

Glasgow Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Glasgow Housing Association (GHA) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

GHA was registered in 2001 and has charitable status. It is the largest Registered Social Landlord in Scotland, with around 41,500 tenants and 24,000 factored homeowners. And it owns 40% of the social rented housing stock in Glasgow and 15% of the social rented stock in Scotland.

GHA reviewed its governance arrangements during 2012/13 and decided to become a subsidiary of the newly registered Wheatley Housing Group. This will formally come into effect on 1 April 2013.

GHA employs over 1,590 people and the Group's turnover in the year ended 31 March 2012 was £184.8 million. Since it took ownership of its stock from Glasgow City Council 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 to build over 600 new homes during 2013/14.

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.

We reviewed GHA's business plan as part of our assessment of the Wheatley Group business and received assurance about its financial position. We will continue to liaise with the Group to receive assurances about the transition and the implementation of the new structure.

We have discussed with GHA how it is preparing for the introduction of welfare reform and received assurances about its approach. We will ask GHA for an update on progress with this.

Our engagement with GHA - 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 2013/14.

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 projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results so that we can continue to be assured about its ongoing financial capacity and viability. GHA should provide this information to us through the Wheatley Group in February 2014.
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. 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.