

Glasgow Housing Association Ltd

4 April 2012 - 8 October 2012

This Regulation Plan sets out the engagement we will have with Glasgow Housing Association during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Glasgow Housing Association Ltd (GHA) was registered in 2001 and has charitable status. It is the largest Registered Social Landlord (RSL) in Scotland, with around 45,000 tenants and 25,000 factored homeowners. And it owns 54% of the social rented housing stock in Glasgow and 22% of the social rented stock in Scotland.

GHA is the parent in a group structure which includes four non-registered subsidiaries:

- Your Place Property Management Ltd
- GHA (Funding) Limited
- Lowther Homes
- GHA Enterprises.

Cube Housing Association is also an RSL and will become part of the GHA group in April 2012.

GHA employs over 1,680 people and the Group's turnover in the year ended 31 March 2011 was £230.8 million. Since it took ownership of its stock in 2003, GHA has invested in excess of £1 billion in its houses and is now in the final phase of its planned investment to meet the promises made to tenants at the point of transfer. This will still involve a significant investment programme over the next two years to bring the remainder of its houses up to date and meet the Scottish Housing Quality Standard by 2015.

GHA has completed the construction of 782 new homes and has a further 472 homes under construction. It has plans for a further 1,500 new homes.

During 2011, GHA completed the last of the Second Stage Transfers which resulted in over 19,000 homes transferring to community based RSLs. GHA is now moving forward with its remaining tenants as a long term social landlord. It is also considering new business activities through its subsidiaries. In light of this significant change, GHA has been reviewing its governance arrangements.

Given GHA's size, turnover, debt and the scale of its investment activity, and its group activities, we consider it to be of systemic importance.

Our engagement with Glasgow Housing Association- medium

We consider GHA to be of systemic importance because of its size, turnover, debt and its significant development, investment and group and subsidiary activities. So we will have a medium level of engagement with GHA in 2012/13.

1. We will meet with GHA's senior staff on a quarterly basis to discuss its business and any risks to the organisation.
2. To inform these discussions, GHA should provide us with its most up to date business plan with 30 year financial projections (including cashflows) and sensitivity analysis and covenant calculations so that we can continue to be assured about its ongoing financial capacity and viability. GHA should also send us the financial forecasts (including cashflows and sensitivity analysis) for its subsidiaries so that we can continue to understand the contribution they make to GHA's business. GHA should provide this information by the end of April 2012.
3. Because we consider GHA to be of systemic importance, we will also:
 - review the minutes of the governing body and the audit committee; and
 - meet with the Chair of the governing body during the year.
4. We expect GHA to discuss its future governance arrangements with us, in advance of seeking any necessary consents for constitutional changes.
5. GHA 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 (including all SHQS costs);
 - 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 regulatory framework, guidance and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for GHA 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.