

Drumchapel Housing Co-operative Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with Drumchapel Housing Co-operative Ltd (Drumchapel) during the financial year 2016/17. 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 3 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 2015 was just over £1.9 million.

Drumchapel's senior officer has recently left the organisation and it is considering its strategic options. We have reviewed Drumchapel's financial returns and need to continue to engage with it around its business and financial capacity. Drumchapel has also recently completed a stock condition survey and we will want to see the findings from this incorporated into its business and financial plans.

Our engagement with Drumchapel Housing Co-operative Ltd – Medium

We will have medium engagement with Drumchapel while it considers its strategic options and provides us with assurance about its business and financial capacity.

1. Drumchapel will send us by 30 June 2016:
 - its approved business plans including commentary on the results of its sensitivity analysis and risk mitigation strategies;
 - 30 year financial projections consisting of statements of comprehensive income, of financial position and cash flow, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis which considers the keys risks including covenant compliance;
 - its reports to the Board in respect of the 30 year projections and sensitivity analysis;
 - evidence of how it demonstrates affordability for its tenants, and
 - keep us up to date about progress with its strategic options appraisal and its next steps.
2. We will:
 - provide feedback on the business plan, associated financial information, risk strategy and affordability evidence by the end of August 2016; and
 - liaise with the Board as necessary as Drumchapel progresses consideration of its strategic options.

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 financial statements 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 Housing Co-operative Ltd is:

Name: Joyce Stewart, Regulation Manager
Address: Europa Building, 450 Argyle Street, Glasgow, G2 8LG
Telephone: 0141 242 5577

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.