

BT Loch Aillse agus an Eilein Sgitheanaich Ltd – Lochalsh and Skye Housing Association Ltd

Regulatory Status: Compliant

Why we are engaging with BT Loch Aillse agus an Eilein Sgitheanaich Ltd (Lochalsh and Skye)

We are engaging with Lochalsh and Skye about its **financial management**.

Lochalsh and Skye told us it has plans to develop new homes for social rent and needs to obtain new private finance during 2022/23 to support this. We will engage with Lochalsh and Skye to get assurance about how it is managing the risks to the organisation including its levels of debt and on-going development plans.

What Lochalsh and Skye must do

Lochalsh and Skye must:

- send us by 30 April 2022
 - an update on the borrowing requirement for 2022/23;
 - its latest projected monthly cash flows for the 12 months to 31 March 2023;
- send us by 30 June 2022:
 - its approved business plan and updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
 - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
 - evidence of how it demonstrates affordability for its tenants.

What we will do

We will:

- review the cash flow projections and liaise with Lochalsh and Skye as necessary;
- review the business plan and financial projections;
- meet with Lochalsh and Skye's senior staff to discuss the business plan, the financial information and any risks to the organisation; and
- update our published engagement plan in light of any material change to our planned engagement with Lochalsh and Skye.

Regulatory returns

Lochalsh and Skye must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections; and
- Annual Return on the Charter.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.

Our lead officer for BT Loch Aillse agus an Eilin Sgitheanaich Ltd - Lochalsh and Skye Housing Association Ltd is:

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