

Regulatory Notice – Position Statement for SHIP and other local authority reviews

On **14 August 2026**, the Board of Encircle Housing, through its Chair Alistair How, formally wrote to the Regulator of Social Housing requesting a review and removal of the Regulatory Notice issued on **10 April 2019**. The Board's position is that the Notice no longer accurately reflects Encircle's current governance, financial strength, risk profile or operational performance following seven years of sustained improvement and regulatory oversight.

The letter sets out extensive evidence that the issues identified in 2019 have been comprehensively addressed. Since the Notice was issued, Encircle has returned to a strong financial position, reporting a **£1.36 million surplus in 2025/26**, building **£6.5 million of cash reserves**, and achieving a **net asset position of £2.6 million**. Independent financial modelling has confirmed the organisation's long-term viability and ability to meet its obligations without relying on external borrowing.

The Board also highlights significant risk reduction measures, including the surrender or assignment of more than **420 underperforming lease units**, removal of over **£4 million of annual lease liabilities**, a reduction in average lease lengths from **35 years to 10 years**, and diversification from **6 landlords and 21 care providers** in 2019 to **44 landlords and 57 care providers** by 2026.

Governance concerns raised in the original Notice have been addressed through the establishment of a fully independent Board, strengthened conflict-of-interest management, adoption of the NHF Code of Governance, regular effectiveness reviews, skills-based recruitment and extensive independent assurance. Over the last seven years, the regulator has received **106 Board and Audit papers**, alongside regular updates on the agreed improvement programme.

The Board's submission is supported by substantial independent assurance from organisations including Altair, TIAA, external auditors and governance specialists. In addition, an independent review by Andrew Foster Consulting concluded that Encircle complies with the Consumer Standards, Rent Standard and Value for Money Standard.

The central message of the 14 August 2026 letter is that the circumstances described in the **2019 Regulatory Notice are no longer representative of Encircle today**. The Board argues that the organisation has undergone a sustained and independently validated transformation and that the continued publication of the Notice risks creating an inaccurate perception among commissioners, investors, partners and other stakeholders, despite the significant progress made since 2019.

Encircle Housing is currently waiting for feedback from the Regulator on the submission.

Peter Aviston
Managing Director
Encircle Housing
15 September 2026