

## Scottish Borders Housing Association Ltd

**28 March 2013**

This Regulation Plan sets out the engagement we will have with Scottish Borders Housing Association Ltd (SBHA) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

SBHA, the sixth largest registered social landlord (RSL) in Scotland, was registered in 2003 with charitable status. It owns 5,838 homes and provides factoring services to 146 owners across the Scottish Borders local authority area. It has two non-registered subsidiaries, SBHA Plus and Scottish Borders Building Services which is dormant. It employs 185 equivalent full time staff and turnover at 31 March 2012 was just over £17.2 million. SBHA has three small development projects providing properties for social and mid market rent.

SBHA has seen significant change on its Governing Body during the year with three new Council Members taking up post and one new tenant member. SBHA also decided to renew one co-option and create a further one. Our engagement with the Governing Body provided assurance about governance; induction has been completed for new members and Governing Body appraisal and development arrangements are in place to continue to support good governance. SBHA has continued to maintain good relationships with key partners and this is providing tangible benefits.

During 2012/13 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. The financial position requires careful management. As part of this SBHA is reviewing its pension arrangements and has continued to improve performance in relets and income collection.

SBHA is on track to meet the Scottish Housing Quality Standard (SHQS) by 2015. It has good quality data which allows it to construct its investment programmes and is proceeding with plans for the regeneration of the Stonefield estate.

### **Our engagement with SBHA - Medium**

We will have medium engagement with SBHA because it is a large stock transfer RSL which has undergone significant change and its financial position requires careful management.

1. SBHA will send us:
  - in April, an update on its review of pension arrangements and the impact of auto-enrolment;
  - in April, an update on SHQS compliance achieved as at 31 March 2013;
  - in July, 30 year projections, consisting of the income and expenditure account, balance sheet and cashflows, sensitivity analysis, covenant calculations and results;
  - a progress report in September on its planning for welfare reform;
  - in November, management accounts to 30<sup>th</sup> September; and
  - in December a further update on progress with SHQS.

2. We will:
  - meet senior staff in September to provide feedback on the information we receive; and
  - meet in quarter four to provide feedback on additional financial information and discuss the challenges and risks facing the organisation.
  
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.