

## Regulation Plan

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

### Regulatory profile

Cube Housing Association Ltd, (Cube) became a registered social landlord (RSL) in 1990 and now owns over 3,360 tenancies excluding around 233 non residential properties. It also provides factoring services for about 1,162 properties. It employs 83 full time employment staff, has charitable status and has two wholly owned, unregistered subsidiaries, Cube Innovations Ltd and Milton Community Homes, which is a local housing organisation, registered in April 2004, to manage stock on behalf of Glasgow Housing Association.

The key challenge facing Cube is to find a way to fund investment in its stock to meet the Scottish Housing Quality Standard (SHQS) by 2015. We have had intensive engagement with Cube around its strategic plan and its financial position and associated ability to meet the Standard. While it still has significant investment to make between now and 2015 to achieve the target, it has made considerable progress during 2009 and has recently developed a costed strategy to tackle its most challenging stock, which we are in the process of reviewing. An important element of this strategy will be the proposed construction of a combined heat and power station in the Wyndford area of Glasgow.

In the light of its ongoing SHQS challenges and other investment activities, we continue to need assurance that Cube can demonstrate that it can remain financially viable over the short to medium term across a range of scenarios. Cube has been revaluating the scale and nature of its development activity but hopes to maintain a programme once its SHQS progress is secured. In the year ending 31 March 2009, it had an annual turnover of just under £10.9 million.

During 2009 we reviewed progress made by Cube against its void improvement plan. Cube sent us an updated plan at the end of April 2010.

#### **Our engagement with Cube Housing Association – Medium**

1. We will continue to liaise with Cube to clarify business planning assumptions and be assured about its overall financial capacity and viability. As part of this, we will be reviewing its updated business plan submitted in April 2010.
2. We will carry out a review of Cube's strategy to meet the SHQS, which was submitted to us in April 2010.
3. We will review progress made by Cube against its void improvement plan also submitted in April 2010.
4. Cube 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 and external auditor's management letter
- loan portfolio return
- five year financial projections, including all SHQS costs
- 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 Cube HA 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.