

Pentland Housing Association Ltd

28 March 2014

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

Regulatory profile

Pentland was registered as a social landlord in 1993. It owns and manages 492 houses and provides factoring services to 21 owners in Caithness in the Highland local authority area. It has charitable status and employs 14 people. Its turnover for the year ended 31 March 2013 was over £2.1 million.

Pentland has implemented a range of improvements to address weaknesses in its governance. Following an independent investigation Pentland co-opted two members onto its Board to provide support and also appointed an interim Chief Executive. Pentland has recently carried out an options appraisal and we will be engaging with it while it considers its future.

We have assessed Pentland's performance against some key service quality measures. Pentland's reported performance for the average time to re-let empty houses is poor but has been affected by demand issues in Caithness and Pentland is working with Highland Council and other local landlords to address this issue. The percentage of lets to homeless people also dropped significantly between 2011/12 and 2012/13 but Pentland is working closely with Highland Council to ensure it houses its share of homeless applicants.

We have reviewed Pentland's financial returns and would like to get a better understanding of its business and financial plans for its subsidiaries and how they relate to the RSL.

Our engagement with Pentland – Medium

We will have medium engagement with Pentland in light of its consideration of its future options and service quality issues.

1. We will:
 - seek an update from Pentland by the end of April 2014 on its options appraisal exercise;
 - liaise with the governing body and interim Chief Executive as necessary to discuss its future options;
 - review our requirements for financial information depending on the future option Pentland chooses;
 - review performance in re-lets and homelessness when we receive the Annual Return on the Charter in May 2014; and
 - provide feedback by the end of quarter three on the financial information we receive.
2. Pentland 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 Pentland 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.