

## Port of Leith Housing Association Ltd

**28 March 2013**

This Regulation Plan sets out the engagement we will have with Port of Leith Housing Association Ltd (Port of Leith) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Port of Leith was registered as a social landlord in March 1976 and has charitable status. It owns and manages around 2,410 homes, factors another 85 for home owners in Edinburgh and employs 55 people. Its turnover for the year ended 31 March 2012 was £9.5 million. It has recently established a subsidiary, Persevere Developments Ltd to support its core activities with the provision of mid market rent.

Port of Leith is one of the largest developers of social housing in Edinburgh. It continues to have a significant new build social housing and mid market rent housing programme and has received considerable public subsidy. It is also exploring using innovative funding mechanisms for development.

We have assessed Port of Leith's performance against key service quality measures. While we are generally satisfied with its performance there are two areas where it's reported performance is lower than we would expect. Its reported performance for the percentage of former tenant rent arrears collected is in the fourth quartile and deteriorating and for tenancies sustained is poor and deteriorating. Port of Leith has been taking steps over 2012/3 to improve performance in tenancy sustainment through additional staff and resources including benefits and fuel poverty advice and has reviewed its former tenant arrears process.

Given the scope and complexity of its business and scale of its development activity and the associated risks we will continue to need updated financial projections from Port of Leith.

We discussed Port of Leith's plans to manage the impact of welfare reform changes with it and received assurance about its approach. We will ask Port of Leith for an update during the year on its progress with this.

### **Our engagement with Port of Leith - Medium**

We will continue to have medium engagement with Port of Leith about its overall financial capacity and viability in light of its development, investment and subsidiary activities.

1. In quarter two of 2013/14 Port of Leith will send us:
  - 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results for both RSL and its subsidiary; and
  - an update on the impact of welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

2. We will:
  - review Port of Leith's projections and the business plan for its subsidiary and provide feedback in quarter three of 2013/14; and
  - review Port of Leith's performance for service quality when we receive the APSR in June 2013. Depending on performance we may ask for further information to get assurance about progress.
3. Port of Leith will keep us informed about its proposals to use innovative funding mechanisms for its development.
4. Port of Leith 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; 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 Port of Leith 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.