

East Lothian Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with East Lothian Housing Association Ltd (ELHA) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

ELHA registered as a social landlord in 1988. It has charitable status and employs around 62 full time equivalent staff. It owns and manages approximately 1,288 properties in East Lothian and factors around a further 47. Its turnover for the year ended March 2012 was just over £4.9 million. It has two small development projects which will deliver social housing for rent.

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

ELHA continues to keep us informed about its progress in implementing the recommendations in our inspection report. It is also continuing to progress the salary review process in line with our regulatory expectations.

Treasury management arrangements in ELHA include free-standing derivatives (FSDs) and we will liaise with it to gain assurance about any impact these might have on its financial position.

We have reviewed ELHA's financial returns and need to engage with it to get an update on its financial projections, its subsidiary activities and its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

Our engagement with ELHA – Medium

We will continue to have medium engagement with ELHA to get assurance about its progress with its salary review process and a greater understanding about its overall financial position and its subsidiary activity.

1. ELHA will:

- keep us informed about progress in delivering the Senior Staff Salary Review action plan;
- in August 2013 send us, its 30 year financial projections including income and expenditure account, balance sheet and cashflow statements, covenant calculations and results;
- in June 2013 send us, a copy of R3's business plan and financial projections including income and expenditure account, balance sheet and cash flow statements;
- in November send us, its subsidiary's management accounts to 30 September 2013;
- send us copies of its derivatives contracts, treasury management policy and

- board reports on FSDs; and
 - in June send us details of its plans to manage the welfare reform changes and the how this will impact on future income and costs.
2. We will:
- in Q3, provide feedback on the business plan and financial information we receive;
 - liaise as required to discuss any regulatory concerns arising from FSDs or welfare reform implications; and
 - meet in quarter three to discuss progress and the risks and challenges facing the organisation.
3. 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.

Our lead officer for ELHA for governance and performance is:

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Our lead officer for ELHA for business planning is:

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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.