet our regulatory expectations.

ELHA's treasury management arrangements include a free-standing derivative (FSD) although there is no requirement within it for ELHA to provide any additional collateral at any time. ELHA provides us with an annual report on its treasury management arrangements (including specific information on the FSD) to give ongoing assurance about any effect this might have on its financial position.

We reviewed ELHA's progress in meeting the Scottish Housing Quality Standard (SHQS) by 2015. Based on the information it submitted in June 2012, it has plans to achieve the standard.

Although total rent arrears fell significantly in 2011/12, ELHA's reported performance for collecting current tenants' rent and for tenants owing more than 13 weeks' rent was poor compared to the rest of the sector overall. We reviewed performance for 2011/12 and found the number of tenants owing more than 13 weeks' rent had not improved and had increased slightly. We expect ELHA to improve its performance in collecting tenants' rent and we will monitor its reported performance.

### Our engagement with East Lothian Housing Association - Medium

We will continue to have medium engagement with ELHA in 2012/13 in light of the issues identified in our inspection report and in our inquiry report.

1. ELHA will keep us informed about its progress implementing the improvements detailed in the action plan which it developed after the inspection. And provide us with details of how it will complete the salary review process to meet our regulatory expectations.
2. ELHA will continue to send us copies of its Committee reports that monitor progress with its FSD.
3. We will continue to monitor ELHA's reported performance in collecting rent for tenants owing more than 13 weeks' rent. ELHA should provide us with an update on progress in Q4.
4. ELHA should alert us to notifiable events and seek our consent as appropriate. It should provide us with the annual regulatory returns we review for all RSLs:
  - audited annual accounts and external auditor's management letter;
  - loan portfolio return;
  - five year financial projections; and
  - annual performance and statistical return.

This plan will be kept under review and may be changed to reflect particular or new events. The engagement strategy set out in this plan does not restrict us from using any other form of regulatory engagement to seek additional assurance should the need arise. Our regulatory framework and other relevant statistical and performance information can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

Our lead officer for East Lothian Housing Association is:

Name: Joyce Stewart, Support and Intervention Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 305 4122

We have decided what type of engagement we need to have with this organisation based on information it provided to us. We rely on the information given to us to be accurate and complete, but we do not accept liability if it is not. And we do not accept liability for actions arising from a third party's use of the information or views contained in the Regulation Plan.