

## Queens Cross Housing Association Ltd

### 31 March 2016

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

### Regulatory profile

Queens Cross was registered as a social landlord (RSL) in 1976. It has charitable status and employs 192 people. It owns and manages 4,271 homes in the north west of Glasgow, including general needs, sheltered and supported housing. It provides factoring services to 2,362 owners and has 70 non-self contained properties. It has one registered subsidiary, Queens Cross Factoring Ltd which also manages a small number of mid-market rent properties. It had a turnover of just over £19.3 million for the year ending 31 March 2015.

### 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 Queens Cross' 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.

Queens Cross has a focus on value for money and it is engaging widely with tenants through a variety of routes to ensure an appropriate balance of quality and cost.

It is also continuing with planned programmes of business review and change. It has made changes to the staff structure including reducing the Leadership team from five to four, finalised changes to caretaking services, reviewed systems now that its customer contact centre is established and re-modelled some care services as a result of changes in funding support.

Queens Cross has 314 high rise properties in Woodside of which 205 still need to be brought up to the Scottish Housing Quality Standard (SHQS). The contract is now underway following delays in finding a suitable contractor. Work is expected to complete in the summer of 2017 and will bring properties up to the Energy Efficiency Standard for Social Housing in advance of the 2020 deadline.

Queens Cross is developing affordable housing and receives significant public subsidy to help with this. Queens Cross plans to continue to grow through this programme of new homes for social rent and low cost home ownership.

## **Our engagement with Queens Cross Housing Association Ltd – Medium**

Given Queens Cross' 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, its work to address SHQS and its development programme, we will continue to have medium engagement in 2016/17.

1. Queens Cross will send us by 31 May 2016:
  - the approved business plans for it and its subsidiary including commentary on the results of its sensitivity analysis and risk mitigation strategies;
  - 30 year financial projections for it and its subsidiary 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 subsidiary which considers the keys risks including covenant compliance;
  - the reports to the Boards of it and its subsidiary in respect of the 30 year projections and sensitivity analysis; and
  - evidence of how it demonstrates affordability for its tenants.
  
2. Queens Cross will also send us:
  - copies of its governing body and audit committee minutes quarterly from the end of April 2016;
  - updates on progress with the Woodside properties at the end of June 2016 and January 2017;
  - an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016; and
  - any updates relating to activity in its subsidiaries which may present a material risk to the parent.
  
3. We will:
  - provide feedback on the business plan and financial information by the end of July 2016 when we meet the leadership team and the Chair to discuss its business model, strategy and the risks and challenges facing the organisation;
  - monitor progress with SHQS until the remaining fails are completed;
  - meet the leadership team in December 2016 to discuss progress with its business change programme; and
  - review Board and audit committee minutes and liaise as necessary.
  
4. Queens Cross 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Queens Cross Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager

Address: Europa Building, 450 Argyle Street, Glasgow, G2 8LG

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.