

Dumfries and Galloway Housing Partnership

28 March 2013

This Regulation Plan sets out the engagement we will have with Dumfries and Galloway Housing Partnership (DGHP) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

DGHP was registered in April 2003. It is the second largest Registered Social Landlord (RSL) in Scotland, with around 10,300 tenants and a factoring service for 667 owners. It employs 200 full time equivalent staff and has two unregistered subsidiaries Novantie Ltd, and DGHP3 which carry out the group's commercial activities and deliver development services respectively. Turnover in the year ended 31 March 2012 was just over £31 million.

Given DGHP's size, turnover, debt and the scale of its investment activity we consider it to be of systemic importance.

DGHP has received significant amounts of public subsidy and continues to be one of the largest developers. It will receive public subsidy to deliver a programme of social rent, mid market rent and shared equity homes and is completing work over the next year on previously committed development projects.

The response repairs and voids contract has been successfully re-procured ensuring stability for this area of the business. DGHP reports that it will meet its investment obligations under the Scottish Housing Quality Standard (SHQS) by 2015 and has progressed stock condition surveys and investment programmes over the past year.

During 2011/12 we reviewed DGHP's business plan, including 30 year financial projections which gave us assurance about its strategic management and controls. DGHP recognises the importance of maintaining strong control of its costs particularly as it approaches peak debt; reviews its options for delivery of further development projects and prepares for welfare reform.

DGHP appointed a new Chair and Vice Chair following the last annual general meeting. We received the assurance we need on the ability of the Board to provide appropriate challenge and good governance is supported by appraisal, skills audit and training.

Our engagement with DGHP – Medium

We consider DGHP to be of systemic importance because of its, turnover, debt and the scale of its investment activities. So we will have medium engagement with it in 2013/14.

1. DGHP will send us:

- in May updated 30 year financial projections incorporating income and expenditure account, balance sheet, cash flow statements, sensitivities, covenant calculations and results;
- details of progress and measures to be put in place to manage the welfare reform changes and how this will impact on future income and costs;

- in May its risk management strategy and register;
 - details of its decision on delivery of its development programme in May 2013;
 - in November, management accounts to 30 September 2013;
 - copies of its governing body and audit committee minutes; and
 - any updates relating to activity in its subsidiaries which may present a material risk to it.
2. We will:
- meet senior staff in quarter one to discuss progress against the business plan and any risks to the organisation;
 - meet the Chair and Board in quarter four; and
 - review the minutes of the governing body and audit committee meetings.
3. DGHP 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 (including all SHQS costs); and
 - annual performance and statistical return.

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 DGHP is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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.