

Grampian Housing Association

28 March 2013

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

Regulatory profile

Grampian owns and manages around 3,284 housing (rented and shared ownership) units and provides factoring services to 779 homes. It employs 93 full time equivalent staff and has one non-registered subsidiary, Kirkgate Holdings Ltd, which develops property for outright sale, mid market rent, and for the NHS. Its turnover was around £14.2 million in the year ending 31 March 2012.

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 rent through its subsidiary.

We have been engaging with Grampian in 2012/13 about its proposals for a constitutional partnership with Langstane Housing Association (Langstane). Grampian and Langstane have now decided not to pursue this option. We now need to review Grampian's financial information as an independent RSL. To get assurance we will review the business plan and projections for it and its subsidiaries, get an update on auto enrolment (52% of its staff were not enrolled at 31 March 2012) and ask for details of its plans to manage the welfare reform changes.

Grampian is currently discussing strategic partnership options with Langstane that may involve the establishment of new subsidiaries to undertake a range of services. We need to engage with Grampian and Langstane to understand the proposals and any risks involved.

Our engagement with Grampian– Medium

We will continue to have medium engagement with Grampian in light of its development and subsidiary activities.

1. Grampian will keep us informed about its proposed partnership with Langstane.
2. In quarter one of 2013/14 Grampian will send us the business plan and 30 year projections for it and its subsidiary, consisting of income and expenditure statement, balance sheet and cash flows, plus sensitivity analysis and covenant calculations and results.
3. By 30 September 2013 Grampian will send us:
 - management accounts for its subsidiary;
 - an update on progress with auto enrolment; and
 - its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

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:

Name: Kirsty Anderson, Regulation Manger
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4180

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.