

Key Housing Association Ltd

28 March 2014

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

Regulatory profile

Key became a registered social landlord in 1978 and provides housing and support to adults with learning disabilities. It is a registered charity based in Glasgow and operates across 15 local authority areas. It owns and manages around 697 houses and employs around 1,134 people, mainly support staff. Its turnover for the year ended 31 March 2013 was just over £38.9 million. It has two unregistered subsidiaries Community Lifestyles Limited and KHA Developments Ltd.

Given Key's turnover we consider it to be of systemic importance.

We have been engaging with Key about the risks and challenges it faces around its pension liabilities. We need to continue to engage with Key about this and we will discuss the outcomes from the options assessment it plans to carry out and its business plan and financial projections to get assurance about its approach to managing this issue.

Our engagement with Key – Medium

We consider Key to be of systemic importance and in light of its current challenges meeting its pension liabilities we will have medium engagement with it in 2014/15.

1. We will engage as necessary with Key as it develops a plan to manage its pensions liabilities.
2. By 31 July 2014 Key will send us:
 - its Business Plan including commentary on results of sensitivity tests and risk mitigation strategies;
 - its 30 year projections consisting of income and expenditure statement, balance sheet and cash flow, including covenant requirements and calculation of the loan covenants;
 - sensitivity analysis which looks at key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases which demonstrate continuing affordability for tenants; and
 - its report to the Board about the 30 year projections.
3. Key will send us copies of its governing body and audit committee minutes quarterly.

4. We will:
 - review minutes of the governing body and audit committee meetings;
 - discuss the outcomes from the options assessment; and
 - meet senior staff and the Board in quarter two to discuss progress against the business plan and any risks to the organisation.

5. Key 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
 - 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.

Our lead officer for Key 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.