

## Port of Leith Housing Association Ltd

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Port of Leith Housing Association Ltd (Port of Leith) during the financial year 2014/15. 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 (RSL) in March 1976 and has charitable status. It owns and manages around 2,289 homes, factors another 85 for home owners in Edinburgh and employs around 60 people. Its turnover for the year ended 31 March 2013 was over £9.7 million. It has established a subsidiary, Persevere Developments Ltd to support its core activities with the provision of mid market rent properties.

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.

During 2013/14, we reviewed Port of Leith's financial returns and this provided us with assurance about its financial health. It also provided us with an update on its preparations for welfare reform and pension changes. Given the scope and complexity of its business and scale of its development activity and the associated risks we will continue to review updated financial projections from Port of Leith.

### Our engagement with Port of Leith - Medium

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

1. By 30 September 2014 Port of Leith will send us:
  - its approved Business Plans for both the RSL and the subsidiary including commentary on results of sensitivity tests and risk mitigation strategies and any associated board reports;
  - its 30 year projections for both the RSL and the subsidiary consisting of income and expenditure statement, balance sheet and cash flow, including covenant requirements and calculation of the loan covenants;
  - sensitivity analysis which looks at key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases; and
  - an update on the development programme detailing the funding and commitment levels assumed within it.
2. We will review Port of Leith's Business Plans and projections for it and its subsidiary and provide feedback in quarter three of 2014/15.
3. Port of Leith will keep us informed about its proposals to use innovative funding mechanisms for its planned 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 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](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.