

**Langstane Housing Association Ltd****4 April 2012**

This Regulation Plan sets out the engagement we will have with Langstane 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**

Langstane registered as a social landlord (RSL) in October 1977. It now owns and manages around 2600 properties in Aberdeen City, Aberdeenshire and Moray and it employs 21 full time equivalent staff. Langstane has charitable status and has one registered subsidiary, Next Step Homes Ltd. Its turnover for the year ended 31 March 2011 was around £8.9 million.

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

Langstane is one of the largest developers of social housing in north east Scotland and has received significant public subsidy to help fund this. It plans to continue to grow through its development activities including housing for social rent and housing for mid-market rents through its subsidiary. During 2010 and 2011 we assessed Langstane's business planning information and received assurance about its financial and strategic management. We will update our assessment in the light of proposals for the group structure. Langstane is also exploring alternative funding approaches and we need to engage with it to receive assurance about the regulatory implications of these activities.

Achieving the Scottish Housing Quality Standard (SHQS) is a key area of work for Langstane. It has plans to meet the standard by the end of 2015 however in 2010/11 it did not complete all its planned SHQS work and it will need to spend more than half of its total SHQS investment in the two years before 2015.

Langstane's performance during 2010/11 in collecting former tenant arrears, current tenants owing more than 13 weeks rent and re-letting empty properties has improved but it remains in the bottom quartile, nationally. We recognise Langstane's role in housing predominantly single people will set challenges. Langstane's performance for percentage lets to homeless people is in the bottom quartile compared to the sector overall.

**Our engagement with Langstane Housing Association – Medium**

We will continue to have medium engagement with Langstane in light of its group structure proposals and its development, investment and subsidiary activities.

1. We will formally assess the business case for the group structure when we have received all relevant information. 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. Langstane will:
  - send us updated 30 year projections including cashflows, sensitivity analysis and covenant calculations in quarter two of 2012/13; and
  - keep us informed at key stages of progress with its alternative funding proposals.
3. We will review Langstane's progress with SHQS when we receive its 2011/12 APSR return at the beginning of June and decide whether we need to have further assurance at that point.
4. We will also review its performance on rent income collection, re-letting empty properties and lets to homeless people when we receive its 2011/12 APSR. Once these have been reviewed we will determine whether any further regulatory engagement is necessary.
5. Langstane 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 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.