

Regulation Plan

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

Regulatory profile

Scottish Borders Housing Association (SBHA) is a relatively young stock transfer organisation, registered in 2003 with charitable status. It is the fifth largest registered social landlord (RSL) in Scotland and owns just over 5,500 houses. It is setting up a non-registered subsidiary, SBHA Plus. It operates across the Scottish Borders area and employs around 200 people. Its turnover at 31 March 2009 was £16 million.

SBHA reported that around 93% of its properties did not currently meet the Scottish Housing Quality Standard (SHQS) so we need assurance that it will be able to make the necessary investment in its stock to meet the 2015 target. SBHA plans to complete a full stock condition survey in April and it will use this to review its projections for meeting the standard. SBHA sent us an up to date business plan in April. We will discuss our assessment with SBHA in May. This will include our assessment of SBHA's plans in relation to achieving the SHQS.

SBHA's annual performance and statistical return (APSR) shows that it has achieved some improvement in managing its rent arrears and a significant improvement in letting its empty houses for the year ending 31 March 2009. We carried out a verification exercise on the APSR return for the year ending 31 March 2008 and we found that SBHA could not support the information it provided us. So we carried out further verification work in December 2009 and were still unable to verify all of the reported entries but we found that processes had improved and we were able to take some assurance from the checks we carried out.

Our engagement with Scottish Borders – Medium

1. Because Scottish Borders is a relatively recent, community ownership, stock transfer RSL we want to see 30 year cashflow projections on an annual basis.
2. We will discuss our assessment of the RSL's business plan and progress with meeting the SHQS in quarter two of 2010/11.
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 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.

Our lead officer for SBHA is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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.