

Hanover (Scotland) Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Hanover (Scotland) Housing Association Ltd (Hanover) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Hanover was registered as a social landlord in 1979. It owns and manages 3,908 houses and provides factoring services to 1,136 owners across 22 local authority areas in Scotland. It has charitable status and employs around 373 people. Its turnover for the year ended 31 March 2013 was just over £28.3 million. It has a small development programme which will deliver homes for social rent. Given Hanover's turnover we consider it to be systemically important.

We have reviewed Hanover's financial returns and gained assurance about its viability. Hanover is in the process of reviewing its structure and implementing organisational change to position it for future challenges. It has already reviewed and improved its stock condition information and the required levels of investment have reduced substantially. It remains confident of meeting the Scottish Housing Quality Standard (SHQS) by 2015.

We have assessed Hanover's performance against key service quality measures. Hanover's reported performance for the average time to complete non emergency repairs, average time to re-let empty houses and percentage of emergency repairs on time was poor but action has been taken during the year to achieve improvements. The organisation is seeing the results of its efforts.

Hanover has concluded a consultation exercise with staff on future pension provision. From 1 April 2014 staff in the SHAPs pension scheme will move to CARE 1/80ths and new staff will also be offered this option. For staff already in the Lothian Pension Fund this option remains open at the moment.

Our engagement with Hanover - Medium

We will have medium engagement with Hanover during 2014/15 because it is systemically important and to gain assurance about its organisational review and service quality improvements.

1. Hanover will send us by the end of May 2014:
 - its approved business plan including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections consisting of the income and expenditure statement, balance sheet and cash flow, covenant requirements and calculation of the loan covenants; and the related Board report; and
 - sensitivity analysis which looks at the key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases which demonstrate continuing affordability for tenants.

2. Hanover will also send us:
 - in October 2014 six monthly management accounts and related Board papers
 - its governing body and audit committee minutes;
 - by the end of October 2014 an update on progress with SHQS work and the compliance rate achieved in its homes.
3. We will:
 - review Hanover's performance for service quality when we receive the Annual Return on the Charter in May 2014;
 - meet the Chair and senior staff in June to provide feedback on financial and other information we receive, discuss progress with its organisational review and service improvement projects and the risks and challenges facing Hanover;
 - review the minutes of the governing body and audit committee meetings; and
 - liaise with senior staff as necessary later in the year.
4. Hanover 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 annual accounts 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 Hanover is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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