

## Regulation Plan

This Regulation Plan sets out the engagement we will have with Thenew Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Thenew Housing Association was established as a registered social landlord in 1979. It has charitable status and employs 70 people. Thenew operates primarily in the centre and east end of Glasgow. It owns around 2,556 homes and provides factoring services to nearly 600 properties. It has one non registered subsidiary, Thenew Housing Services Ltd, that provides services and consultancy, and it also runs a number of hostels and supported housing schemes.

Thenew is among the larger developers of social housing in Glasgow and receives public subsidy in the form of housing association grant (HAG) to build new social housing. Its turnover was £10.8 million for the year ending 31 March 2010. Thenew acquired 119 units in Holmyre through second stage transfer from Glasgow Housing Association at the end of June 2010.

In its 2009/10 APSR, Thenew reported that 58% of its stock did not meet the Scottish Housing Quality Standard (SHQS) but it has told us that it can bring its stock up to the SHQS by 2015. It has a small amount of stock which it has assessed as requiring substantial investment to meet both the standard and also remain viable in the longer term. It has developed a regeneration programme to deal with these properties which includes a combination of property renovation and demolition as well as re-provisioning.

During 2010 we carried out an assessment of Thenew's business planning information and have received assurances about its financial and strategic management. Given the scope and complexity of its business we will continue to need updated business planning information (including financial projections) and have agreed with Thenew the further information or progress reports we need.

In the 2009/10 APSR Thenew reported further improvements to its rent and arrears collection performance. However its performance on collecting former tenants' arrears was in the bottom quartile for all RSLs. We need to be assured that the RSL has cost effective arrangements in place to maximise collection of this potential income.

### **Our engagement with Thenew Housing Association - Medium**

1. We need updated business planning information and agreed progress reports from Thenew to assess its overall financial capacity and viability, in light of its development, acquisition and investment activity including its SHQS obligations and subsidiary business. Thenew intends to provide us with an updated business plan and 30 year financial projections by April 2011 and we will review this by quarter two in 2011. The financial projections should include evidence of scenario planning and sensitivity analysis around key assumptions that demonstrate its viability and that it will continue to meet its lenders covenants.

2. We will review Thenew's former tenants arrears collection performance when we receive its 2010/11 APSR and decide at this time whether we need further assurance
3. The RSL should continue to 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
  - 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 guides to how we regulate, inspect and intervene, and other relevant statistical and performance information, can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

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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.