

Sanctuary (Scotland) Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Sanctuary (Scotland) Housing Association Ltd (Sanctuary Scotland) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Sanctuary Scotland became a registered social landlord (RSL) in 1998. It is a charitable subsidiary of the English registered social landlord, Sanctuary Housing Association. All of Sanctuary Scotland's 28 staff are employed by the parent RSL, which also provides all services to Sanctuary Scotland.

Sanctuary Scotland operates across nine different local authority areas but the majority of its stock is in Glasgow and in Dundee. It currently owns and manages around 3,055 homes and provides a factoring service to further 610 houses. Sanctuary Scotland has grown through new build development and stock transfers and has undertaken substantial regeneration work in the areas where stock was transferred to it. Its turnover to the year ending 31 March 2014 was just under £12.6 million.

Systemic importance

Our regulatory framework highlights that a small number of RSLs have a profile in terms of stock size, turnover, size of debt or geographic importance that means we need to ensure that we have developed a comprehensive understanding of their business model and how it is being operated. We refer to these organisations as systemically important and seek some additional assurances from these organisations through our published Regulation Plans. Given the level of Sanctuary Scotland's peak debt we consider it to be of systemic importance.

Sanctuary Scotland has reviewed its position within the Sanctuary Housing Group and is currently considering a constitutional partnership with Cumbernauld Housing Partnership (CHP) and Tenants First, two other subsidiaries of Sanctuary Housing Group. We will assess the business case for this partnership proposal in quarter one of 2015/16.

Sanctuary Scotland is one of the largest developers of new affordable housing in Scotland and continues to receive significant amounts of public funding to help achieve this. Sanctuary has plans for a considerable programme of new homes for social rent and low cost home ownership. Sanctuary Scotland has a joint development programme with CHP in North Lanarkshire and is supporting the completion of Tenants First's Donside project.

During 2014/15, we reviewed Sanctuary Scotland's business plan and financial returns to provide us with assurance about its financial health. We will continue to engage with it to understand how it plans to manage the key risks it faces.

Our engagement with Sanctuary Scotland – Medium

We consider Sanctuary Scotland to be of systemic importance and need to understand how it plans to manage the key risks it faces. We will have medium engagement with it in 2015/16.

1. We will:
 - meet senior staff twice during the year to discuss progress against its business plan and any risks to the organisation; and
 - meet the Chair during the year.
2. CHP, Tenants First and Sanctuary Scotland plan to send us a business case for their partnership proposal in June 2015. If the business case is delayed we will liaise with Sanctuary Scotland to discuss what financial information we need to provide us with assurance about its financial health.
3. Sanctuary Scotland will send us:
 - the minutes of its governing body meetings each quarter; and
 - an update on its development plans, including the joint programmes with CHP and Tenants First by 30 September 2015.
4. We will:
 - engage as necessary with Sanctuary Scotland to assess the business case for the partnership and any consent applications associated with this; and
 - review the minutes of the governing body meetings.
5. Sanctuary Scotland 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 Sanctuary 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.