

North Glasgow Housing Association Ltd

29 March 2018

This Regulation Plan sets out the engagement we will have with North Glasgow Housing Association Ltd (North Glasgow) during the financial year 2018/19. 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. North Glasgow currently owns and manages 5,459 homes and provides factoring services to 1,255 owners. It has charitable status and employs around 123 people.

North Glasgow has four unregistered subsidiaries, NG Property (Scotland) Ltd which provides property management services; Design Services (Glasgow) Ltd which provides development services; NG2 Ltd which provides maintenance services and NG3 Limited which is currently dormant.

As at 31 March 2017 North Glasgow's turnover for the year was just over £24.1 million and its debt per unit was £4,804.

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 how they manage the risks they face and the impact these 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 2017 we reviewed and gave feedback to North Glasgow about the business plan and supporting financial information for it and its three active subsidiaries. We met with the senior management team and the Board to discuss the risks and challenges with North Glasgow's plans and gained assurance about its financial health, risk management and strategic direction. We also discussed the challenges following the withdrawal of support funding for its sheltered.

As part of its commitment to further improving services, North Glasgow has commissioned a review of its repair service and is remodelling its concierge service. It has also recently completed a substantial stock condition survey and this, along with detailed independent reviews of some tenemental stock, will inform its asset management strategy and plans.

North Glasgow has developed a small number of affordable homes in recent years. North Glasgow recently decided to progress a development opportunity which will deliver new homes for social rent and is considering some mid-market rent opportunities.

Our engagement with North Glasgow Housing Association Ltd in 2018/19 – 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, its service review and asset management strategy and plans.

1. North Glasgow will send us by 30 June 2018:
 - its refreshed business plan 2017-2020 and the report to the Board;
 - 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;
 - 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;
 - 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. North Glasgow will send us:
 - copies of its Board and audit committee minutes as they become available; and
 - its asset management strategy and plans by 31 May 2018;
3. North Glasgow will also send us details of its development programme by 31 October 2018. This will include an update on progress with delivering the 2018/19 programme, details of any material delays or changes to the programme, details of the planned programme from 2018/19 onwards and a copy of the most recent development update to the Board.
4. We will:
 - review the minutes of the Board and audit committee meetings and liaise as necessary;
 - provide feedback on the asset management strategy and plans by the end of June 2018;
 - meet North Glasgow's senior staff and Chair in quarter two of 2018/19 to discuss the business plan and supporting financial information, asset management and development plans, service reviews and the risks and challenges facing the business; and
 - review North Glasgow's development update in quarter three of 2018/19.
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.

Our lead officer for North Glasgow Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager

Address: Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF

Telephone: 0141 242 5550

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.