

Cunninghame Housing Association Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Cunninghame Housing Association Ltd (Cunninghame)

We are engaging with Cunninghame because it is a **systemically important** landlord and about its **financial health** and **development** plans.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given Cunninghame's size, turnover and level of debt we consider it to be systemically important.

Cunninghame is one of the larger developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. Cunninghame plans to continue to grow through a considerable programme of new homes for social rent. As a result, the number of affordable homes provided by Cunninghame will increase by almost 40% over the next five years.

Cunninghame has recently secured a private placement to support its development programme and will need to manage this closely as these projects progress.

What Cunninghame must do

Cunninghame will:

- send us by 30 June 2019
 - its approved business plan and updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements; and

- the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
- provide copies of its Board and audit committee minutes as they become available;
- tell us if there are any material adverse changes to its plans which might affect its financial position or reputation, in line with our notifiable events guidance; and
- send us an update on its development programme by 31 October 2019. This will include details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- meet with Cunninghame's senior staff and Chair in quarter two of 2019/20 to discuss the business plan, the financial information and any risks and challenges facing the organisation; and
- review the development update in quarter three of 2019/20 and we may contact Cunninghame after that about its development plans.

Regulatory returns

Cunninghame RSL must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about Cunninghame Housing Association Ltd >](#)

Our lead officer for Cunninghame Housing Association Ltd is:

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