

Tollcross Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Tollcross Housing Association Ltd during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Tollcross registered as a social landlord in 1975. It has charitable status and employs 40 people. It owns 2,280 homes in the east end of Glasgow, providing a mix of sheltered, supported and general needs housing. Tollcross factors a further 566 houses. Its turnover for the year ended 31 March 2011 was around £2 million.

In June 2011, Tollcross grew significantly when it acquired 1,572 homes from Glasgow Housing Association (GHA) through second stage transfer. It also took over the provision of factoring services for 247 properties from GHA. As a result, Tollcross has tripled in size and staff and factoring numbers have also increased significantly.

Our engagement with Tollcross since stock transfer has given us assurance that good progress is being made in all areas. It has made very significant improvements in arrears management, has progressed its governance review and is finalising its new staff structure. Tollcross is also carrying out additional stock condition surveys to gain further assurance about compliance with SHQS in former GHA stock.

Tollcross is about to begin construction of its 49 unit development for social rent. The project attracted Scottish Government subsidy and private finance is in place. We will engage with Tollcross over the coming year to gain assurance that it is continuing to manage the strategic and operational challenges associated with its significant growth.

Our engagement with Tollcross – Medium

Tollcross has grown rapidly as a result of second stage transfer and we need to be assured that it is continuing to manage effectively the strategic and operational challenges associated with this growth.

1. Tollcross will provide:

- its business plan once agreed by lenders by the end of May 2012. This should include 30 year financial projections, sensitivity analysis, cashflows and covenant calculations;
- the 2011/12 outturn position once it has been agreed by Tollcross' Board in May;
- management accounts as at the end of September once they have been agreed by Board;
- an update on its decision regarding establishing a factoring subsidiary;
- an update on outcomes from the stock condition survey once completed; and
- a copy of the governance review report and the action plan for implementing recommendations once this is available.

2. We will:

- feedback to Tollcross in June following receipt of the business plan and the 2011/12 outturn position;
- feedback on the Governance review and action plan once it is available; and
- meet senior staff in quarter four to discuss overall progress against the business plan.

3. Tollcross 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 annual accounts and external auditor's management letter;
- loan portfolio return;
- five year financial projections; and
- 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 regulatory framework and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Tollcross is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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.