

THE SCOTTISH  
HOUSING  
REGULATOR

## GUIDANCE NOTE

**To:** All Registered Social Landlords (RSLs)  
**Subject:** Regulatory consent to Second Stage Transfers  
**Issued by:** The Scottish Housing Regulator  
**Ref no:** SHR 23  
**Date:** April 2008 (First issued March 2008)

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### Summary

The Glasgow Housing Association Limited (GHA) aims to transfer some of its houses into local ownership through second stage transfers (SSTs) to other registered social landlords (RSLs), in a manner consistent with the commitments made to tenants at the original transfer. Our written consent is needed before SST can proceed. This regulatory guidance sets out:

1. the regulatory policy context and regulatory principles underpinning SST;
2. what GHA and the receiving RSLs need to do to obtain our regulatory consent; and
3. how we will assess SST proposals.

The guidance comes into effect from 7 March 2008 and will apply to all RSLs from that date.

For any references to Communities Scotland (or Scottish Homes) please read the Scottish Housing Regulator.

If you have any questions about this guidance, you should direct them to:

**The Scottish Housing Regulator**  
**Highlander House**  
**58 Waterloo Street**  
**GLASGOW**  
**G2 7DA**  
**Tel: 0141 271 3810**  
**Email: [shr@scottishhousingregulator.gsi.gov.uk](mailto:shr@scottishhousingregulator.gsi.gov.uk)**

## **Regulatory consent to second stage transfers**

### **Contents**

The guidance begins with a summary of the links with other relevant regulatory guidance. The guidance has four sections, three appendices and a glossary of the main terms used at the end.

#### Links with relevant regulatory guidance for RSLs

Section 1	Background to SST
Section 2	Policy context and regulatory policy principles
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## Links to other guidance

This guidance replaces the Interim Guidance on Regulatory Consent to Second Stage Transfers which was issued as a consultation document in August 2006. We have taken account of the consultation responses received. We also recognise that a number of developments have taken place since we issued the interim guidance. This includes the development of a clearer understanding of how the SST process is expected to work.

The guidance is based on the current statutory framework for the registration and regulation of RSLs, as set out in the Housing (Scotland) Act 2001. We deal with all aspects of the regulation of RSLs on behalf of Scottish Ministers, as set out in the Ministerial Code of Practice.

Throughout the guidance, we have referred to other regulatory guidance that applies to RSLs. This includes

- Performance Standards for Social Landlords;
- CSGN 2005/05, Section 66 of the Housing (Scotland) Act 2001- disposals of land or property;
- The Registration Criteria; and
- The Regulatory Code of Governance for RSLs.

We have also signposted other guidance and legislation that may be relevant, depending on the circumstances of each RSL. For example

- RSLs should refer to industrial and provident society law and company law, as appropriate.
- RSLs that are charities or have charitable subsidiaries should refer to charity law and to guidance published by the Office of the Scottish Charity Regulator (OSCR).
- RSLs providing housing support services should refer to guidance published by the Scottish Commission for the Regulation of Care (the Care Commission).

- Our Memoranda of Understanding with OSCR and the Care Commission explain how we will work with these regulators.

## **1. Background to second stage transfer**

### **GHA and the LHO network**

- 1.1 The statutory consultation document for the original stock transfer to GHA stated that GHA will support suitable LHOs to become landlords in their own right, and take ownership of housing in their area. These second stage transfers will only happen if:
- tenants in the area want this, and a majority of those voting in a further local ballot support it;
  - the financial and other commitments made to tenants in the statutory consultation document are guaranteed for tenants who are transferring and for tenants who stay with GHA; and
  - the transfer has a financially neutral effect on GHA and its operations.

### **The nature of second stage transfers**

- 1.2 SST is the term used to describe the transfer of assets (including tenanted stock) and obligations from GHA to another RSL, where the assets and obligations comprise only part of GHA's tenanted housing stock. It is not the same as a transfer of stock from a public sector landlord to an RSL, or a transfer of engagements from one RSL to another. The tenant commitment in relation to SST is set out at section 1.1 above.
- 1.3 SST involves the partial disaggregation of GHA's business plan. The business plan assumes certain levels of income and costs, for example, in relation to profiled investment spend. These resources are then disaggregated into individual cashflows for the transferring stock, and are used to calculate the transfer value on a financially neutral basis for GHA, in accordance with its agreed valuation principles. It is then for the RSL

concerned to consider whether it can raise sufficient finance (whether or not using its existing assets) to fund the transfer and associated business plan, in order to deliver the commitments made to tenants.

