

Link Group Ltd

28 March 2013

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

Regulatory profile

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 and its subsidiaries. It owns and manages around 6,931 houses across 26 local authority areas in Scotland, making it the third largest RSL in Scotland and provides factoring services for 3,076 properties. It has charitable status and its turnover was around £27.2 million for the year ended 31 March 2012.

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.

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

Given the scale and range of Link's activities we need to stay informed about its business including its projections, its subsidiary activities and progress with auto enrolment (30% of its staff were not enrolled at 31 March 2012). We discussed Link's plans to manage the impact of welfare reform changes with it and received assurance about its approach. We will ask Link for an update during the year on its progress with this.

Our engagement with Link – 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 2013/14.

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. In quarter two of 2013/14 Link will send us:
 - updated 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results;
 - the business plans including financial projections for its unregistered subsidiaries
 - an update on auto enrolment; and
 - an update on the impact of welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

3. 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.