

River Clyde Homes Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with River Clyde Homes (RCH) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

RCH is a charitable registered social landlord and was registered in December 2007. It was created as part of a whole stock transfer from Inverclyde Council. It is a charitable company limited by guarantee. RCH is the fifth largest RSL in Scotland with around 6,082 homes. It employs around 232 full time equivalent staff and in the year ended 31 March 2012 it had a turnover of just under £25.5 million. RCH has one non-registered subsidiary, River Clyde Property Management Ltd and acts as a factor to 2,229 properties across Inverclyde.

RCH is the largest developer of social housing in Inverclyde, has a large new build development programme and has completed 393 new build homes. It has received significant public subsidy to achieve this.

RCH has recently appointed a new Chief Executive and Director of Development and Maintenance and is in the process of recruiting a new Customer Services Director.

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

RCH continues to review its governance framework and this will link to the action plan agreed following a governance investigation. RCH continues to receive support from experienced and independent governing body members.

Achieving Scottish Housing Quality Standard (SHQS) is a key area of work for RCH in the next two years. RCH reported a high failure rate for the SHQS in its 2012 return based on a small survey sample. During 2012 RCH commissioned survey work to considerably expand its survey data. It has plans to meet the standard by the end of 2015 and to achieve this it will have significant planned maintenance spend. We need to get assurance that RCH continues to make progress delivering SHQS.

We have assessed RCH's performance against key service quality measures. Its reported performance for the average time to complete non-emergency repairs, percentage of current tenants rent collected and percentage of current tenants owing more than 13 weeks rent is poor and deteriorating. Its performance for its average time to re-let empty houses is improving but remains poor. Its performance for former tenant arrears collected is in the bottom quartile and deteriorating.

We have reviewed RCH's financial returns and need to engage with it to get an update on its dormant subsidiary, its progress with auto enrolment (32% of its staff were not enrolled at 31 March 2012) and its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

Our engagement with RCH - High

We consider RCH 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 2013/14.

1. We will:
 - meet senior staff twice during the year to discuss progress against its business plan and any risks to the organisation;
 - meet the Chair during the year; and
 - review the minutes of the governing body and audit committee meetings.
2. RCH will send us:
 - an update on progress with implementing its governance action plan at 30 September 2013; and
 - each quarter send us the minutes of its governing body and audit sub committee meetings.
3. By 30 June 2013 RCH will send us:
 - business planning information including its updated business plan, scenario planning, sensitivity analysis of its key business planning assumptions, 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results;
 - an update on its dormant subsidiary;
 - an update on auto enrolment; and
 - its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.
4. RCH will send us updates on its progress with SHQS at the end of each quarter during 2013/14.
5. We will review RCH's performance for service quality when we receive the APSR in June 2013. Depending on performance we may ask for further information to get assurance about progress.
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.