## 2. Policy context

### Statutory framework

- 2.1 SST involves the transfer of tenants, and a discrete number of assets and obligations associated with that stock from GHA to another RSL. Section 66 of the Housing (Scotland) Act 2001 (the Act) requires RSLs to get written consent from Scottish Ministers for certain disposals of land or property. This includes disposals of tenanted property from one RSL to another. So GHA needs to get our consent, under Section 66 of the Act, to dispose of these tenancies, assets and obligations to another RSL. Schedule 9 of the Act sets out the requirements for tenant consultation where a disposal results in a change of landlord for tenants with Scottish secure tenancies.
- 2.2 We expect GHA to obtain our in-principle consent to the transfer proposals before proceeding to a ballot of its tenants. When we talk about in-principle consent, we mean that we will tell GHA whether we think that the proposals are acceptable in terms of our regulatory requirements. We are not prejudging the results of the ballot. If the majority of tenants voting in the ballot vote in favour of the transfer, GHA will then seek our formal consent to transfer (and this process is set out in detail in Section 3), provided that the other conditions listed at section 1.1 are met.
- 2.3 Receiving landlords may also need to obtain our written consent to allow SST to proceed. For example, an RSL will need our consent to:
- make amendments to its constitution (Schedule 7, part 2 (7) of the Act)
  - regroup/merge with/transfer its engagements to another RSL to form a group structure (Schedule 7, part 2 (9) of the Act)
  - grant heritable securities for private finance (Section 66 of the Act)
  - step up from management-only to full registration (Section 59 of the Act).

- 2.4 We have published separate guidance on what RSLs need to do to obtain these consents (see Appendix 3). Management only RSLs should also refer to our registration criteria and guide to registration.
- 2.5 RSLs with charitable status may also need OSCR's consent to a second stage transfer. For example, charitable RSLs wishing to amend their constitution or form a group structure will need to seek both our consent and OSCR's consent, in accordance with the procedures outlined in the joint briefing note we issued with OSCR in March 2007.
- 2.6 So it is important for GHA and the receiving RSLs to identify what regulatory consents they need to obtain and when.

### **Regulatory policy principles**

- 2.7 Our regulatory objectives are founded on:
- protecting the interests of tenants;
  - providing assurance to the taxpayer; and
  - maintaining the confidence of funders in RSLs.
- 2.8 In considering second stage transfer proposals, our main interest is in the outcomes achieved, or potentially achievable, for tenants, GHA and the receiving RSL. And we are also interested in how the proposals have been developed.
- 2.9 When we assess proposals for second stage transfer, we want to see evidence of how the proposals will meet the conditions attached to SST in the statutory consultation document for the original transfer to GHA. We have set out the required outcomes against which we will assess all transfer applications, and this is discussed in detail in Section 3 below. These outcomes are drawn from the transfer commitments, our registration criteria,

and our guidance on group structures and constitutional partnerships. The outcomes have been tailored to apply to the SST process.

