

River Clyde Homes Ltd

14 December 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 2012 it had a turnover of just under £25.5 million. RCH is 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 have been engaging with River Clyde Homes regarding a complaint about serious governance issues. A governance investigation has concluded and we have taken assurance from the outcome and from the action plan which has been implemented. RCH has restructured its senior management team, appointed a new Chief Executive to take the organisation forward and is recruiting other members of the senior management team. RCH continues to review its governance framework and this will link to the action plan. RCH continues to receive support from experienced and independent governing body members.

There are areas where the service performance of RCH is poor compared to the rest of the sector. RCH is focussed on improving its performance in these areas and we will monitor its progress.

Achieving the Scottish Housing Quality Standard (SHQS) is another 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 reviewed its revised business plan in spring 2012. 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 to monitor its progress with its business plan objectives.

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 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:
 - updated business plan information, scenario planning, sensitivity analysis of its key business planning assumptions, full 30 year projections with cashflows and covenant calculations in quarter 4 of 2012/13; and
 - the minutes of its governing body and audit sub committee meetings.
3. RCH will keep us informed about its progress with implementing:
 - the action plan arising from the recent investigation; and
 - its asset management strategy and achieving SHQS.
4. We will engage with RCH when we meet to seek assurance it is addressing the areas of poor service performance.
5. 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.