

North Glasgow Housing Association Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with North Glasgow Housing Association Ltd (North Glasgow) during the financial year 2016/17. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

North Glasgow was registered as a social landlord (RSL) in 1976. It owns and manages around 5,491 homes, delivers factoring services to 1,310 owners and provides 90 non-housing units in the north of Glasgow. It employs 106 people and has four unregistered subsidiaries:

- Design Services Glasgow Ltd which provides development services;
- NG2 Ltd which provides maintenance services;
- North Glasgow Property (Scotland) Ltd which provides property management services; and
- NG3 Ltd which is currently dormant.

North Glasgow's turnover for the year ended March 2015 was just under £22.7 million.

Systemic importance

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 the risks they face, so we seek some additional assurance through our regulation plans.

Given the combination of North Glasgow's size, turnover and debt, we consider it to be of systemic importance and need to understand how it plans to manage the key risks it faces and the impact these may have.

During 2015/16 we reviewed North Glasgow's business plan and 30 year financial projections and gained assurance about its financial health. We will continue to engage with North Glasgow to gain further assurance about its financial position.

North Glasgow is considering a potential development opportunity which will deliver new homes for social rent. North Glasgow will decide whether to progress with this proposal later this year.

Our engagement with North Glasgow Housing Association Ltd – Medium

Given North Glasgow's size, turnover and level of debt, we consider it to be systemically important and need to understand how it plans to manage the key risks facing it and the impact these may have. Because of this will continue to have medium engagement in 2016/17.

1. North Glasgow Housing Association will send us by 30 June 2016:
 - its approved business plans for it and its subsidiaries, including commentary on the results of its sensitivity analysis and risk mitigation strategies;
 - 30 year financial projections for it and five year projections for its subsidiaries, consisting of a statement of comprehensive income, statement of financial position and statement of cash flow, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis for it and its subsidiaries, which considers the keys risks including covenant compliance;
 - its reports to the Boards of North Glasgow Housing Association and its subsidiaries, in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.
2. North Glasgow will also send us quarterly from April 2016, its Board and Audit committee minutes.
3. We will:
 - provide feedback on the business plan and financial projections in September 2016 when we meet senior staff and the Board to discuss its business model, strategy and the risks and challenges facing the organisation; and
 - review Board and Audit committee minutes and liaise as necessary.
4. North Glasgow Housing Association Ltd 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 financial statements 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.

Our lead officer for North Glasgow Housing Association Ltd 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.