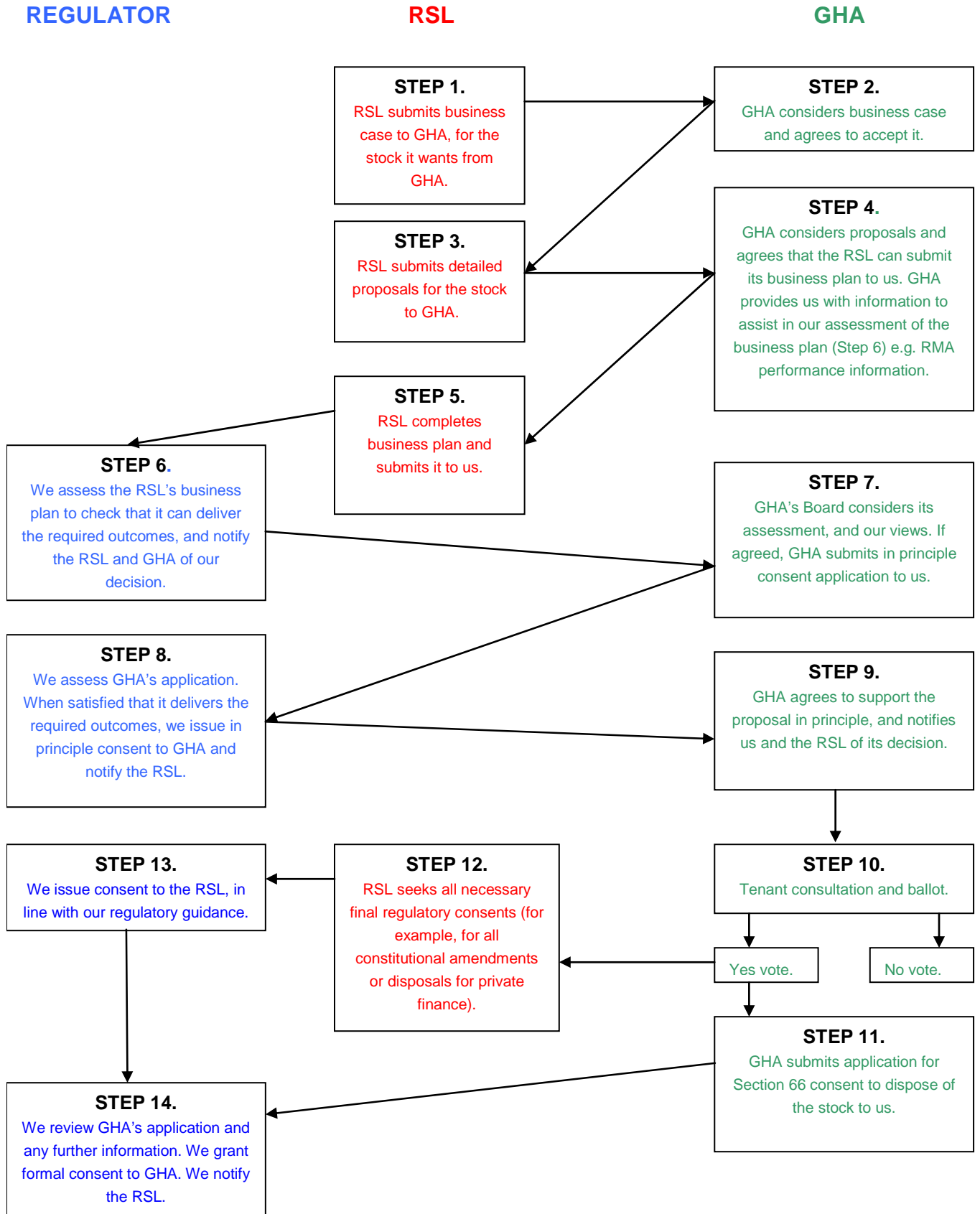
### **Risk and proportionality**

- 2.10 This guidance reflects the re-focusing of our regulatory relationships with RSLs, to ensure that regulation is proportionate and risk-based. So we will take account of the scale of the transfer relative to the existing organisation when we assess SST proposals, and the impact the transfer is expected to have on the RSL's business as a whole.
- 2.11 We also recognise that the specific information needed to demonstrate how the outcomes will be achieved may vary from case to case, depending on the nature and scale of the transfer. In particular we do not expect every receiving RSL's business plan to contain the same information. Where the number of units to be acquired materially alters the scale of the RSL's business, it needs to demonstrate that it has both the financial and organisational capacity to manage the additional stock and deliver its business plan in full. In these circumstances, the RSL will need to submit all of the information set out in our business plan checklist in Appendix 1. We will discuss each receiving RSL's business plan with it in advance, to agree the information to be submitted. We discuss this process further at Section 3, Step 4 below.
- 2.12 Finally, to ensure that our scrutiny is proportionate and effective, we will take a rounded view of the proposals and give overall consideration to how effectively they contribute to the outcomes for new and existing tenants and other stakeholders.

### **3. Regulatory consent process**

- 3.1 GHA has set out its own requirements and approach to SST. Our guidance sets out the regulatory consent process, in line with our respective roles and responsibilities, but it is useful to refer to the GHA process as there are important linkages between the two.
- 3.2 The flow chart below sets out the process RSLs and GHA must follow to obtain our consent to SST and highlights the steps in the process. This section of the guidance discusses each step in detail. We have included the relevant GHA steps in the flowchart for clarity, but it is GHA's responsibility to manage its processes for each of these steps.
- 3.3 Before seeking our in-principle consent, GHA and the receiving RSL need to reach agreement on the RSL's detailed proposals for the stock. GHA will then tell us that the proposals are acceptable to it. Steps 1-4 of the flow chart summarise the position that GHA and the receiving RSL must reach before applying for our consent.

# REGULATORY CONSENT FLOW CHART



### **Step 1. RSL submits business case to GHA**

RSLs (LHOs) which are interested in seeking a second stage transfer from GHA will produce a business case, setting out their proposals for the stock. They will submit this to GHA. We will confirm to GHA whether or not we have any concerns about the RSL's performance. This assessment will be based on information from our inspections, Annual Performance and Statistical Return, financial viability assessments and any other regulatory engagement we have had with the RSL. We will tell GHA if any issues arise which would, in our view as regulator, prevent an RSL from being an appropriate landlord for transfer.

