

Willie Croft  
Chair  
Trafalgar Housing Association  
[REDACTED]

20 March 2023

Dear Willie,

### **Trafalgar Housing Association (“Trafalgar”)**

Thank you to you and Paul for meeting with us on 15 February. We said that we would write to you to confirm our assessment of Trafalgar’s compliance with the Regulatory Standards of Governance and Financial Management and regulatory requirements (“the Standards and requirements”).

Our assessment is that Trafalgar meets the Standards and requirements. This means that Trafalgar’s regulatory status which we will publish in its engagement plan is “Compliant”.

### **Our engagement with Trafalgar**

In the October 2019, 2020 and 2021 Annual Assurance Statements, Trafalgar stated that it partially complied with the Standards and requirements and would develop an action plan towards full compliance.

On 17 March 2022, we wrote to Trafalgar to explain we had conducted our own assessment of Trafalgar’s compliance and our assessment was that Trafalgar did not meet the Standards and requirements and set out in this letter the reasons why. As a result, we published an updated engagement plan, which explained how we would engage with Trafalgar during 2022/23.

We welcome that Trafalgar has engaged openly and constructively with us during 2022/23. It has spent significant time working through the actions within its detailed consolidated action plan (CAP) and has completed a significant number of the improvement actions set out within this. In specific reference to the areas we deemed to be materially non-compliant in our assessment for 2022/23, we note that:

- Trafalgar’s Business Plan was agreed, and an Annual Service Plan is in place to ensure delivery against the Business Plan. In addition, two strategy days have taken place during 2022/23. The most recent took place in January 2023.
- All existing and new members of the management committee have been appraised by SHARE and training plans have been established. Joint committee training took place during the strategy days held in 2022 and January 2023, and this included the review of the roles and responsibilities of SHR and SHR Standards and requirements. We observed a management committee meeting in January 2023 and provided feedback to Trafalgar on this.
- Conflict of interest declarations for staff and committee members have been completed and a system is in place to ensure these are updated as appropriate.
- The Director’s delayed appraisal has been completed. This is an annual process, that will recommence in April 2023.

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- The health and safety assurance issues have been considered with the help of independent consultant, Wilson Adrian Safety Management. Policies, procedures and processes are now in place. Health and safety is a standing agenda item at each management committee meeting.
- Appropriate equalities and diversity policies and procedures are now in place. Committee training on this area will also be provided by SHARE during 2023/24.

We also note that Trafalgar's current Annual Assurance Statement (31 October 2021) stated that there were no areas of material non-compliance. The review identified that there is sufficient evidence in place to confirm compliance, with only a few areas of non-material significance requiring attention.

When we met with you and Paul on 15 February, you also told us that:

- At the January 2023 strategy day, the committee considered a paper on a suggested sub-committee structure. It was agreed that the sub-committees would be put in place for the start of the new 2023/24 financial year. A formalised corporate governance & reporting framework has been produced (and which you provided to us) and would be taken to the management committee on 1 March for approval.
- A formalised staff performance management framework will be instigated. The annual appraisal process for all staff will recommence in April. A documented performance management framework will be presented to the management committee on 29 March. This will include a consideration of staff training requirements.
- Mediation services have been procured from Rowan Consultancy and mediation is underway.
- You will work with Brown and Wallace to undertake a rolling stock condition programme of around 60 homes per year.
- An internal audit programme for 2023/24 would be agreed at the committee meeting on 1 March. This would likely include SHQS, void management and reactive repairs.
- Procurement processes are currently being reviewed with the help of Henderson Loggie and TC Young. This will ensure value for money is considered appropriately and continued compliance with relevant legislation. Trafalgar will also consider how they procure quantity surveyors and other professional services during 2023/24.
- A previous recommendation by Henderson Loggie was that the external auditors (Alexander Sloan) should provide a planning document for review by the committee. Graeme Bruce and Paul are progressing this work with the hope to have this completed shortly.
- A policy register of all Trafalgar policies is in place. Scheduling for reviews to be undertaken during 2023/24 will be considered shortly.

### Our assessment

It is positive that, through its assurance work, Trafalgar has identified that it is compliant with the Standards and requirements with only a few areas of non-material significance requiring attention. However, it is necessary for the SHR as a regulator to undertake its own assessment of Trafalgar's compliance.

We note that in the past, Trafalgar has significantly delayed or not completed improvement actions. However, we also note that Trafalgar has acknowledged these issues and has indicated it will ensure appropriate and timely management and completion of improvement actions and recommendations going forward. We also recognise the significant progress that

has been made in the last few years.

It is our assessment that Trafalgar is materially compliant with the Standards and requirements but acknowledge that the CAP (to be known as a “Continuous Improvement & Quality Plan” going forward) remains in place to continue and maintain improvements at Trafalgar. This is good practice, and we welcome this alongside the introduction of the proposed corporate governance & reporting framework.

You noted you would seek approval for the following three items during the March 2023 committee meetings. We would ask for specific updates on these areas as soon as you can:

- Confirmation of the approval by committee of the formalised corporate governance & reporting framework. This includes the establishment of sub committees from April 2023;
- Confirmation of the approval by committee of the documented performance management framework; and
- Confirmation of the internal audit programme for 2023/24.

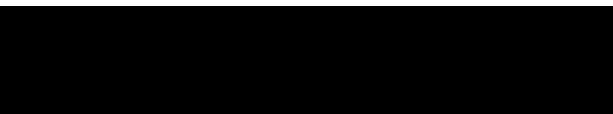
### **Our future engagement with Trafalgar**

I have attached a copy of Trafalgar’s engagement plan which we will publish on 31 March. This sets out the information we require from Trafalgar, what it needs to do and how we will engage during 2023/24. We would ask that you inform the management committee of this letter and the 2023/24 engagement plan.

Finally, we look forward to receiving the requested updates noted at ‘Our assessment’ above.

Many thanks to Bernadette, Diane, Paul and yourself for your open engagement over the past few years.

Yours Sincerely



**Kelda McMichael**  
**Scottish Housing Regulator**

Enclosed: Trafalgar Housing Association engagement plan

Copied to: Paul McShane, Director