

## Link Group 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 Link Group Ltd (Link)

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

Link has three registered subsidiaries Horizon Housing Association Ltd (Horizon), Larkfield Housing Association Ltd (Larkfield) and West Highland Housing Association Ltd (West Highland).

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 Link's size, turnover and level of debt we consider it to be systemically important.

Link is one of the largest developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. Link plans to continue to grow through a considerable programme of new homes for social rent, low cost home ownership and mid-market rent. As a result, the number of affordable homes provided by Link will increase by over 40% over the next five years. West Highland also has plans for a small development programme of homes for social rent.

### What Link must do

Link must:

- send us by 30 April 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; and
- updated evidence of how it demonstrates affordability for its tenants;
- provide copies of its Board and audit committee minutes as they become available;
- tell us if there are any material adverse changes to its development 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 types to be delivered, timescales, completions and any material delays or changes to the programme.

## What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections;
- meet with Link's senior staff and Chair in quarter one of 2019/20 to discuss the business plan, the financial information and any risks to the organisation; and
- review the development update in quarter three.

## Regulatory returns

Link and its registered subsidiaries 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 Link Group Ltd >](#)

You can also access information about Link's registered subsidiaries from this link.

### Our lead officer for Link Group Ltd is:

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