### **Step 2. GHA considers the business case**

GHA will consider the business case against its assessment criteria and will agree to accept, to reject it or that further discussion is required with the RSL. GHA will notify the receiving RSL of the outcome of its assessment.

### **Step 3. RSL submits detailed proposals to GHA**

Once the receiving RSL has obtained GHA's acceptance of its business case, it can start to develop detailed fundable proposals. It will then submit the proposals to GHA, setting out its detailed plans for the transferring stock and tenants.

### **Step 4. GHA considers the detailed proposals**

GHA will then consider the RSL's detailed proposals against its appraisal process. It will tell us, and the receiving RSL, whether it is satisfied with the proposals based on the assessment that it has carried out. GHA must confirm to us in writing that it is happy for the receiving RSL to submit a business plan to us. The receiving RSL must contact us to agree the information to be provided in its business plan. GHA will also provide us with information about the RSL's performance under the Remodelled Management Agreement (RMA).

Steps 5-14 of the flow chart set out what GHA and the receiving RSL must do to obtain our consent to the transfer.

#### **Step 5. RSL submits business plan to us**

Receiving RSLs will submit a finalised business plan and supporting application to us (see Appendix 1). The application form sets out in detail what we expect a complete business plan to include. We will be proportionate in what we ask for, dependant on the size of the transfer relative to the existing size of the organisation. We also ask the receiving RSL to confirm that the transfer proposals will deliver key outcomes for tenants and stakeholders. We may ask the RSL to provide us with more information that is relevant to our regulatory consent.

Some receiving landlords may also need to obtain our consent to allow SST to proceed. For example, an RSL will need our consent to make changes to its constitution, to form a group structure or to grant heritable securities for private finance. Charitable RSLs will also need to obtain OSCR's consent to make some constitutional changes.

We expect RSLs in this situation to set out all of the regulatory consents they require and the timescales for obtaining the consents. This must be submitted with the business plan and could, for example, form part of the implementation plan which sets out how the RSL plans to manage the remaining stages of the SST process. We discuss the receiving RSL's implementation plan further at outcome 3 below.

#### **Step 6. We assess the RSL's business plan**

Section 2.2 explained that when we consider SST proposals, we are interested in the commitments made to tenants, the outcomes achieved, or potentially achievable, for a range of stakeholders and in the transfer process itself, particularly in relation to tenant consultation. So we will assess how the transfer proposal has been developed and how well it delivers the commitments and outcomes for tenants and other stakeholders. When we talk about stakeholders, we mean individuals or

organisations who could be directly affected by the SST proposals, in particular factored owners, other service users and the receiving RSL's existing tenants. In assessing the business plan, we will also take account of the information GHA provided to us about the RSL's performance at step 4 above.

We require the receiving RSL to demonstrate that its transfer proposals have the following outcomes:

<b>1. The receiving RSL will remain financially viable and sustainable after transfer.</b>
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- 1.1 Our framework for assessing the viability and sustainability of RSLs is set out in CSGN 2005/01, "Assessing the financial viability of RSLs" and the accompanying policy paper. Annex D of our Guide to Registration also sets out the range of issues that RSLs should typically cover when developing a business plan. A business plan should be more than a collection of cash flows and brief narrative; rather it should describe the organisation, its purpose and how it will be run and financed.
- 1.2 To summarise, we will assess whether the receiving RSL has demonstrated in its business plan that:
  - It will have continued financial viability;
  - Promises or commitments made to tenants will be met and are fully funded;
  - The governing body will exercise proper management and control of the organisation and its finances; and
  - There will be full compliance with Performance Standards.
- 1.3 For an existing stock-owning RSL, the business plan should cover the whole stock to be owned by the RSL. The RSL must demonstrate that it has carried out an assessment of the effect that the transfer will have on the existing organisation, and what the resultant organisation will look like.

- 1.4 The receiving RSL must confirm that it has carried out adequate consultation with its lenders and that its lenders have approved the proposals (where necessary). It must also ensure that it has received appropriate professional advice that allows it to be fully satisfied about the legality of its proposals.

**2. The receiving RSL is committed to working with tenants and service users, and will be openly accountable to them.**

- 2.1 The RSL must meet its legal obligations on tenant participation. The RSL must set out how it plans to involve tenants and service users, for example owners of factored properties, in decision-making at a local level. In particular, it must tell us about the opportunities that it will offer transferring tenants to become involved, and how it plans to communicate with them about this.
- 2.2 We expect receiving RSLs to ensure that tenants and residents are kept fully informed of progress with the transfer throughout the transfer process. Receiving RSLs must agree an appropriate communication strategy with GHA, to cover the pre-ballot, ballot and post-ballot stages.

