

## Caledonia Housing Association Ltd

### Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

### Why we are engaging with Caledonia Housing Association Ltd (Caledonia)

We are engaging with Caledonia because it is a **systemically important** landlord, about its **development** plans, its **subsidiaries** and its plans for the former Antonine Housing Association Ltd (Antonine) homes.

Caledonia has two registered subsidiaries Bellsmyre Housing Association Ltd (Bellsmyre) and Cordale Housing Association Ltd (Cordale).

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given Caledonia's size, turnover and level of debt we consider it to be systemically important.

Bellsmyre has developed detailed plans with Caledonia for the regeneration of the Bellsmyre area. It is consulting with tenants and stakeholders about its proposals to transfer engagements to Caledonia to deliver the regeneration.

In 2018 Antonine transferred engagements to Caledonia and we will engage with Caledonia about its progress delivering the promises made to the Antonine tenants during the transfer of engagements process.

Caledonia is one of the largest developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. Caledonia has plans to continue to grow through a considerable programme of new homes for social rent and low cost home ownership. As a result the number of affordable homes provided by Caledonia will increase by just over a fifth over the next five years. Following a break from development Cordale also has plans to develop new homes for social rent.

## What Caledonia must do

Caledonia must:

- send us by 31 May 2019:
  - 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 and compares the resulting covenants with the actual current covenant requirements; risk mitigation strategies for each of the key risks considered should also be provided;
  - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
- provide copies of its Board and audit committee minutes as they become available;
- keep us updated about the proposals for the transfer of engagements of Bellsmyre to Caledonia;
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance;
- send us an update on its development programme and Cordale's development programme by 31 October 2019. This will include details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme; and
- have plans in place for the former Antonine stock to meet EESSH by December 2020.

## What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections;
- meet with Caledonia's senior staff and Chair in quarter two to discuss the business plan, the financial information and any risks to the organisation;
- discuss progress with monitoring the promises to the former tenants of Antonine when we meet;
- review the development update in quarter three and liaise with Caledonia as necessary; and
- review Caledonia's plans to ensure the former Antonine stock meet the Energy Efficiency Standard for Social Housing (EESSH) when we review the performance of all landlords as part of our annual risk assessment. The deadline for compliance is December 2020 and 52% of the former Antonine properties are currently compliant.

## Regulatory returns

Caledonia and its registered subsidiaries 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;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



### **[Read more about Caledonia Housing Association Ltd >](#)**

You can also access information about Caledonia's registered subsidiaries from this link.

### **Our lead officer for Caledonia Housing Association Ltd is:**

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