

West Highland Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with West Highland Housing Association Ltd (West Highland) during the financial year 2013/14. 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 owns and manages 736 houses and provides factoring services to 147 owners across Argyll and Bute. It has two non-registered subsidiaries, West Highland Futures and West Highland Rural Solutions. It has charitable status and employs around 17 full time equivalent staff. Its turnover for the year ended 31 March 2012 was just over £3.3 million.

West Highland has had a considerable development programme over the last few years and has received considerable public subsidy, relative to its size. It has plans to continue to develop new homes.

West Highland places a high priority on energy efficiency for its stock and cost effective energy supply and it 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.

West Highland has been reviewing its strategic objectives and structure in light of its proposals to continue to develop and to pursue its energy strategy. It has now decided to explore the option of a constitutional partnership with the Link Group. We will remain in close contact with West Highland as it develops its proposals and will need additional business planning information from it.

We have reviewed West Highland's financial returns and need to engage with it to get an update on its subsidiary activity and its progress with auto enrolment (31% of its staff were not enrolled at 31 March 2012).

Our engagement with West Highland – Medium

We will continue to have medium engagement with West Highland because it is considering constitutional change and in light of its plans for its subsidiaries.

1. By the end of quarter two 2013/14 West Highland will send us:
 - 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results for both it and its unregistered subsidiaries;
 - an update on its subsidiary activities; and
 - an update on auto enrolment.
2. West Highland will keep us informed about its progress in exploring the option of a constitutional partnership with the Link Group. We will consider the business case and any constitutional amendments associated with this proposal.

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 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.