**3. The receiving RSL's organisational structure and service delivery arrangements will enable it to meet the promises made to tenants and to comply with Performance Standards.**

- 3.1 It is for the receiving RSL to determine what the appropriate organisational structure may be, in consultation with its tenants and other stakeholders, including GHA. For example, it may consider sharing services, processes and technology with GHA or one or more RSLs or procuring support services in a different way, to achieve agreed quality standards and efficiency gains.
- 3.2 We recognise that RSLs should be in control of developing structures that help achieve their objectives in an efficient and effective way. We expect the governing body to be in full control of any changes proposed, informed by

appropriate professional advice, consultation with tenants and other appropriate stakeholders, and based on a full examination of the RSL's options.

3.3 Where appropriate, the RSL must demonstrate that it has given adequate consideration to different organisational structures and selected a model which will enable it to deliver a good quality service to transferring (and current) tenants and service users. It must also have considered the most efficient way for services to be procured.

3.4 It must also have produced an effective implementation plan to show how these arrangements will be put in place, in a way which minimises disruption to service delivery. We also need to see evidence that robust performance management systems will be established after transfer, based on clear targets and performance indicators.

**4. The receiving RSL will not enter into any new contracts or agreements that compromise its ability to meet its regulatory, statutory and existing contractual obligations.**

4.1 The receiving RSL must confirm that it has either agreed the template Secondary Transfer Agreement with GHA or that it has agreed with GHA the template with variations. Where variations have been agreed, the RSL must set out what the variations are.

4.2 We recognise that in exceptional circumstances, final drafts of all of the contractual and financial documentation may not be available for submission at the same time as the RSL's business plan. So we may issue in-principle consent on the condition that this information is submitted to us before we issue final consent to the transfer.

**5. The receiving RSL will continue to comply with its objects and legal status.**

5.1 The RSL must confirm that the transfer arrangements will not cause it to breach its objects or legal status. For example, where an RSL with charitable status plans to acquire commercial properties at transfer, we need confirmation that its constitutional arrangements permit this.

**6. The receiving RSL has adequately assessed and understood the operational context and risks that it faces, and has an effective risk management strategy in place.**

6.1 We expect the RSL to have identified all areas of financial, operational and strategic risk. The RSL should demonstrate to us that it is aware of the risks it faces, and if necessary explain the impact these risks may have on its business, and how it will manage them. It must evaluate the financial risks within its cashflows through modelling analyses.

**7. The receiving RSL's proposals are consistent with the housing strategy for the area in which it operates.**

7.1 We expect the RSL's proposals to refer to the Local Housing Strategy and Area Development Framework for the area in which it operates. It must confirm that its proposals are consistent with the long term aims and housing outcomes for the area.

**Outcome 8 only relates to RSLs that will be directly employing transferring staff.**

**8. The receiving RSL has given adequate consideration to employment issues and pensions obligations**

8.1 The RSL must demonstrate that it has taken appropriate professional advice, and has identified methods for managing key employment issues. Pensions issues should be considered, and arrangements made for them, at as early a stage as possible.

**Step 7. GHA applies to us for in-principle consent**

We will tell GHA and the receiving RSL whether we are satisfied with the receiving RSL's proposals and its ability to remain financially viable after transfer. GHA's Board will then consider its assessment, and our views, and will agree whether to accept the proposals. If the proposals are agreed, GHA will then submit an application to us (attached at Appendix 2) for in-principle consent to proceed to statutory consultation and ballot. The form asks GHA to confirm that the transfer proposals will deliver the required outcomes, and this is discussed in more detail at Step 8 below. GHA must also submit a copy of the draft Stage 1 Notice to us.

**Step 8. We assess GHA's application for in principle consent**

We require GHA to confirm that, on the basis of the assessment it has carried out, it is satisfied that the transfer proposals have the following outcomes:

- 9. The financial and other commitments GHA made to tenants are guaranteed for the tenants who transfer and for tenants who stay with GHA.**
- 10. The transfer has a financially neutral effect on GHA and its operations, and GHA remains financially viable.**
- 11. GHA will be open and accountable to all of its tenants and service users throughout the transfer process, and will comply with its legal obligations to consult them: a communication strategy covering the pre-ballot, ballot and post-ballot stages has been agreed with the receiving RSL.**
- 12. GHA will continue to comply with its charitable objects and legal status.**
- 13. GHA will continue to comply with Performance Standards and meet all of its regulatory, statutory and contractual obligations.**

In its application for in-principle consent, we ask GHA to confirm that it is satisfied that the proposals enable it to deliver outcomes 9-13. We will ask GHA about tenant support for the proposals after it has carried out a ballot of tenants (outcome 14). Depending on the information provided by GHA, we may ask it to provide us with more information that is relevant to our regulatory consent.

