

Hawthorn Housing Co-operative Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Hawthorn Housing Co-operative Ltd (Hawthorn) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Hawthorn was registered in May 1987. It owns and manages 316 houses in north Glasgow. It is a non-charitable fully mutual co-operative organisation and employs around 8 people. Its turnover for the year ended 31 March 2012 was just over £850,000.

We have assessed Hawthorn's performance against key service quality measures. Hawthorn's reported performance for former tenant rent arrears written off and for the percentage of tenancies sustained is poor and deteriorating. Its performance for lets to homeless people is in the bottom quartile and deteriorating. Its performance for the percentage of current tenants owing more than 13 weeks rent is improving but remains poor. We have previously highlighted our concerns to Hawthorn about its performance on current tenant arrears as a percentage of net arrears and Hawthorn has improved its performance for this indicator.

We have reviewed Hawthorn's financial returns and need to engage with it to get a better understanding of its operating costs and assumptions and the impact on its operating results. We also want to get an update on auto enrolment (56% of its staff were not enrolled at 31 March 2012) and understand its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

Our engagement with Hawthorn – Medium

We will have medium engagement with Hawthorn during 2013/14 to gain further assurance about its service quality performance and operating costs.

1. We intend to engage with Hawthorn in 2013/14 to gain a higher level of assurance about its service quality. We will discuss how we obtain this assurance with Hawthorn and depending on the outcome of this engagement we may review our future regulatory engagement with it.
2. We will engage with Hawthorn in quarter two to get a better understanding of its operating costs.
3. By 30 September 2013 Hawthorn will send us an update on:
 - progress with auto enrolment; and
 - its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

4. Hawthorn 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 performance and statistical return.

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 governance and performance for Hawthorn 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.