

## **Castle Rock Edinvar Housing Association Ltd**

### **31 March 2016**

This Regulation Plan sets out the engagement we will have with Castle Rock Edinvar Housing Association Ltd (Castle Rock Edinvar) during the financial year 2016/17. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### **Regulatory profile**

Castle Rock Edinvar became a registered social landlord (RSL) in 1975. It is a charitable subsidiary of the English Registered Provider, Places for People. Castle Rock Edinvar is one of the largest RSLs in Scotland, owning and managing around 6,100 homes across eight local authorities.

It employs around 170 people and has two unregistered subsidiaries which support its core social housing business. Places for People Scotland provides a range of intermediate and market housing options and delivers property management services to around 1500 owner occupiers. Places for People Scotland Care and Support provides social care to a range of client groups across Scotland. Castle Rock Edinvar's turnover for the year ended 31 March 2015 was £27.7 million.

### **Systemic importance**

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 the risks they face, so we seek some additional assurance through our regulation plans.

Given the combination of Castle Rock Edinvar's size, turnover, level of debt, scale of development and other activities, we consider it to be systemically important. We need to understand how it plans to manage the key risks it faces and the impact these may have.

Castle Rock Edinvar is one of the largest developers of new affordable housing in Scotland and continues to receive significant public subsidy to help achieve this. Castle Rock Edinvar plans to continue to grow through a considerable programme of new homes for social rent, low cost home ownership and mid-market rent.

As part of its asset management strategy, Castle Rock Edinvar plans to dispose of up to 300 social rented properties through lease and sale by 2017. The income generated from the disposals will support a programme of new affordable housing including 300 homes for social rent, 290 for mid-market rent and 290 for shared equity in Edinburgh.

Castle Rock Edinvar provides a broad range of services to its communities including a business centre and commercial space, community energy projects, services for older people and it participates in a range of employability initiatives.

## **Our engagement with Castle Rock Edinvar Housing Association Ltd – Medium**

Given Castle Rock Edinvar's size, turnover and debt we consider it to be of systemic importance. In light of this and its development and subsidiary activities, we will have medium engagement in 2016/17.

1. Castle Rock Edinvar has sent us:
  - the approved business plans for it and its subsidiaries;
  - 30 year financial projections for it and its subsidiaries consisting of a statement of comprehensive income, statement of financial position and statement of cash flow, including a comparison of projected loan covenants against covenant requirements;
  - reports to its Board on sensitivity analysis for it and its subsidiaries which considers the keys risks including covenant compliance;
  - an update on its plans for development, including funding plans; and
  - evidence of how it demonstrates affordability for its tenants.
2. Castle Rock Edinvar will send us:
  - the minutes of its Board and audit and risk committee meetings at the end of each quarter; and
  - a report on progress with its disposal and new build strategy by 30 June 2016. This will include the number of properties disposed of and their addresses, the total amount of income raised by the disposals and progress with the planned provision of new homes.
3. We will:
  - review the minutes of the Board and audit and risk committee meetings and the disposal report;
  - meet with Castle Rock Edinvar's senior staff at least twice a year to discuss its future business strategy and any risks to the organisation;
  - review and give feedback on the business plan and financial projections and other information Castle Rock Edinvar supplies; and
  - meet with Castle Rock Edinvar's Board in February 2017.
4. Castle Rock Edinvar 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Castle Rock Edinvar 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.