When we are satisfied that the proposals can deliver the required outcomes, we will issue in-principle consent to GHA to allow it to proceed with the statutory consultation and ballot. We will notify the receiving RSL that we have issued in-principle consent to GHA.

**Step 9. GHA agrees to ballot its tenants**

Once we have given in-principle consent to GHA, it will agree to tell tenants that it supports the detailed proposals in principle, within the context of the original ballot commitment. It will then start the statutory consultation process. GHA will notify us and the receiving RSL of its decision to do this. It will also send us a copy of the draft Stage 2 Notice, before issuing it to tenants.

**Step 10. Tenant ballot**

GHA will hold a ballot of the tenants who have Scottish secure tenancies in the stock to be transferred, and will send us a copy of the ballot results. GHA must certify to us that the tenant consultation requirements of Schedule 9, paragraph 3 of the Housing (Scotland) Act 2001 have been met. It must also send us final versions of the Notices that it issued to tenants. Where the majority of those voting agree to the transfer, GHA will be able to confirm that outcome 14 has been met:

<b>14. A majority of tenants voting in a local ballot support the transfer.</b>
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**Step 11. GHA applies for Section 66 consent to dispose of the properties**

If the majority of tenants voting in the ballot vote in favour of the transfer, GHA will submit an application to us for Section 66 consent to dispose of the properties. Details of the application form are included in CSGN 2005/05 'A Guide to Section 66 of the Housing (Scotland) Act 2001 – Disposals of Land or Property'.

**Step 12. RSL applies for all necessary regulatory consents (where applicable)**

If the RSL needs to obtain any regulatory consents to allow the transfer to proceed, then it must do so at this stage. We expect all consents to be obtained before we issue consent to GHA to dispose of the properties. Where we have asked to see final copies of any contractual and financial documentation relating to the transfer,, or confirmation that these have now been agreed with GHA, we also expect RSLs to submit this information to us before we issue consent to GHA to dispose of the properties.

**Step 13. We issue consent to the receiving RSL (where applicable)**

We will issue all consents in line with our regulatory requirements and guidance.

**Step 14. We issue consent to GHA to dispose of the properties**

We will review the application for Section 66 consent from GHA and any other relevant information, for example, confirmation that any outstanding issues have been agreed by the receiving RSL and GHA. When we are satisfied that the proposals will deliver the required outcomes, we will issue Section 66 consent to GHA to dispose of the properties to the receiving RSL. We will also notify the receiving RSL that we have issued consent to dispose to GHA.

## **4. Review of this guidance**

4.1 We will keep this guidance under review.

Supporting application form SST in-principle consent (RSL)

To be completed by the receiving RSL.

1. Details of Disposal

Please provide the following details:

Name of receiving RSL	
Number of tenanted properties in SST proposal	

2. Contact information

Contact person for this application	
Contact details	

3. Confirmation:

Please confirm that the transfer proposals deliver the required outcomes for tenants and stakeholders by ticking (✓) the relevant boxes below.

Required outcomes	Please tick (✓)
The financial and other commitments made to tenants by GHA are guaranteed for transferring tenants.	
The RSL will continue to comply with Performance Standards and meet all of its regulatory, statutory and contractual obligations.	
The RSL will continue to comply with its objects and legal status.	

**4. Business Plan checklist**

The following list provides a guide to what we would expect to see in a full business plan submission. The information to be provided by each receiving RSL will depend on the scale of the transfer, and must be agreed with us. Please confirm the information provided in your business plan by placing a tick (✓) in the relevant box.

