

## Cunninghame Housing Association Ltd

### 31 March 2017

This Regulation Plan sets out the engagement we will have with Cunninghame Housing Association Ltd (Cunninghame) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Cunninghame was registered as a social landlord in 1985. It owns and manages 2,371 homes and provides factoring services to a further 437 owners. It is a charitable organisation and employs 79 people. As at 31 March 2016 Cunninghame's turnover for the year was £15 million and its debt per unit was £22,247. It has two subsidiaries, Cunninghame Furniture Recycling Company Ltd which is charitable and Citrus Energy Ltd which is non charitable. Citrus Energy provides a commercial and domestic energy advice switching service and a fuel poverty advice service on behalf of CHA.

### Engagement

Cunninghame is one of the largest developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. It has plans for considerable growth through a programme of new homes for social rent over the next five years. We will engage with Cunninghame to seek assurance about the impact of its development plans and its ongoing capacity to deliver. We will continue to review the financial information provided by Cunninghame.

Cunninghame has recently purchased new office premises in Ardrossan from its own resources and staff will relocate in the new financial year.

### **Our engagement with Cunninghame Housing Association Ltd in 2017/18 – Medium**

We will engage with Cunninghame in 2017/18 to gain further assurance about its business strategy, business plan, relocation plans and financial projections.

1. Cunninghame will send us by 30 April 2017:
  - its final approved Corporate Strategy and Business Plan 2017 to 2022;
  - final, approved 30 year financial projections consisting of statements of comprehensive income, financial position and cash flows complete with details of assumptions and explanatory narrative;
  - a comparison of projected loan covenant calculations against covenant requirements;
  - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies;
  - evidence of how it demonstrates affordability for its tenants; and
  - its reports to the Board of Cunninghame in respect of the 30 year projections, sensitivity analysis and covenant compliance.

2. Cunninghame will also send us:
  - by 31 October 2017 an update on its development programme, including funding plans, timescales, completions and any material delay or changes; and
  - by 30 November 2017 half year management accounts including information on regeneration work and other non-housing activities.
3. We will meet senior staff and the Chair to discuss Cunninghame's business strategy, business plans, financial projections and the risks and challenges facing the organisation by the end of July 2017.
4. Cunninghame should 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 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.

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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Cunninghame Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager  
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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.