

## Shire Housing Association Ltd

**31 March 2015**

This Regulation Plan sets out the engagement we will have with Shire Housing Association Ltd (Shire) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Shire was registered as a social landlord in 1996. It owns and manages 990 houses, delivers a factoring service to 909 owners and provides a small number of non-housing units across East Ayrshire. It has charitable status and employs around 17 people. Its turnover for the year ended 31 March 2014 was just over £4.2 million.

We have been engaging with Shire around governance weaknesses and it has made positive progress in working through its action plan, supported by three co-options on its Board. Shire is currently recruiting a new interim senior officer following completion of a business strategy review which outlined options for the future of the business. Three co-optees will remain on the Board for the foreseeable future to support Shire.

We have reviewed Shire's financial returns and will continue to engage with it to gain further assurance on its plans for the future and its longer term financial position.

In addition, we will engage with Shire on its performance for the percentage of lets to homeless people, the percentage of rent lost due to properties being empty, arrears management and the percentage of tenancies sustained for homeless people.

### Our engagement with Shire – Medium

We will have medium engagement with Shire to gain further assurance about its governance progress, long term financial position, and service quality issues.

1. By the end of June 2015, Shire will update us on its medium to long term plans for the future now that its business strategy review is complete.
2. By 30 July 2015, Shire will also send us its:
  - approved business plan including commentary on results of sensitivity tests and risk mitigation strategies;
  - 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
  - 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 and inflation rates which demonstrate continuing affordability for tenants; and
  - reports to the Board in respect of the 30 year projections and sensitivity analysis.

3. We will:
  - provide feedback on the business plan and projections in quarter three of 2015/16;
  - continue to engage with Shire on governance issues while it completes its governance action plan and embeds improvements;
  - continue to engage with Shire to gain a higher level of assurance about its service quality; and
  - engage with Shire as it takes forward the outcomes of its business strategy review.
  
4. Shire 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Shire is:

Name: John Jellema, Regulation Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 242 25888

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.