<b>Business plan requirements</b>	<b>Please tick (✓)</b>
A description of the organisation post transfer, its operating context and its strategic objectives	
Impact assessment of the transfer and analysis of capacity to manage the additional stock	
Details of the proposed organisational structure	
Summary of the transferring property (including tenanted property, office accommodation, commercial property and land).	
The agreed valuation	
Comprehensive information about proposed funding, private finance and VAT arrangements	
Details of all sources of income	
Confirmation that the transferring properties can meet SHQS	
Details of service delivery arrangements	
The promises and commitments made to tenants and how these will be delivered	
Details of how tenant and resident involvement, participation and empowerment will be delivered	
Details of factoring arrangements	
30 year finalised cash flows	
Medium term financial projections, including income and expenditure accounts and projected balance sheets for 3-5 years, and the budget for the first year	
Strategy for dealing with issues of warranties and insurance	

(continued over/ )

( /continued)

<b>Business plan requirements</b>	<b>Please tick (✓)</b>
Details of the risks faced by the organisation, methods proposed to manage these risks, and sensitivity analyses	
References to policies, procedures and performance management arrangements	
Confirmation that the RSL has agreed a communication strategy covering the pre-ballot, ballot and post-ballot stages with GHA.	
Confirmation that the template Secondary Transfer Agreement has been agreed with GHA. Where variations have been agreed, confirmation of the detail of the variations.	
For charitable RSLs, confirmation that the template contractual Right to Buy for transferring tenants has been agreed with GHA. Where variations have been agreed, confirmation of the detail of these variations.	
A draft implementation plan, setting out how the remaining stages of the process will be managed. This plan should highlight key issues and milestones, for example estimated timescales for completion of due diligence work, for putting staffing and organisational structures in place and finalising outstanding contracts and legal agreements.	
Confirmation that the proposals are consistent with the long term aims and housing outcomes for the area.	

**5. Authorisation:**

The RSL's governing body, or an authorised sub committee, must approve the submission of this application. It must be signed by the **Chairperson** of the governing body or sub committee, **and another member of the governing body or sub committee.**

<b>Chairperson:</b>	<b>Second governing body member:</b>
Signature:	Signature:
Print:	Print:
Date:	Date:

Application form SST in-principle consent (GHA)

To be completed by The Glasgow Housing Association Ltd.

**1. Details of Disposal**

Please provide the following details:

Name of receiving RSL	
Number of tenanted properties in SST proposal	

**2. Confirmation:**

Please confirm that the transfer proposals deliver the required outcomes by ticking (✓) the relevant boxes below.

Outcomes	Please tick (✓)
The financial and other commitments GHA made to tenants are guaranteed for the tenants who transfer and for tenants who stay with GHA.	
The transfer has a financially neutral effect on GHA and its operations, and GHA remains financially viable.	
GHA will be open and accountable to all of its tenants and service users throughout the transfer process, and will comply with its legal obligations to consult them: a communication strategy covering the pre-ballot, ballot and post-ballot stages has been agreed with the receiving RSL.	
GHA will continue to comply with its charitable objects and legal status.	
GHA will continue to comply with Performance Standards and meet all of its regulatory, statutory and contractual obligations.	

**3. Draft Stage 1 Notice**

Please tick (✓) to confirm that a copy of the draft Stage 1 Notice is enclosed.

**4. Authorisation:**

GHA's governing body, or an authorised committee, must approve the submission of this application. It must be signed by the **Chairperson** of the governing body or committee, **and another member of the governing body or committee.**

<b>Chairperson:</b>	<b>Second governing body member:</b>
Signature:	Signature:
Print:	Print:
Date:	Date:

<b>Contact person for this application</b>	
<b>Contact details</b>	

### Useful References

This appendix provides a listing of publications that may be useful to RSLs involved in SSTs from GHA.

The information provides signposts to possible sources of information, chosen for their practical focus. The good practice information we have highlighted is not a must read list, nor do we endorse the detail of their contents.

We have also provided a listing of guidance published by the Scottish Government and other regulators.

### Good Practice Guidance/Research on business planning

- ❖ The Housing Corporation (2003) Ahead of the game - a good practice guide to business planning
- ❖ The Housing Corporation (2002) Risk Management: embedding risk management, some tips and tactics

### Regulatory Guidance (The Scottish Government)

- ❖ Communities Scotland (2006), Performance Standards for Social Landlords and Homelessness Functions
- ❖ Communities Scotland (2006), Regulatory Code of Governance for registered social landlords
- ❖ Communities Scotland (2006), Directing the delegation of housing management functions under Section 68A of the Housing (Scotland) Act 2001 (Guidance Note 2006/04)
- ❖ Communities Scotland (2005), Web-based guidance on the Registration Criteria

- ❖ Communities Scotland (2003), Schedule 7 of the Housing (Scotland) Act 2001: Control of Payments and Benefits (Guidance Note 2003/02)
- ❖ Communities Scotland (2002), Criteria for Registration as a registered social landlord
- ❖ Communities Scotland (2005), A Guide to Section 66 of the Housing (Scotland) Act 2001 – Disposals of Land or Property (Guidance Note 2005/05)
- ❖ Communities Scotland (2007), RSL Group Structures and Constitutional Partnerships (Guidance Note 2007/12)
- ❖ Communities Scotland (2000), Amalgamations, Transfers of Engagements and RSL Group Structures (Guidance Note 2000/07)
- ❖ Communities Scotland (2007), Guidance for SST seed corn funding: Gateways 2-4 (Working draft 28 November 2007)
- ❖ Communities Scotland (2005), Assessing the Financial Viability of RSLs (CSGN 2005/01 and supporting Policy Paper)

