

Loreburn Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Loreburn Housing Association Ltd (Loreburn) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Loreburn was registered as a social landlord (RSL) in 1982. It manages 2,456 houses in Dumfries and Galloway and factors a further 92 properties for home owners. It has charitable status and employs around 93 people. It currently has two unregistered subsidiaries, Dumfries and Galloway Homes and Loreburn Un Limited however it is in the process of striking off Loreburn Un Limited. Its turnover for the year ended 31 March 2013 was just over £10.8 million. Loreburn also has a small development programme which will deliver homes for social rent.

We have been engaging with Loreburn during 2013/14 about its governance. 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 its governance action plan and has made significant progress with resolving its governance issues. We will continue our engagement while these governance improvements are consolidated.

We reviewed Loreburn's financial returns and engaged with it during 2013/14 to gain assurance about the implications of welfare reform and its pension arrangements. It has considered the implications of welfare reform in its budget projections and has taken independent advice on its pension commitments. This resulted in Loreburn deciding to close the Scottish Housing Association Pension (SHAPS) final salary pension scheme from 1 April 2014 and putting a defined contribution scheme in place.

Our engagement with Loreburn – Medium

In the light of governance weaknesses we will have medium engagement with Loreburn during 2014/15.

1. We will continue to liaise with Loreburn to seek assurance about its progress with consolidating governance improvements.
2. 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:

Name: John Jellema, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4119

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.