

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 is an established Registered Social Landlord with around 500 housing units. It is a registered charity and employs around 13 staff.

West Highland is a relatively large developer of social housing in the west of Scotland and one of the largest developers in Scotland in terms of public funding that it receives. Its turnover now stands at around £1.5 million. It has generated comfortable operating and net surpluses over the past five years and its private finance per unit has remained relatively constant.

Our latest report on the comparative operating costs of RSLs in Scotland, based on 2005/06 data, reported that West Highland's actual operating costs were considerably lower than those predicted by our model.

West Highland's performance in response repairs services is amongst the poorest in the sector and compared to its peers. The Association reported deteriorating performance during 2006/07 and 2007/08 against targets which are not particularly challenging.

Our engagement with West Highland Housing Association - Medium

1. We need additional business planning information from the Association (ie information that goes beyond routine submissions) to assess its overall financial capacity and viability, in light of its development, investment and other activities. We are likely to need to see a comprehensive business plan, including sensitivity analysis around key assumptions, with a covering narrative. We will liaise with the Association at the end of quarter 2 about our requirements and its business planning cycle.
2. Our report on the comparative operating costs of RSLs in Scotland highlighted that West Highland's operating costs were considerably lower than those predicted by our model. We expect RSLs to use the report and we will liaise with West Highland to ensure that it is spending enough on its activities to adequately maintain its properties and provide acceptable services to its tenants.
3. We need assurance that the Association is improving its performance in respect of performance in repairs. We want the Association to produce an improvement plan which outlines the steps it will take to improve its performance in repairs services. We expect West Highland to submit an improvement plan to us by end October 2008 to address this issue and a report on progress against the plan by April 2009.

4. The Association 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. Guides to how we regulate and inspect, and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Name: Linda Scott, Senior Regulation Manager
address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
telephone: 0141 271 3766

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.