

## North Glasgow Housing Association Ltd

### 31 March 2017

This Regulation Plan sets out the engagement we will have with North Glasgow Housing Association Ltd (North Glasgow) during the financial year 2017/18. 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 in 1976. It owns and manages around 5,428 homes, delivers factoring services to a further 1,320 owners and provides 90 non-housing units in the north of Glasgow. It employs 122 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.

As at 31 March 2017 North Glasgow's turnover for the year was over £23.8m and its debt per unit was £5,149.

### 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, how they manage the risks they face and the impact these risks may have. So we seek some additional assurance through our regulation plans. Given the number of homes North Glasgow owns we consider it to be systemically important.

### Engagement

During 2016/17 we reviewed North Glasgow's business plan and supporting financial information. We engaged with the senior management team and the Board to discuss the risks and challenges within the plan to gain further on-going assurance about North Glasgow's financial health, risk management and strategic direction.

We also discussed rent affordability and gained assurance about North Glasgow's understanding of the economic pressures facing tenants. We will engage further during 2017/18 as it continues to implement its rent restructuring programme.

North Glasgow is developing its asset management strategy and is considering development opportunities within this context. It is examining options for its low demand stock and has begun commissioning additional phased stock condition surveys with the final phases being procured later this year. We will engage with North Glasgow around its asset management strategy to gain assurance about the business planning and financial implications of the findings from these surveys.

## **Our engagement with North Glasgow Housing Association Ltd 2017/18 – Medium**

We will engage with North Glasgow because it is systemically important and to gain further assurance about the risks and challenges facing its business and its asset management strategy and plans.

1. North Glasgow will send us by 30 June 2017:
  - its approved business plan;
  - 30 year financial projections consisting of statements of comprehensive income, financial position and cash flow complete with assumptions and explanatory narrative;
  - a comparison of projected financial loan covenants against current covenant requirements;
  - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies;
  - report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
  - evidence of how it demonstrates affordability for its tenants.
  
2. For NG2, North Glasgow will send us by 30 June 2017:
  - the approved business plan;
  - the annual budgets and five year financial projections consisting of statements of comprehensive income, financial position and cash flow complete with assumptions and explanatory narrative;
  - financial sensitivity analysis which considers the key risks including risk mitigation strategies; and
  - reports to the Board of North Glasgow Housing Association in respect of the approved financial projections and sensitivity analysis.
  
3. North Glasgow should send us:
  - from April 2017, its Board and Audit committee minutes as they become available;
  - by 31 January 2018, its asset management strategy; and
  - an update on the financial implications of the findings from its stock condition surveys.
  
4. We will:
  - meet the senior management team and the Chair in quarter two to provide feedback on the business plan and discuss the financial information, the risks and challenges facing the business and progress with the asset management strategy; and
  - review Board and Audit committee minutes and liaise as necessary.
  
5. North Glasgow 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;
  - Annual Return on the Charter; and
  - the return on the Energy Efficiency Standard for Social Housing.

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 North Glasgow Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager  
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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.