

Hanover (Scotland) Housing Association Ltd

31 March 2017

This Regulation Plan sets out the engagement we will have with Hanover (Scotland) Housing Association Ltd (Hanover) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Hanover was registered as a social landlord (RSL) in 1979. It owns and manages 3,972 homes across 22 local authority areas in Scotland including 119 part owned homes. It also provides factoring services to a further 1,183 owners. Hanover has charitable status and employs around 516 people, mainly housing management and support staff. As at 31 March 2016 Hanover's turnover was £33.7 million and its debt per unit was £4,885.

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, how they manage the risks they face and the impact these risks may have. So we seek some additional assurance through our regulation plans. Given Hanover's turnover, we consider it to be systemically important.

Engagement

During the year we reviewed Hanover's business plan for 2016 to 2019 and the supporting 30 year financial information. We gained assurance about its strategic direction, progress with the business change programme it is implementing as well as its approach to risk and asset management and rent affordability.

Hanover has continued to roll out its enhanced housing management service following its review of its housing support service. This should be complete in 2020 and we will engage with Hanover to gain continued assurance about progress. It has also continued to develop its approach to achieving efficiencies and demonstrating value for money. As part of this process, Hanover's Board is expanding its existing Telecare team to incorporate the reactive repairs service.

Hanover has an on-going development programme of new housing for social rent. It will continue to receive significant public subsidy to help fund this and has also secured additional private finance.

Our engagement with Hanover (Scotland) Housing Association Ltd 2017/18 – Medium

We will engage with Hanover because it is systemically important and because of its business change and development programme.

1. Hanover will send us by the 31 May 2017:
 - details of any updates to its 2016 to 2019 business plan including plans for delivering new social rent homes.
 - 30 year financial projections consisting of the statements of comprehensive income, of financial position and of cashflows.
 - a comparison of projected loan covenant calculations against covenant requirements;
 - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies; and
 - reports to the Board in respect of the above.
2. Hanover will also send us:
 - from April 2017 its Board and Audit committee minutes as these become available; and
 - an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2017.
3. We will:
 - meet senior staff and the Chair by the end of July 2017 to discuss the financial information provided and to discuss the risks and challenges facing the business; and
 - review Board and Audit minutes and liaise as necessary.
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 financial statements and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections;
 - Annual Return on the Charter; and
 - the return on the Energy Efficiency Standard for Social Housing.

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 (Scotland) Housing Association Ltd 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.