

## Grampian Housing Association

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Grampian Housing Association Ltd (Grampian) during the financial year 2014/2015. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Grampian owns and manages around 3,543 houses (a mixture of rented and shared ownership homes) and provides factoring services to a further 3,198 homes across 3 local authority areas in the north east of Scotland. It employs 98 full time equivalent staff and has one non-registered subsidiary, Kirkgate Developments Ltd, which develops property for outright sale, mid market rent, and for the NHS. Its turnover was over £15.6 million in the year ending 31 March 2013.

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 and the provision of low cost home ownership and housing for mid-market rent through its subsidiary. Grampian is proposing to use tenure diversification to make better use of its assets in order to boost cross subsidy for the development of social housing and is also exploring potential energy projects.

During 2013/14, we reviewed Grampian's Business Plan and financial projections and this provided us with assurance about its financial health. Given the scope and complexity of its business we will consider updated financial projections from Grampian. During 2014/15 we will also need to engage with it to get updates on its subsidiary and energy initiatives.

### Our engagement with Grampian – Medium

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

1. By 31 August 2014 Grampian will send us:
  - its Business Plan including commentary on results of sensitivity tests and risk mitigation strategies;
  - its 30 year projections consisting of income and expenditure statement, balance sheet and cash flow, including covenant requirements and calculation of the loan covenants;
  - its sensitivity analysis which looks at key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases; and
  - the report to the Board in respect of the 30 year projections.
2. We will meet with Grampian in quarter 3 of 2014/15 to provide feedback on the financial projections and to discuss progress with Grampian's development and energy projects and any related governance issues.

3. 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 Return on the Charter.

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](http://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.