

Grampian Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Grampian Housing Association Ltd (Grampian)

We are engaging with Grampian because it is a **systemically important** landlord and about its **development** plans.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given Grampian's size, turnover and level of debt we consider it to be systemically important.

Grampian is one of the larger developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. Grampian plans to continue to grow through a considerable programme of new homes for social and mid-market rent. As a result, the number of affordable homes provided by Grampian will increase by 10% over the next five years.

Following consultation with Kincardine Housing Co-operative Ltd's (Kincardine) tenants, we directed the transfer of assets from Kincardine to Grampian and this transfer of 72 homes was completed at the end of January 2019.

What Grampian must do

Grampian must:

- send us by 30 June 2019:
 - its refreshed business strategy and the report to the Board including an updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;

- financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
 - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
- send us by 30 June for its subsidiary TLC:
 - the approved business plan;
 - the financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements (where applicable) including risk mitigation strategies; and
 - reports to the Board of TLC and Grampian in respect of the approved financial projections and sensitivity analysis;
- provide copies of its Board and audit committee minutes as they become available;
- tell us if there are any material adverse changes to its plans which might affect its financial position or reputation, in line with our notifiable events guidance; and
- send us an update on its development programme by 31 October 2019. This will include details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme.

What we will do

We will:

- we will review the minutes of the Board and audit committee meetings and liaise with Grampian as necessary;
- review Grampian's business plan and financial projections;
- review the business plan and financial projections for TLC;
- meet with Grampian's senior staff and the board in quarter three 2019/20 to discuss the business plans for Grampian and TLC, the financial information, and any risks to the organisation;
- review Grampian's development update in quarter three of 2019/20; and
- engage with Grampian about its progress in meeting the commitments it has made to the former Kincardine tenants.

Regulatory returns

Grampian must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about Grampian Housing Association Ltd >](#)

Our lead officer for Grampian Housing Association Ltd is:

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