

Scottish Borders Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Scottish Borders Housing Association Ltd (SBHA)

We are engaging with SBHA because it is a **systemically important** landlord and about its **service quality** and **development** plans.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given SBHA's size we consider it to be systemically important.

SBHA is progressing a review of its repairs service and is looking at a range of options to ensure it achieves value for money

To assess the risk to social landlord services we have reviewed and compared the 2017/18 performance of all social landlords to identify the weakest performing landlords. SBHA has improved its performance with lets for hard to let properties and significantly increased satisfaction with opportunities for tenants to participate in their landlords decision making. SBHA is in the bottom quartile for all social landlords in relation to:

- satisfaction with the overall service;
- tenants who feel the landlord is good at keeping them informed about services and decisions;
- tenants satisfied with the quality of home;
- tenants satisfied with the repairs service; and
- days to re-let properties.

SBHA plans to develop a small number of homes for social rent.

What SBHA must do

SBHA must:

- send us by 30 June 2019
 - its approved business plan and updated risk register;

- 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
- a comparison of projected financial loan covenants against current covenant requirements;
- financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements; risk mitigation strategies for each of the key risks considered should also be provided;
- report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
- evidence of how it demonstrates affordability for its tenants;
- provide copies of its Board and audit committee minutes as they become available
- deliver improvements in the services it delivers to tenants in the areas we have highlighted in this engagement plan; and
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections;
- meet with SBHA's senior staff and Chair in quarter 2 2019/20 to discuss the business plan, the financial information and any risks to the organisation; and
- review SBHA's Annual Return on the Charter in June 2019 and engage with it as necessary about the service quality areas we have highlighted in this engagement plan.

Regulatory returns

SBHA must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about Scottish Borders Housing Association Ltd >](#)



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