

Loreburn Housing Association Ltd

08 November 2013

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

Regulatory profile

Loreburn was registered as a social landlord in 1982. It manages 2,455 houses in Dumfries and Galloway and factors a further 85 for home owners within the area. It has charitable status and employs around 81 people. It has two unregistered subsidiaries, Dumfries and Galloway Homes and Loreburn Unlimited, though Loreburn plans to wind up the latter by the end of March 2014. Loreburn's turnover for the year ended 31 March 2012 was just over £10.2 million.

We have been engaging with Loreburn about its governance. In July 2011 we asked Loreburn to commission a consultant to carry out an independent governance review to help it address its governance issues. The consultant produced a report in January 2012 setting out the findings from the governance review and Loreburn developed an action plan to strengthen its governance.

We carried out a review of Loreburn's progress in implementing its governance action plan in August 2012 and found that Loreburn had not made satisfactory progress, and further governance issues had emerged. We asked Loreburn to co-opt three people on to its management committee and to appoint an independent consultant to support it to address its governance weaknesses.

Loreburn is working its way through a revised governance action plan, and we are satisfied with the significant progress it has made on resolving its governance issues.

Loreburn's Chief Executive left the organisation in April 2013. Loreburn has carried out an options appraisal, which included a financial review, and it is keeping us up to date about the implementation of that review.

Loreburn has also considered the implications of welfare reform in its budget projections. In addition, it has taken independent advice on its pension commitments, and is taking action to ensure that its scheme is sustainable in the medium to long term.

Our engagement with Loreburn – Medium

We will have medium engagement with Loreburn during 2013/14 to ensure that it continues to satisfactorily address its governance issues.

1. We will continue to liaise with Loreburn to seek assurance about its progress in working through its governance action plan.

2. Loreburn will:
 - keep us informed about how it is implementing the outcome of its options appraisal;
 - provide us with details on the outcome of its pension consultation and ensure that final plans for its pension scheme are affordable and sustainable; and
 - develop a long term business plan (including 30 year projections) for its subsidiary Dumfries and Galloway Homes and share this with us before the end of the current financial year.

3. Loreburn 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 Return on the Charter.

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 Loreburn 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.