

## West of Scotland Housing Association Ltd

**31 March 2015**

This Regulation Plan sets out the engagement we will have with West of Scotland Housing Association Ltd (West of Scotland) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

West of Scotland became registered as a social landlord (RSL) in 1975 and in 2013 it became part of the Gentoo group. West of Scotland owns and manages around 3,250 homes and provides factoring services to 382 owners across six local authority areas. It has charitable status and employs around 75 people. West of Scotland has one unregistered subsidiary, Willowacre Trust, which helps people overcome difficulties and sustain their homes. West of Scotland's turnover was just under £12.4 million at 31 March 2014.

West of Scotland is currently working with Broomhouse Housing Association (Broomhouse) as Broomhouse develops its plans to transfer its engagements to West of Scotland.

West of Scotland has been one of the largest developers of social housing in the west of Scotland and has received significant public subsidy to help fund this. It plans some further growth through the provision of new homes for social rent.

Following the retirement of West of Scotland's Chief Executive (CEO) in February 2015, it is now in the process of appointing a new CEO and we are engaging with West of Scotland as it takes this forward.

We have reviewed West of Scotland's business plan and financial returns and will continue to engage with it in light of its development and subsidiary activities and Broomhouse's planned transfer of engagements.

### **Our engagement with West of Scotland - Medium**

We will continue to have medium engagement with West of Scotland in 2015/16 in light of its development and subsidiary activities and planned transfer of engagements from Broomhouse.

1. West of Scotland should keep us informed of:
  - progress with the planned transfer of engagements from Broomhouse; and
  - its plans for recruiting a new CEO.
2. By 30 June 2015 West of Scotland will send us its:
  - approved corporate strategy and business plan for both it and its subsidiary including commentary on results of sensitivity tests and risk mitigation strategies;
  - 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
  - sensitivity analysis which looks at key risks such as arrears levels and covenant compliance. We would also expect this to include analysis of a

- range of options for rent increases and inflation rates which demonstrate continuing affordability for tenants;
- most recent financial projections prepared for its subsidiary; and
  - reports to the Board for it and its subsidiary in respect of the projections and sensitivity analysis.
3. West of Scotland will send us an update on its development activities, including future funding plans, by 31 October 2015.
  4. We will provide feedback on the business plan and financial projections in quarter two of 2015/16.
  5. West of Scotland 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 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 West of Scotland is:

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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.