

## **Scottish Borders Housing Association Ltd**

4 April 2012

This Regulation Plan sets out the engagement we will have with Scottish Borders Housing Association Ltd (SBHA) during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### **Regulatory profile**

SBHA is a stock transfer organisation, registered in 2003 with charitable status. It is the fourth largest registered social landlord (RSL) in Scotland and owns just over 5,800 houses. It has two non-registered subsidiaries, SBHA Plus and Scottish Borders Building Services. It operates across the Scottish Borders area and employs 186 equivalent full time staff. Its turnover at 31 March 2011 was just over £16.5 million.

Changes in its senior management team and structure have been consolidated during the year with permanent appointments made to all posts. Given the degree of change at SBHA it has established a leadership programme for senior staff. Three new Board Members have also taken up post and training and development arrangements are in place to support good governance.

SBHA has demonstrated its ability to maintain constructive relationships with key stakeholders and its business plan includes several partnership projects with SBC. These should bring benefits to SBHA and its tenants in its work on homelessness, arrears and neighbourhood quality.

During 2011/12 we reviewed SBHA's business plan and gained assurance about its strategic management and controls. Its financial projections demonstrate long term financial viability and the business is focussed on ensuring projected results are achieved.

SBHA has significant work to do to achieve the Scottish Housing Quality Standard (SHQS) by 2015 and progress was delayed in 2010/11 by severe weather, causing delays in larger projects. Some of this delay has now been recovered and major investment programmes are planned. SBHA is now able to proceed with its regeneration of the Stonefield estate following agreement from Scottish Government. Data held by SBHA is comprehensive and has allowed it to construct accurate programmes of work leading up to 2015. Progress is ahead of target and the rate of progress is expected to accelerate during 2012/13.

SBHA anticipates meeting the Standard by 2015 and we will liaise with senior staff to gain assurance that progress remains on target.

SBHA's arrears performance is amongst the poorest in the sector but it has reviewed its policy and practice; worked closely with tenants organisations to launch a high profile campaign to encourage payment and made the Income Revenue Manager post permanent. Initial signs of progress are evident. SBHA has also begun work to establish an Information call centre.



### **Our engagement with Scottish Borders – Medium**

We will have medium engagement with SBHA because it is a large stock transfer RSL which has undergone significant change and still has a large amount of work to do to achieve SHQS.

1. SBHA will send us:
  - at the end of June, 30 year projections including cashflows, sensitivity analysis and covenant calculations; and
  - an update on progress with SHQS as at the end of quarter two once this is available.
  
2. We will:
  - feedback in quarter three on the financial information submitted to us;
  - review arrears performance in June when we receive the APSR; and
  - meet the Board in quarter four to observe and to discuss progress.
  
3. SBHA 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 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 SBHA 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.