

Regulation Plan

This Regulation Plan sets out the engagement we will have with Grampian Housing Association Ltd. Our Guide to How We Regulate explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Grampian Housing Association owns and manages around 3,057 housing (rented and shared ownership) units and provides factoring services to 735 homes. It employs 106 people and has one non-registered subsidiary, Kirkgate Holdings Ltd, which develops property for outright sale, mid market renting, and for the NHS.

Grampian is one of the largest developers of social housing in North East Scotland and receives significant public subsidy in the form of housing association grant (HAG). It is part of the Devanha consortium of housing associations. It continues to grow through its development activities, which include social rented homes, low cost home ownership activities, and some housing for mid-market rents through its subsidiary. Its turnover was around £17.5 million in the year ending 31 March 2010.

Grampian is progressing proposals with Langstane HA (LHA) to set up a group structure and during 2010 we had discussions with both RSLs about their initial proposals. We received a business case from Grampian and LHA in January 2011. We have asked for further information and once we have received this we will assess these proposals to ensure that they make good business sense and are in the best interests of tenants.

Grampian's chief executive retired in June 2010 and the RSL has been operating with an interim chief executive until a decision is reached about the group structure.

During 2010 we assessed Grampian's business planning information and received assurance about its financial and strategic management. In order to finance its new development it plans to increase its borrowing by a considerable amount. We will update our assessment in the light of proposals received about the proposed group structure.

In the 2009/10 APSR Grampian reported rent and arrears collection performance was generally significantly above the national median. However its performance on collecting former tenants arrears was in the bottom quartile for all RSLs. The RSL has recently comprehensively reviewed its working practices regarding Former Tenant Arrears and introduced measures to improve collection.

Our engagement with Grampian Housing Association - Medium

1. Once we have received all the information we need from LHA and Grampian we will formally assess the business case for the group structure. Before granting consent to the proposals we need to be assured these make good business sense and are in the best interests of tenants.
2. In the meantime we will continue to liaise with Grampian to gain assurance about its financial position, business strategy, and confirmation that its financial performance is consistent with its lending covenants and that the RSL continues to be viable. However our requirements will be dependent upon the progress of the group structure proposals.
3. We will review Grampian's former tenants arrears collection performance during 2011.
4. Should the group structure proposals not progress, we expect Grampian to provide assurance that the appointment process it will undertake for the Chief Executive post is suitably robust.
5. The RSL should continue to 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
 - 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 guides to how we regulate, inspect and intervene, and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Grampian HA 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.