

Regulation Plan

This Regulation Plan sets out the engagement we will have with River Clyde Homes . Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

River Clyde Homes (RCH) is a relatively new registered social landlord (RSL) which took ownership of its stock from Inverclyde Council in December 2007 following a successful stock transfer ballot. It is a charitable company limited by guarantee. RCH is the third largest RSL in Scotland which owns approximately 6270 tenanted properties. It also owns a further 931 which are scheduled for demolition, awaiting rehabilitation or where a decision about their future has yet to be made. It employs around 263 people and in the year ended 31 March 2010 it had a turnover of £30.7 million. It has a subsidiary, River Clyde Property Management Ltd, which provides factoring services to over 300 of its 2,153 owner occupiers.

RCH is the largest developer of social housing in Inverclyde and has a large new build development programme. It has received significant public subsidy in the form of housing association grant (HAG).

We inspected RCH in March 2010 and the report is published on our website here. We awarded it a "C" grade overall, which indicated a fair performance. We reported weaknesses and risks in RCH's performance management framework, its progress towards achieving the Scottish Housing Quality Standard (SHQS), its re-letting of empty properties and its repairs service.

RCH is currently updating its business strategy and intends to have a revised business plan in place by April 2011. This should take into account the issues we raised in our inspection report. RCH has prepared an improvement plan detailing how it will respond to all the issues we raised and we will monitor progress against this. RCH will provide us with a formal report on progress against its improvement plan in November 2012.

Our engagement with River Clyde Homes - High

1. RCH should provide us with its revised business and internal management plans during March 2011 so that we can assess its overall financial capacity and viability in light of its ongoing development, subsidiary and investment activities. This information should include scenario planning and sensitivity analysis of the RSL's key business planning assumptions along with full 30 year projections that demonstrate that it is financially viable and can continue to meet lenders covenants, SHQS and its development obligations. We will liaise with RCH on any further requirements once we have reviewed its revised business plan.
2. We have also asked RCH to provide us with the outcome from its governance review once this has been completed.
3. RCH will provide us with a formal report on progress against its improvement plan in November 2012

4. The RSL should also continue to 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.
- 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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for RCH 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.