

Landlord performance > Landlords > Link Group Ltd

# Engagement plan from 9 April 2021 to 4 August 2021

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## Landlord name

Link Group Ltd

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## Publication date

09 April 2021

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## Regulatory status

Compliant

The RSL meets regulatory requirements, including the Standards of Governance and Financial Management.

## Why we are engaging with Link

We are engaging with Link because it is a **systemically important landlord** and about the **proposed transfer of engagements from Weslo Housing Management (Weslo)**.

Link has three registered subsidiaries, Horizon Housing Association Ltd (Horizon), Larkfield Housing Association Ltd (Larkfield) and West Highland Housing Association Ltd (West Highland).

COVID-19 has significantly impacted the services provided by social landlords in 2020 and will continue to influence how services are provided in 2021. We will continue to monitor, assess and report upon how each landlord is responding and we will keep our

regulatory engagement under review so that we can continue to respond to the challenges of COVID-19.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance each year through our engagement plans. Given Link's size, turnover and level of debt we consider it to be systemically important.

Link has been developing proposals with Weslo for a transfer of Weslo's homes to Link. Weslo's tenants have voted in favour of the proposal in an independent tenant ballot and work is now underway to progress a transfer of engagements.

Link is one of the largest developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. Link plans to develop new homes for social rent and mid-market rent.

## **What Link must do**

Link must:

- keep us informed about progress with the proposed transfer of engagements from Weslo;
- send us by 30 April:
  - its approved business plan and updated risk register;
  - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
  - a comparison of projected financial loan covenants against current covenant requirements;
  - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resultant covenant calculations with the actual covenant requirements;
  - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and

- evidence of how it demonstrates affordability for its tenants.
- provide copies of its Board and audit committee minutes as they become available; and
- ensure that the impact of the pandemic on its development plans is reflected in its business plan and tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance.

## **What we will do**

We will:

- liaise as necessary on the proposed transfer of engagements from Weslo;
- review the minutes of Link's Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections;
- meet with Link's senior staff to discuss the impact of the pandemic on its existing business model and business plan and any risks to the organisation particularly in relation to its services to tenants; and
- update our published engagement plan in light of any material change to our planned engagement with Link.

## **Regulatory returns**

Link must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;

- loan portfolio return;
- five year financial projections; and
- Annual Return on the Charter.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.

**Our lead officer for Link Group Ltd is:**

**Kelda McMichael**

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