

Regulation Plan

This Regulation Plan sets out the engagement we will have with Arklet Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Arklet was registered in February 1977 and has charitable status. It has 227 tenants, employs nine people, and has two non-registered subsidiary companies: Arklet Homes Ltd, which develops new homes for sale and Kolcare Ltd, which provides care and support. It owns properties in East Renfrewshire, Glasgow and South Lanarkshire. Its stock includes dwellings built or adapted for people confined to wheelchairs. Arklet's turnover in the year to 31 March 2008 was just over £1.2 million.

Although a small registered social landlord (RSL), Arklet has a substantial development programme and is projected to grow by around 28% over the next few years. It anticipates receiving considerable public subsidy in the form of housing association grant (HAG) to part-fund its development programme. It will use this along with further drawdown of private funding and cash receipts from properties it has developed for sale.

Our review of Arklet's performance in 2008, using information supplied in its 2008/09 Annual Performance and Statistical Return (APSR), indicated that its performance in re-letting empty properties (which was on average 71 days for all voids) was significantly poorer than most other RSLs.

Our engagement with Arklet – Medium

1. We need additional business planning information from Arklet (i.e. information that goes beyond routine submissions) to assess its overall financial capacity and viability, in light of its development activities. We would like to see an up to date comprehensive business plan, including 30 year projected cash flows and its treasury management arrangements to make this assessment. Arklet should also send us quarterly cashflows. This information will be required by the end of August 2009. We will review this information and provide feedback to Arklet by October 2009 about any further regulatory activity we need to take.
2. We expect Arklet to provide us with a written plan by the end of August 2009 showing how it intends to reverse its deteriorating void turnaround performance and also provide us with a progress report in April 2010.
3. Arklet should continue to 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
 - annual performance and statistical return

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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Arklet HA is:

Name:	Wendy Hayhurst, Regulation Manager
Address:	Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone:	0141 305 4158

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.