

Regulation Plan

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

Regulatory profile

Cunninghame HA registered as a social landlord in March 1985 and has had charitable status since March 2007. It owns in the region of 2,030 properties and employs 76 staff. Cunninghame has one unregistered non charitable subsidiary, Cunninghame Enterprises Ltd, carrying out factoring and one unregistered charitable subsidiary, Cunninghame Furniture Recycling Company.

The organisation has grown both through the acquisition of stock transfer properties from Scottish Homes and also through the development of new homes. It continues to be a major developer of rented housing in south west Scotland and receives high levels of public subsidy in the form of housing association grant (HAG).

Cunninghame's turnover was over £8.6 million for the year ended 31st March 2010. It has a relatively high level of debt and debt per unit and this is projected to grow significantly as it builds more new homes.

During 2010 we carried out an initial review of its business planning information to assess Cunninghame's overall financial capacity and viability and this provided some assurance about its strategic and financial management. Throughout the year the RSL has been reviewing and revising its strategic planning process and as part of this launched a revised performance management framework in January 2011. Cunninghame is in the process of finalising its new Corporate Strategy and associated financial plans for March 2011 and we will complete our review once we receive these documents.

During 2010 we also reviewed Cunninghame's rent arrears management and were satisfied that significant progress had been made, demonstrated by substantially improved performance as reported in its APSR for 2009/10. So we no longer need to be updated on its progress.

Our engagement with Cunninghame Housing Association - Medium

1. Cunninghame should provide us with its new Corporate Strategy by April 2011, along with scenario planning and sensitivity analysis of the RSL's key business planning assumptions, and full 30 year projections that demonstrate that it will continue to be viable and meet its lenders covenants. We will complete our initial review of Cunninghame's business planning information thereafter.
2. Cunninghame 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 Cunninghame HA 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.