

Regulation Plan

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

Regulatory profile

Irvine Housing Association was registered in 1994 and owns and manages over 2,100 tenancies. It employs 51 staff and annual turnover for the year ended 31 March 2008 was just short of £6 million. It has one non registered subsidiary, Thistle Housing Services Ltd, although this did not trade in the year to 31st March 2008.

During the last year we have had a number of meetings with senior staff, attended the Board and audit committee, and reviewed specific Board papers and other, strategic documentation and financial information.

Irvine has kept us fully informed about the actions it has taken to address the issues highlighted in last year's regulation plan, including discussions with lenders. Irvine has made significant progress in addressing its long term financial viability. It has carried out an executive team review and as a result has reduced the size of its senior management team and recruited to new posts.

Irvine has decided to review its organisational arrangements to ensure these are consistent with its vision and corporate objectives and is actively considering a possible strategic partnership with other organisations. A number of possible further medium term efficiency gains have also been identified.

We have also reviewed the governance and internal control work that Irvine has carried out and are satisfied that improvements have been secured.

However there are a number of issues which remain outstanding from the 2008 Regulation Plan, or, where the outcome is currently uncertain. The post of finance director has been filled on a temporary basis pending the outcome from the investigation of possible strategic partnership arrangements, and, its 2008/09 business planning documentation needs improvement. Plans to reduce costs have also still to be finalised, and proposals for the sale of its offices remain ongoing.

Our engagement with Irvine Housing Association - Medium

1. We expect Irvine to:
 - keep us informed of progress with any strategic partnership proposals. This should include providing a clear timetable showing when key decisions will be taken;
 - provide us with details of the impact any strategic partnership will have on the association's financial position and strategic direction;
 - provide a robust and integrated business plan and supporting documentation (including internal management plan) which tells us about the association's future strategic direction and how it will control costs;

- keep us up to date with progress in relation to the sale of its previous office premises;
 - keep us informed about proposals for the post of Finance Director;
 - provide quarterly management accounts; and
 - provide the minutes of the next audit committee.
2. We will:
- meet with the senior management team when necessary to review progress on any proposals for a strategic partnership and towards achieving efficiency gains;
 - ensure that its financial management function continues to operate effectively while the position of Finance Director is filled on a temporary basis and that the RSL maintains an effective working relationship with its lenders; and
 - Review Irvine's business planning process and documents.
3. Irvine HA 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 auditor's management letter
 - loan portfolio return
 - five year financial projections, including all SHQS costs; and,
 - 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.

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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.