

River Clyde Homes Ltd

4 April 2012 - 17 June 2012

This Regulation Plan sets out the engagement we will have with River Clyde Homes during the financial year 2012/2013. Our regulatory framework 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 with around 5,800 tenants and owns approximately 7,200 homes, of these 1,100 are scheduled for demolition. It employs around 217 full time equivalent staff and in the year ended 31 March 2011 it had a turnover of just under £22.8 million. RCH acts as a factor to over 2,000 properties across Inverclyde.

RCH is the largest developer of social housing in Inverclyde, has a large new build development programme and has completed 315 new build homes. It has received significant public subsidy to achieve this.

Given RCH's size, turnover and the scale of its development activity we consider it to be of systemic importance.

We are currently engaging with River Clyde Homes about serious governance issues it is dealing with. We may review our regulatory engagement in light of our discussions with RCH about these issues.

We inspected RCH in March 2010 and awarded it a "C" grade overall, which indicated a fair performance. We asked RCH to prepare an improvement plan detailing how it will respond to the issues we raised in the inspection report and it will provide us with a formal report on progress against its improvement plan in November 2012.

The Association is also reviewing its governance structures and will need it to keep us informed about the changes and implications for RCH's business. It is also working through an action plan arising from a report from its external auditors on its repairs service and we will need RCH to keep us informed of progress.

RCH has improved the time it takes to re-let empty houses in the last three years however its level of total arrears is poor compared to the rest of the sector and its performance for current tenants owing more than 13 weeks rent is poor and deteriorating. RCH is focussing on improving its arrears performance.

Achieving the Scottish Housing Quality Standard (SHQS) is a key area of work for RCH. It has plans to meet the standard by the end of 2015 and to achieve this it will have high planned maintenance spend and will be investing around half of its total SHQS spend in the last two years before the target date of 2015.

We received a revised business plan in 2011/12 and we are currently reviewing it. Given the scale and complexity of RCH's business activities and progress with SHQS we will continue to have close ongoing engagement with the RSL.

Our engagement with River Clyde Homes - High

We consider River Clyde Homes to be of systemic importance because of its, turnover, debt and the scale of its investment and development activities. We will have high engagement with it in 2012/13.

1. We will:
 - meet the governing body in April to discuss how RCH intends to deal with the governance issues it faces. We may review the nature of our engagement after this.
 - Meet senior staff twice during the year to discuss progress against its business plan and any risks to the organisation; and
 - Meet the governing body during the year as appropriate.
2. RCH will send us:
 - business planning information including its updated business plan, scenario planning, sensitivity analysis of its key business planning assumptions, full 30 year projections with cashflows and covenant calculations;
 - a copy of its current asset management strategy in April 2012; and
 - copies of the minutes of its governing body and audit sub committee meetings
3. RCH will keep us informed about:
 - its planned governance changes; and
 - its progress with implementing the action plan from its recent report from its external auditors.
4. We will engage with RCH about its arrears performance when we meet.
5. RCH will provide us with a formal report on progress against its improvement plan in November 2012.
6. RCH should also 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 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.