

Regulation Plan

This Regulation Plan sets out the engagement we will have with Langstane Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Langstane Housing Association registered as a social landlord (RSL) in October 1977. It now owns around 2400 housing units in Aberdeen City, Aberdeenshire and Moray and it employs 74 staff. Langstane has charitable status and has one registered subsidiary, Next Step Homes Ltd.

Langstane is one of the largest developers of social housing in North East Scotland. It receives significant public subsidy in the form of housing association grant (HAG) and is part of the Devanha consortium of RSLs. Its turnover for the year ended 31 March 2010 was around £7.86 million.

We inspected Langstane in January 2008 and concluded that it had improved its performance since the previous inspection in some areas but not all. We awarded a fair grade (C). Langstane agreed an improvement plan with us and we assessed progress against this during 2010/11.

Langstane's performance during 2009/10 in collecting rents and re-letting empty properties has improved but it remains in the bottom quartile, nationally. We do however recognise its particular role in housing predominantly single people and this will always set challenges. Langstane does have plans in place to address these problems and we will continue to monitor the RSL's progress in making further improvements.

Langstane is progressing proposals with Grampian HA to set up a group structure and during 2010 we had discussions with both RSLs about their initial proposals. We received a business case for the group structure from Grampian and LHA in January 2011. We have asked for further information and once this has been received we will assess these proposals to ensure that they make good business sense and are in the best interests of tenants.

During 2010 we reviewed Langstane's own business and financial planning information and will update our assessment once a decision has been made about the proposed group structure.

Our engagement with Langstane Housing Association – Medium

1. Once we have received all the information we need from LHA and Grampian we will formally assess the business case for the group structure. Before granting consent to the proposals, we need to be assured these make good business sense and are in the best interests of tenants.
2. In the meantime we will continue to liaise with Langstane to gain assurance about its financial position, business strategy, and confirmation that its financial

performance is consistent with its lending covenants and that the RSL continues to be viable. However our requirements will be dependent upon the progress of the group structure discussions.

3. We expect to receive information on the completion of Langstane's improvement plan in April 2011. We will also review its performance on rent income collection and void turnaround when we receive its 2010/11 APSR. Once both of these have been reviewed we will determine whether any further regulatory engagement is necessary.
4. Langstane should continue to 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
 - 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 guides to how we regulate, inspect and intervene and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Langstane 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.