

Regulation Plan

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

Regulatory profile

Grampian Housing Association is an established Registered Social Landlord (RSL) with 2,335 housing units, and it provides factoring services to 515 homes. It is an Industrial and Provident Society and employs 80 full time equivalent employees. Grampian's turnover was around £10.4 million in the year to 31 March 2008. It has a non registered subsidiary, Kirkgate Holdings Ltd that develops property for outright sale.

Although Grampian is not one of the largest developers of social housing in Scotland, it has nevertheless continued to grow through its development activities and plans to undertake low cost home ownership activities and some housing for mid-market rents through its subsidiary. It is also part of the Devanha consortium of housing associations in the north east of Scotland.

Grampian has had high levels of debt for a number of years and we have received a recent consent application for additional standard security for further borrowing. We will engage further with Grampian about this.

Grampian is currently in discussions with Langstane HA about proposals to set up a group structure. We will assess these proposals to ensure that they make good business sense and are in the best interests of tenants.

Our engagement with Grampian Housing Association - Medium

1. We will have ongoing discussions with Grampian to gain assurance about its financial position, business strategy, and confirmation that its financial performance is consistent with its lending covenants. We will examine the RSL's 30-year cashflows and will revise our information requirements thereafter as necessary
2. Grampian should continue to liaise with us to seek our regulatory views on its group structure proposals. We will need to understand the impact the proposed new structure will have on Grampian's business and services to tenants. So we expect it to tell us about:
 - the results from any tenant consultation process and any issues which emerge from this;
 - any changes to its current business plan objectives and financing requirements; and
 - any risks associated with the proposed change and the steps it is taking to manage these risks.
3. We will assess its business case and comprehensive business plan as part of our consideration of granting consent to any transfer.

4. 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 how we regulate, inspect and intervene, and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Grampian is:

Name: Wendy Hayhurst, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4158

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.