

Trust Housing Association Ltd

28 March 2014

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

Regulatory profile

Trust was registered as a social landlord (RSL) in 1975. It is a registered charity that owns and manages 2,552 homes and employs around 300 full time equivalent staff. Trust's turnover at the end of March 2013 was just over £18.47 million. It has one unregistered subsidiary, Trust Enterprises Ltd.

Trust continues to have a development programme which will deliver 55 homes for social rent and low cost home ownership.

We have also assessed Trust's performance against key service quality measures. Trust's reported performance for the average time to re-let empty houses and for the percentage of tenancies sustained for more than a year is poor and deteriorating for both indicators.

We have reviewed Trust's financial returns and need to engage with it to get a better understanding of it and its subsidiary's business and financial plans. Trust is planning to develop new housing, invest in its existing stock and provide additional services to its clients through its unregistered subsidiary.

Our engagement with Trust – Medium

In light of Trust's subsidiary, service quality and development activities we will have medium engagement with it in 2014/15.

1. Trust will send us by the end of September 2014:
 - an update on progress with its development programme;
 - the approved business plans for the RSL and its subsidiary including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections for the RSL and its subsidiary consisting of the income and expenditure statement, balance sheet and cash flow, covenant requirements, calculation of the loan covenants the related Board report; and
 - sensitivity analysis for the RSL and its subsidiary which looks at the 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.
2. We will engage with Trust about its service quality performance.
3. Trust 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 Trust 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.