

Regulation Plan

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

Regulatory profile

Atrium Homes is an established registered social landlord (RSL), which acquired its housing stock following the transfer of Scottish Homes' properties in 2000. Atrium is also a registered charity and has established a subsidiary organisation, Atrium Initiatives as part of its group structure. For the year ended 31 March 2008, its turnover was just below £2.9 million.

Atrium manages 1,018 properties, of which 99 are non residential tenancies and it employs 20 full time equivalent staff. Atrium has a significant development role in East Ayrshire and is receiving substantial public subsidy in the form of Housing Association Grant (HAG). It also has plans to expand its development activity in the short to medium term.

Atrium has told us that it will achieve the Scottish Housing Quality Standard (SHQS) by 2015 for most of its stock, although it anticipates that it needs to seek exemptions for some of its stock. Its progress against some interim targets has not been as good as it expected.

In June 2008, the Scottish Government stated that it intended to enforce the contracts which were agreed following the transfer of Scottish Homes' houses to community ownership. The Scottish government stated that it would discuss repayment difficulties with landlords on an individual basis. We need to understand what effect this may have on Atrium's business. Although Atrium has reported improvements in its financial ratios for 2008/09, it has relatively high debt per unit as a consequence of extending its development programme.

We carried out an initial review of Atrium's business plan but we need additional information to complete our assessment.

Our engagement with Atrium Homes - Medium

1. We need further business planning information from Atrium to complete our assessment of its business planning assumptions, and its overall financial capacity and viability in light of its development, investment and subsidiary activities. We will meet with Atrium during Q2 to discuss our requirements and provide feedback on its business planning process. This will include further detail about its SHQS delivery programme and treasury management strategy. We also need to understand the effect of any Scottish Government decision about excess RTB receipts on Atrium's strategic objectives.
2. The RSL should 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 Atrium Homes is:

Name: Wendy Hayhurst, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4158

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.