

Regulation Plan

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

Regulatory profile

Waverley Housing is an established social landlord, registered in 2003. It has around 1,537 houses in the Scottish Borders. Waverley Housing is a Company Limited by Guarantee and has charitable status. Its turnover for the year ended 31 March 2008 was £4.5 million and it employs 36 full time equivalent staff.

We inspected Waverley Housing in 2006, its first inspection following registration, and we awarded it an overall C grade, indicating fair performance. Waverley agreed an improvement plan with us to address the performance weaknesses identified as part of our inspection which we are in the process of assessing.

Waverley has a relatively high level of private debt that it is currently seeking to refinance. We are currently engaging very closely with Waverley's senior staff, professional advisors, and governing body members about this and the subsequent implications for the RSL.

We are also engaging closely with Waverley about its ability to meet the Scottish Housing Quality Standard (SHQS) by 2015. Waverley tells us it can now meet this Standard providing it secures the necessary new loan facility.

Our engagement with Waverley Housing – Medium

1. We need to see Waverley's revised 30-year projected cashflows based on lending terms offered by the new lender to assess that it can continue to meet its bank covenants and its SHQS obligations. We expect Waverley to demonstrate that it has carried out appropriate sensitivity analysis of its key underlying assumptions.
2. We will continue to see quarterly management accounts and quarterly budget analysis to assess the RSL's current cashflow position.
3. We will continue to meet with Waverley's senior staff as required about its finances and the the private lending issue in particular and will arrange to meet with Waverley's governing body during 2009/10 to discuss any governance and accountability implications.
4. We will continue to liaise with Waverley to assess progress against its improvement plan.
5. Waverley 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 and inspect, and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Waverley 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.