### **Regulatory Guidance (other regulators)**

- ❖ Office of the Scottish Charity Regulator (2006), Guidance for Charity Trustees
- ❖ Office of the Scottish Charity Regulator (2006), Becoming a Charity in Scotland (Guidance and Application Pack)
- ❖ Office of the Scottish Charity Regulator (2005), Guidance on Consents and Notifications under sections 11, 16 and 17 of the Charities and Trustee Investment (Scotland) Act 2005
- ❖ Scottish Commission for the Regulation of Care (2007), Guidance on Notification Reporting

### **Agreements between The Scottish Government and other regulators**

- ❖ Office of the Scottish Charity Regulator and Communities Scotland (amended version, 2007), Memorandum of Understanding and Briefing Note

- ❖ Scottish Commission for the Regulation of Care and Communities Scotland (2004), Memorandum of Understanding

## Glossary of Terms

The main terms used in the guidance are shown below. The purpose of the glossary is to aid understanding of the guidance, rather than to provide formal legal definitions.

<b>Term</b>	<b>Meaning</b>
<b>Business Case</b>	In the context of SST, a document that GHA asks each receiving landlord to submit at Gateway one of the COI process, to set out its outline proposals for the transferring stock.
<b>Business Plan</b>	A document setting out a landlord's aims and objectives and its financial plans and resources for a specific period.
<b>Care Commission</b>	The Scottish Commission for the Regulation of Care, responsible for the registration and regulation of care services in Scotland.
<b>Cash flows</b>	An accounting term that refers to the amounts of cash being received and spent by an organisation during a defined period of time.
<b>COI (Community Ownership Intentions)</b>	The process GHA set up to assess the suitability of local housing organisations to take ownership of the houses they manage for GHA.
<b>Detailed Proposal</b>	In the context of SST, a document setting out a receiving landlord's aims and objectives and its financial plans for the transferring stock, to be submitted to GHA at Gateway two of the COI process.
<b>Financial Neutrality</b>	The principle that SST for one LHO should not materially reduce the prospect of SST for others or affect GHA's ability to meet its obligations to

<b>Term</b>	<b>Meaning</b>
	remaining GHA tenants.
<b>Group structure, or “group”</b>	Any combination of two or more organisations working together where one organisation, the parent, has constitutional control over the other organisation(s), the subsidiaries.
<b>Implementation Plan</b>	A document outlining proposed methods for managing the remaining stages in the SST process. This should highlight key issues and milestones.
<b>Local Housing Organisation (LHO)</b>	GHA set up a network of local housing organisations (LHOs) to manage its stock and to work towards SST. The arrangements for managing the stock are set out in the Remodelled Management Agreement (RMA).
<b>Management- only LHO</b>	A non-asset-owning organisation registered with Communities Scotland as an RSL for management purposes only.
<b>OSCR</b>	The Office of the Scottish Charity Regulator, responsible for the registration and regulation of charities in Scotland.
<b>Performance Standards</b>	Housing standards for all social landlords in Scotland, jointly agreed by the SFHA, COSLA and Communities Scotland.
<b>Procurement</b>	The way an organisation obtains services or materials from other organisations or agents.
<b>Registered social landlord (RSL)</b>	A landlord providing or managing social rented housing that is registered and regulated by Communities Scotland.
<b>Receiving landlord</b>	GHA would be transferring stock to receiving landlords through the SST process:

<b>Term</b>	<b>Meaning</b>
<b>Remodelled Management Agreement (RMA)</b>	The revised agreement between GHA and the LHO to manage its houses.
<b>Secondary Transfer Agreement</b>	A legal agreement setting out the conditions of sale of housing stock, assets and liabilities between GHA and the receiving landlord.
<b>Second Stage Transfer (SST)</b>	A process by which ownership of houses is transferred from GHA to smaller organisations to promote greater community ownership.
<b>Sensitivity analysis</b>	Tests that look at the impact on an organisation's business plan of changing one single underlying assumption in the plan.
<b>Stage 1 and 2 Notices</b>	The statutory notices to be served to tenants by GHA prior to ballot, in compliance with Schedule 9, paragraph 3 of the Housing (Scotland) Act 2001.