

Port of Leith Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Port of Leith Housing Association Ltd (Port of Leith) during the financial year 2015/16. 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 1976 and has charitable status. It owns and manages around 2,573 homes and provides a factoring service to 145 owners in Edinburgh. It employs around 67 people and has one unregistered subsidiary, Persevere Developments Ltd, which support its core activities with the provision of mid-market rent homes. Its turnover for the year ended 31 March 2014 was over £12.2 million.

Port of Leith is one of the largest developers of social housing in Edinburgh and has received significant public subsidy to help achieve this. It plans to continue to grow through the provision of new homes for social rent, low cost home ownership and mid-market rent.

Port of Leith is currently considering how it can make better use of its assets and is developing a disposal strategy for a significant number of older properties which have stock quality and/or management issues. Port of Leith plans to use the disposal proceeds to help fund new housing for social and mid-market rent.

During 2014/15, we reviewed Port of Leith's financial returns to provide us with assurance about its financial health. We will continue to engage with Port of Leith, given the scope and complexity of its business and scale of its development activity.

Our engagement with Port of Leith - Medium

We will 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 2015, 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;
 - 30 year projections for both the RSL and the subsidiary consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - 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 inflation rates which demonstrate continuing affordability for tenants;
 - reports to the Board for it and its subsidiary in respect of the 30 year projections and sensitivity analysis;
 - an update on its development programme, including funding plans; and
 - an update on the development of its disposal strategy.
2. We will review Port of Leith's business plans and projections for it and its subsidiary and provide feedback in quarter three.

3. 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.

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.