

## Cairn Housing Association Ltd

**11 August 2014**

This revised Regulation Plan sets out the engagement we will have with Cairn Housing Association Ltd (Cairn) during the remainder of financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this regulation plan.

### Regulatory profile

Cairn was registered in 1990. It owns 3,204 houses and provides factoring services to 2,047 owners. It has 112 non housing units. It is a registered charity and employs around 172 full time equivalent staff. Cairn's turnover at the end of March 2013 was just over £15.7 million. It has one unregistered subsidiary, Cairn Homes & Services Ltd, which is currently dormant, but there are plans for the subsidiary to be active by September 2014

Cairn reported in its Annual Performance and Statistical Return for 2012/13 that it still had a significant amount of work to do to meet the Scottish Housing Quality Standard (SHQS) by 2015. It has progressed faster than planned with its investment programme during 2013/14, with 84% of its properties complying with SHQS as at March 2014. Cairn is confident of meeting the standard by April 2015.

Cairn has included future development of new homes in its financial projections and has provided detail on the impact of this on its business and financial plans.

In June 2014 we identified a significant performance failure at Cairn, following an approach to us by one of Cairn's tenants. Cairn breached its statutory duty as it did not formally ask its tenants about a proposal which could have an effect on services provided and therefore it could not consider customer feedback before making a decision on this proposal. Cairn did not comply with the Scottish Social Housing Charter outcome and standard 3 which states that tenants should find it easy to participate and influence their landlord's decisions at a level they feel comfortable with. Cairn has accepted the finding and has assured us it is taking steps to address this.

### **Our engagement with Cairn Housing Association Ltd – Medium**

In light of Cairn's SHQS investment and development activities and its significant performance failure, we will have medium engagement with it during 2014/15.

1. Cairn has sent us its approved business plan; 30 year projections for the parent and associated sensitivity analysis at the end of July 2014.
2. Cairn will send us the revised Business Plan for its subsidiary, Cairn Homes & Services Ltd, by the end of September 2014.
3. Cairn has told us about the steps it plans to take to ensure that it fully complies with its statutory responsibilities around tenant consultation. Its Governing Body will consider this further in August and provide us with the actions it plans to take by the end of August.

4. Cairn will also send us:
  - at the end of October, six monthly management accounts including the related Board paper; and
  - at the end of October, a report on progress with SHQS compliance.
5. We have reviewed progress with SHQS as reported in the Annual Return on the Charter and will:
  - provide feedback on the Association's actions on tenant consultation by the end of September 2014;
  - seek quarterly updates on progress with these actions;
  - provide feedback by the end of quarter two on the business plan and financial information we have received; and
  - review progress with SHQS when we receive the update in October.
6. Cairn should 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; and
  - the Annual Return on the Charter.

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 regulatory framework and other relevant statistical and performance information can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Cairn 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.