

Drumchapel Housing Co-operative Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Drumchapel Housing Co-operative Ltd (Drumchapel) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Drumchapel was registered as a social landlord in 1987. It owns and manages 476 houses, and three non-housing units, in the Drumchapel area of Glasgow. It is a non-charitable fully mutual co-operative and employs around 13 people. Its turnover for the year ended 31 March 2014 was just over £1.8 million.

We have reviewed Drumchapel's financial returns and need to engage with it to get a better understanding of its business, income and expenditure, and financial plans. Drumchapel has recently instructed a revised stock condition survey and we need to see the results of this incorporated into its business and financial plans.

Our engagement with Drumchapel – Medium

We will have medium engagement with Drumchapel in 2015/16 to gain a higher level of assurance about its business, income and expenditure, and financial plans.

1. By the 31 October 2015 Drumchapel will send us its:
 - approved Business Plan including commentary on results of sensitivity tests and risk mitigation strategies;
 - 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - sensitivity analysis which looks at key risks such as arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases and inflation rates which demonstrate continuing affordability for tenants; and
 - reports to the Board in respect of the 30 year projections and sensitivity analysis.
2. We will provide feedback on the business plan and projections for Drumchapel in quarter three of 2015/16.
3. Drumchapel 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 annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - Annual Return on the Charter.

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 Drumchapel 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.