

Link Group Ltd

4 April 2012

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

Regulatory profile

Link Group Ltd (Link) was registered as a social landlord (RSL) in 1975. Link comprises the Link Group, two registered subsidiaries (Horizon and Larkfield Housing Associations) and six non-registered subsidiaries. Only two of these non registered subsidiaries, Link Housing and Link Living, are currently active. The other four subsidiaries are dormant.

Link employs approximately 400 people across the parent (Link Group Ltd) and its subsidiaries. It owns and manages around 6,900 houses across 26 local authority areas in Scotland, and provides factoring services for 4,387 properties. It has charitable status and its turnover was around £23.4 million for the year ended 31 March 2011.

Link has grown through a combination of mergers and development activity. It is a major developer of social housing and has received significant amounts of public funding in the form of Housing Association Grant (HAG). Link has plans for a considerable programme of further development including housing for social rent, mid market rent and shared equity. Link is also exploring innovative funding opportunities and we need to engage with it to receive assurance about the regulatory implications of these activities. Link's next business plan is due in April/May 2012.

Given Link's size, turnover and the scale of its development activity, and its group and subsidiary activities, we consider it to be of systemic importance.

As at 31 March 2011, Link's performance in relation to the time taken to carry out emergency repairs to its properties and time taken to re-let its properties are both poor in comparison with the sector as a whole. Performance was affected when Connaught its repairs contractor went into administration.

A visit as part of our annual performance and statistical return (APSR) verification in 2011 raised issues with reporting of tenancy sustainment, current tenants owing more than 13 weeks rent and lets to homeless people.



Our engagement with Link Group Ltd – Medium

We consider Link to be of systemic importance because of its, turnover, debt and the scale of its investment activities. So we will have medium engagement with it in 2012/13.

1. We will:
 - meet senior staff twice during the year to discuss progress against its business plan and any risks to the organisation;
 - meet the Chair during the year; and
 - review the minutes of the governing body and audit committee meetings.
2. Link will send us:
 - 30 year projections including cashflows, sensitivity analysis and covenant calculations in quarter two of 2012/13; and
 - the business plans including financial projections for its unregistered subsidiaries.
3. Link will provide us with an action plan by the end of April setting out how it will address the issues raised by our visit to verify the 2010/11 APSR data. Following the scheduled verification re-visit (on the 2011/12 return) we will then decide if we need any further regulatory engagement about this.
4. We will meet with Link to discuss its performance on emergency repairs and re-let times.
5. Link should 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 Link 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.