

## Regulation Plan

This Regulation Plan sets out the engagement we will have with West Highland Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

West Highland Housing Association was registered as a social landlord in 1975. It is a registered charity and employs around 15 people. It owns around 644 housing units and provides factoring services to a further 135 properties. It has one non registered subsidiary, West Highland Rural Solutions. Its turnover for the year ended 31 March 2010 was £2.5 million.

West Highland is currently one of the larger developers of social housing in the west of Scotland and receives considerable public subsidy, relative to its size, in the form of housing association grant (HAG). Its programme includes social rented and low cost home ownership properties and it is also involved in a local regeneration scheme at Dunbeg. West Highland is currently reviewing its approach to new development and this will be reflected in its forthcoming business plan.

While West Highland has plans that show it can meet its SHQS obligations, it is placing a high priority on improving the thermal efficiency of its stock and ensuring that it has access to a sustainable and cost effective energy supply. It has some ambitious plans to realise these aims. West Highland will be providing us with its business case setting out its proposals by quarter two 2011.

During 2010 we met with West Highland to discuss its business planning information and gained assurance about its strategic and financial management. The RSL is due to provide some further information and a new business plan by April 2011 so that we can complete our review.

### **Our engagement with West Highland Housing Association - Medium**

1. We will complete our review of West Highland's business planning information to assess its overall financial capacity and viability, in light of its development, investment and other subsidiary activities, once the RSL has provided us with its new business plan along with scenario planning and sensitivity analysis of the RSL's key business planning assumptions and full 30 year projections that demonstrate it will continue to be viable and meet its lenders covenants. We also need to see the business plan for the unregistered subsidiary to fully understand its contribution to, and impact on, the RSL.
2. West Highland should also provide us with a business case and plan for its proposed energy projects. This should include financial projections including scenario planning and sensitivity analysis around key assumptions.
3. The RSL 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, internal controls assurance statement and external auditor's management letter
- loan portfolio return
- five year financial projections
- 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 guides to how we regulate, inspect, and intervene 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 West Highland HA is:

Name: Kirsty Anderson, Regulation Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 305 4180

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.