

Home in Scotland Ltd

31 March 2016

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

Regulatory profile

Home became a registered social landlord (RSL) in 1998. It owns and manages 3,568 homes and provides a factoring service for 739 home owners. It operates across five different local authority areas and is a charitable subsidiary of Home Group Ltd. It employs 51 people. Its turnover for the year ended 31 March 2015 was around £16 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 Home's size, turnover and level of debt, 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.

During 2015/16, we reviewed the financial returns submitted by Home and we will continue to engage with it to gain further assurance about its future plans and ongoing financial health.

Home Group Ltd is conducting a major review of its group strategy including Home's business plan and future strategy. We will engage with Home to understand what impact this may have on Home's business plan.

To assess the risk to social landlord services we reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. We found that Home is in the bottom quartile for all social landlords in relation to three satisfaction indicators - overall satisfaction, the percentage of tenants who feel the landlord is good at keeping them informed and the percentage of tenants satisfied with the quality of their home. Home has completed a tenant satisfaction survey and results will be available in April.

It is also in the bottom quartile for dealing with complaints within Scottish Public Sector Ombudsman timescales, the percentage of lets to homeless people, time to complete non-emergency repairs and the percentage of tenants satisfied with the repairs service.

Home is one of the largest developers of new affordable housing in Scotland and continues to receive significant public subsidy to help achieve this. Home plans to continue to grow through a considerable programme of new homes for social rent, shared equity and mid-market rent. A key part of Home's development activity is the regeneration of the Mill O' Mains estate in Dundee and East Balornock in Glasgow.

Our engagement with Home in Scotland Ltd – Medium

Due to Home's size, turnover and level of debt, we consider it to be of systemic importance. Given this and its operation as a subsidiary of Home Group Ltd we will have medium engagement with it in 2016/17.

1. Home will send us by 30 September 2016:
 - its approved business plan including commentary on the results of its sensitivity analysis and risk mitigation strategies;
 - 30 year financial projections 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;
 - sensitivity analysis which considers the keys risks including covenant compliance;
 - its reports to its Boards in respect of the 30 year projections and sensitivity analysis;
 - reports to the Board in respect of treasury management; and
 - evidence of how it demonstrates affordability for its tenants.
2. Home will also send us:
 - by the end of April, results of the tenant satisfaction survey;
 - quarterly from April 2016, copies of Board and Audit Committee minutes; and
 - a copy of its asset management strategy once completed.
3. We will meet senior staff and the Board in quarter three to provide feedback on the business plan and projections we receive and to discuss the risks and challenges facing the organisation.
4. We will engage with Home about the service quality areas we have highlighted.
5. 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 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.

Our lead officer for Home in Scotland 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.