

## Home in Scotland Ltd

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Home in Scotland Ltd (Home) during the financial year 2014/2015. Our regulatory framework explains more about our assessments and the purpose of this regulation plan.

### Regulatory profile

Home Scotland became a registered social landlord (RSL) in 1998. It owns and manages 3,456 homes and provides a factoring service for 771 home owners. It operates across five different local authority areas and is a charitable subsidiary of Home Group Ltd. It employs 69 people. Its turnover for the year ended 31 March 2013 was around £13.7 million. Home's senior officer is leaving to take up a new Chief Executive post and interim management arrangements are in place.

Home is one of the largest developers with projects delivering homes for social and mid market rent as well as shared equity. A key part of Home's development activity is regeneration of the Mill O' Mains estate in Dundee and East Balornock in Glasgow.

Home's senior officer led on its programme of business change and restructuring and this is now almost complete. This included a review of Home's office holdings. It has also reviewed its Board and governance structures. We have reviewed Home's financial information in 2013/14 and gained assurance about its financial viability and controls. Home has a free standing derivative with Home Group. We will engage with Home in 2014/15 as it completes its organisational changes.

We have assessed Home's performance against key service quality measures. Its performance as reported at the end of March 2013 for the percentage of lets to homeless applicants, the percentage of emergency repairs completed on time and the percentage of former tenants arrears collected has deteriorated although this is being addressed.

During 2013/14 we engaged with Home about its service quality. Performance in relation to housing homeless applicants has been affected by the stock profile in Dumfries. Emergency repairs performance has significantly improved to over 96% completed on time as at the end of January 2014, now that the new contractor arrangements have settled down and IT interface issues have been resolved.

Performance in relation to the level of former tenant arrears collected remains poor but in comparison to the sector, the level of arrears Home tenants leave with is low at five weeks and is reducing. Efforts are continuing to increase recovery rates. We will review progress when we receive the Annual Return on the Charter in May.

Some staff at Home are members of the Scottish Housing Association Pension Scheme (SHAPS) while others are members of the Home Group local authority pension scheme. The RSL has factored its pension deficit increases fully into its financial projections. Its auto enrolment staging date is April 2014 and plans for this are in place and handled by the parent.

## Our engagement with Home in Scotland – Medium

In light of its service quality performance and significant development activities we will continue to have a medium level of engagement with Home.

1. Home will send us by the end of April:
  - its approved business plan for the RSL including commentary on the results of sensitivity tests and risk mitigation strategies;
  - 30 year projections for the RSL consisting of its income and expenditure statement, balance sheet and cash flow, including calculation of the loan covenants, covenant requirements and the related Board report;
  - 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; and
  - the Board update reports in respect of derivatives.
2. Home will also send us an update on progress with the development programme at the end of September 2014.
3. We will:
  - provide feedback by the end of quarter one on the financial updates we receive;
  - meet the new senior officer, once appointed, to discuss Home's ongoing financial capacity and viability and the risks and challenges facing the organisation; and
  - review progress with housing homeless applicants and collecting former tenant arrears when we receive the ARC in May and consider if we need further assurance.
4. Home 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Home in Scotland 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 contained in the Regulation Plan.