

Grampian Housing Association

4 April 2012

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

Regulatory profile

Grampian owns and manages around 3,026 housing (rented and shared ownership) units and provides factoring services to 763 homes. It employs 91 full time equivalent staff and has one non-registered subsidiary, Kirkgate Holdings Ltd, which develops property for outright sale, mid market renting, and for the NHS. Its turnover was around £13.8 million in the year ending 31 March 2011.

Grampian is progressing proposals with Langstane Housing Association (LHA) to set up a group structure and during 2011 we had discussions with both RSLs about their 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 is one of the largest developers of social housing in north east Scotland and has received significant public subsidy to help fund this. It plans to continue to grow through its development activities including housing for social rent, low cost home ownership and housing for mid-market rents through its subsidiary.

During 2010 and 2011 we assessed Grampian's business planning information and received assurance about its financial and strategic management. We will update our assessment in the light of proposals for the group structure.

Grampian's chief executive retired in June 2010 and it continues to operate with an interim chief executive until a decision is reached about the group structure.

In the 2010/11 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 and deteriorating. We will engage with Grampian to understand its approach to improving collection of former tenant arrears.

Our engagement with Grampian Housing Association – Medium

We will continue to have medium engagement with Grampian in light of its group structure proposals and its development, investment and subsidiary activities.

1. We will formally assess the business case for the group structure when we have received all relevant information. 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. Grampian will send us updated 30 year projections including cashflows, sensitivity analysis and covenant calculations in quarter two of 2012/13.
3. We will discuss Grampian's former tenants arrears collection performance with it during 2012/13.
4. Grampian should 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; and
 - 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 and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Grampian 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.