

West Highland Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with West Highland Housing Association Ltd. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

West Highland was registered as a social landlord in 1975. It is a registered charity and employs 12 full time equivalent staff. It owns around 740 houses and provides factoring services to a further 147 houses. It has two non-registered subsidiaries, West Highland Rural Solutions and West Highland Futures. Its turnover for the year ended 31 March 2011 was £3.85 million.

West Highland is currently one of the larger developers of social housing in the west of Scotland and has received considerable public subsidy, relative to its size. Its programme has included social rented and low cost home ownership properties and it is also involved in a local regeneration scheme at Dunbeg. West Highland has been reviewing its approach to new development and is considering providing mid market rent properties and it will reflect this in its forthcoming business plan.

West Highland places a high priority on energy efficiency for its stock and cost effective energy supply and is investigating a number of projects that would assist it with delivering its energy strategy. We need to stay informed about these projects to understand the implications for its business.

During 2011 we met with West Highland to discuss its business planning information and gained assurance about its strategic and financial management. During 2011/12 West Highland has been reviewing its strategic objectives in relation to development and its contribution to sustainability and energy supply in the context of the changing grant and financial landscape. It will then review its Business Plan and associated financial plans. Given the scale and nature of its business we will continue to require additional business planning information from it.



Our engagement with West Highland Housing Association - Medium

We will continue to have medium engagement with West Highland about its overall financial capacity and viability in light of its development, investment and subsidiary activities.

1. West Highland will send us:
 - business planning information including its updated business plan; scenario planning; sensitivity analysis of its key business planning assumptions; full 30 year projections with cashflows; and covenant calculations (we will agree a timetable for this with West Highland); and
 - the business plans for its unregistered subsidiaries including financial projections and sensitivities.
2. West Highland will provide us with a business case and plan for its proposed energy projects in quarter one of 2012/13. This should include financial projections including scenario planning and sensitivity analysis around key assumptions.
3. West Highland 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, internal controls assurance statement 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.

Our lead officer for West Highland 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.