

**REPORT TO: BOARD OF MANAGEMENT OF SANCTUARY
SCOTLAND HOUSING ASSOCIATION LIMITED**

REPORT FROM: SANCTUARY GROUP - FINANCIAL CONTROLLER

DATE OF MEETING: 9 JUNE 2020

SUBJECT: LOAN PORTFOLIO RETURN 2019/2020

1. Introduction

1.1 This report seeks approval for the annual loan portfolio return for Sanctuary Scotland Housing Association Limited (Sanctuary Scotland Housing Association).

2. Background information

2.1 The Scottish Housing Regulator (the Regulator) requires the annual submission of this return, which give details of active loans as at the end of the financial year. The Regulator uses this information to inform their view about the risks and future financial viability of each registered provider. This information also feeds into the annual regulatory assessment which determines the level and type of engagement the regulator has with Sanctuary Scotland Housing Association.

3. Analysis

3.1 The Regulator requires the return to be approved by the Board of Management and signed by the Chairman and Director - Sanctuary Scotland. The required return date is normally 30 June; however, the Regulator has extended the deadline to 30 July due to the Covid-19 pandemic. That said, forms will be submitted online to the Regulator as soon as approved by the Board of Management.

3.2 The form reflects the loan portfolio as it stood at 31 March 2020, reflecting the cash position of the loans, net of premiums and actual interest rates agreed with lenders, rather than the International Financial Reporting Standards (IFRS) accounting treatment for loans, as requested by the Regulator. The 'Facility Outstanding' total of £33,730,600 at the top of page two of the return reflects loans with external providers only, not those via Sanctuary Treasury Limited (Sanctuary Treasury).

3.3 The intragroup loan facilities with Sanctuary Treasury with outstanding balances totalling £206,593,400 are outlined in sections five to 17 of the form.

4. Appraisal

4.1 Risk management

4.1.1 RM 5 Governance; Board of Management approval is required before the return is submitted to the Regulator.

4.1.2 RM 9 Legislative / Regulatory - the loan portfolio return is a requirement of the Regulator.

4.2 Impact on diversity

4.2.1 There is no specific impact on diversity.

4.3 Value for Money

4.3.1 The Regulator uses the loan portfolio return to help inform their view about the risks and future financial viability of Sanctuary Scotland.

5. Recommendation

5.1 The Board of Management is asked to approve the loan portfolio return.