

West of Scotland Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with West of Scotland Housing Association Ltd (West of Scotland) during the financial year 2014/2015. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

West of Scotland has been registered as a social landlord since 1975. It has charitable status and employs around 68 full time equivalent staff. West of Scotland owns and manages around 3,113 housing units and provides factoring services to 422 homes across 6 local authority areas. It has one non-registered subsidiary Willowacre Trust. Its turnover was over £11.8 million at 31 March 2013. In April 2013 West of Scotland became part of the Gentoo group.

West of Scotland has been one of the largest developers in the west of Scotland. It has received significant public subsidy to help fund this. It has plans for some further growth in the next two years with housing for social rent. West of Scotland is also considering using an innovative funding approach and it needs to keep us informed about its decisions on this.

West of Scotland is currently working with Broomhouse Housing Association (Broomhouse) as Broomhouse is working towards a constitutional partnership with West of Scotland.

West of Scotland has plans to meet the Scottish Housing Quality Standard (SHQS) by 2015 and has included the costs for this in its financial projections. It has good stock quality information and only has a small number of properties left to bring up to the standard. We will confirm progress when we receive the Annual Return on the Charter due to be submitted by the end of May 2014.

We have reviewed West of Scotland's financial returns and will continue to engage with it as it updates its business plan and financial projections.

Our engagement with West of Scotland - Medium

We will continue to have medium engagement with West of Scotland in light of its development and subsidiary activities and planned constitutional partnership with Broomhouse.

1. We will engage with West of Scotland as it pursues the proposed constitutional partnership with Broomhouse.
2. We will review West of Scotland's progress towards achieving the SHQS in June 2014 after we receive its Annual Return on the Charter.
3. By 31 August 2014 West of Scotland will send us:
 - its Business Plan including commentary on results of sensitivity tests and risk mitigation strategies;

- its 30 year projections consisting of income and expenditure statement, balance sheet and cash flow, including covenant requirements and calculation of the loan covenants;
 - 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
 - its report to the Board in respect of the 30 year projections.
4. We will provide feedback on the business plan and financial projections in quarter three of 2014/15.
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.

Our lead officer for West of Scotland is:

Name: Kirsty Anderson, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4180

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.