

Trust Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Trust Housing Association Ltd (Trust) during the financial year 2015/16. 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, operating across 23 local authority areas. It owns and manages 2,571 homes and employs around 548 people (279 full-time equivalents). Trust's turnover at the end of March 2014 was just over £20 million. It has one unregistered subsidiary, Trust Enterprises Ltd, which carries out its commercial activities.

Trust's Chief Executive will shortly retire and recruitment is underway for a new senior officer. Trust has an on-going development programme and has received significant public subsidy to fund this. It has recently delivered new homes for mid-market rent and it has aspirations to deliver more new homes in future.

We engaged with Trust in 2014/15 and gained assurance about performance in relation to service quality. We have also reviewed Trust's financial returns and need to continue to engage with it to get a better understanding of it and its subsidiary's business and financial plans.

Our engagement with Trust – Medium

In light of Trust's subsidiary and development activities we will have medium engagement with it in 2015/16.

1. By 30 September 2015, Trust will send us its:
 - approved business plan for both it and its subsidiary including commentary on results of sensitivity tests and risk mitigation strategies;
 - 30 year financial projections for both it and its subsidiary 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;
 - reports to the Board for it and its subsidiary in respect of the 30 year projections and sensitivity analysis; and
 - update on development activities, including future funding plans.
2. We will:
 - provide feedback on the business plan and projections in quarter three of 2015/16;
 - meet the new Chief Executive once they are in post to discuss the risks, challenges and opportunities facing the organisation.

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.