

Drumchapel Housing Co-operative Ltd

31 March 2017

This Regulation Plan sets out the engagement we will have with Drumchapel Housing Co-operative Ltd (Drumchapel) during the financial year 2017/18. 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 in the Drumchapel area of Glasgow. It is a charitable fully mutual co-operative and employs around 10 people. As at 31 March 2016 Drumchapel's turnover for the year was £2.5 million and its debt per unit was £7,035.

Engagement

During 2016/17 we reviewed Drumchapel's business plan and supporting financial information. We engaged with Drumchapel to gain assurance about its plans to achieve efficiencies following the departure of its Chief Executive and the restructuring of its business.

Drumchapel has established a service sharing agreement with another local social landlord as part of its efficiencies programme. It is working through a three year investment programme and is developing an asset management strategy. We will engage with Drumchapel during 2017/18 to monitor progress with this.

Our engagement with Drumchapel Housing Co-operative Ltd in 2017/18 – Medium

We will engage with Drumchapel to gain assurance about its financial health and planned programme of efficiencies.

1. Drumchapel will send us by 30 June 2017:
 - any updates to its 2016-19 Business Plan;
 - its asset management strategy;
 - 30 year financial projections consisting of statements of comprehensive income, of financial position and of cash flow, including a comparison of projected loan covenants against covenant requirements;
 - financial sensitivity analysis which compares the resulting covenant calculations with current covenant requirements, together with a commentary addressing key risks and risk mitigation strategies;
 - its reports to the Board in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.
2. Drumchapel will also send us:
 - its review of the service sharing arrangement including the impact on service delivery and costs by 31 January 2018; and

- management accounts for the six months to 30 September 2017 and the report to the Board.
3. We will:
 - provide feedback on the business plan and asset management strategy and discuss the financial, risk and affordability information we receive by the end of August 2017; and
 - liaise as necessary around the service sharing arrangement.
 4. 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;
 - 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.

Our lead officer for Drumchapel Housing Co-operative Ltd is:

Name: Kirsty Anderson, Regulation Manager
Address: Buchanan House, 58 Port Dundas Road, Glasgow G4 0HF
Telephone: 0141 242 5547

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.