

West of Scotland Housing Association Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with West of Scotland Housing Association Ltd during the financial year 2016/17. 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 3,351 homes and provides factoring services to 423 owners across six local authority areas. It has charitable status and employs around 82 people. West of Scotland has one unregistered subsidiary, Willowacre Trust. West of Scotland's turnover was just over £13.3 million at 31 March 2015.

On the 30th November 2015 West of Scotland completed the transfer of engagements of Broomhouse Housing Association as planned.

We have reviewed West of Scotland's business plan and financial returns. West of Scotland has been one of the largest developers of social housing in Scotland and has received significant public subsidy to help achieve this. It has plans for further growth through the provision of new homes for social rent. We have also engaged with West of Scotland as it implements its integration into the Gentoo Group.

We will continue to engage with West of Scotland to gain further assurance around its financial position as it continues with its plans to increase in size and increase its borrowing by way of a working capital loan.

During 2015/16, West of Scotland appointed a new executive team and made a number of changes to its Board membership. This included a new Chair appointed in November 2015. We will engage with West of Scotland to get additional assurance about its governance capacity, given the degree of change in its management team and Board, its plans for growth, and its role as a subsidiary within the Gentoo Group.

West of Scotland is speaking to Glasgow City Council (GCC) about improving the operation of the referral process with a view to increasing the proportion of its lets to homeless applicants in Glasgow.

Our engagement with West of Scotland Housing Association Ltd – Medium

We will continue to have medium engagement with West of Scotland in 2016/17 in light of its recent executive team changes, its development plans and also its operations as part of the Gentoo Group.

1. West of Scotland will send us, for both it and its subsidiary, by 30 June 2016:

- its approved business plan including commentary on the results of its sensitivity tests and risk mitigation strategies;
 - 30 year financial projections consisting of Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis which considers the key risks including covenant compliance;
 - reports to the Boards in respect of the 30 year projections and sensitivity analysis; and
 - for West of Scotland only, evidence of how it demonstrates affordability for its tenants.
2. West of Scotland will also send us an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.
 3. We will engage with West of Scotland to seek assurance about how it has assessed its governance capacity and capability. We will discuss the timing and extent of this work with West of Scotland.
 4. We will provide feedback on the business plan and financial projections during quarter two 2016 when we meet senior staff and the Chair to discuss its business model, strategy and any issues arising from the outcome of West of Scotland's work to assess its governance.
 5. When we meet the Board and senior staff in quarter two of 2015/16 we will discuss progress with homeless referrals from GCC and improved outcomes for service users.
 6. 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 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.

Our lead officer for West of Scotland Housing Association Ltd 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.