

Dunbritton Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Dunbritton Housing Association Ltd (Dunbritton) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Dunbritton was registered in 1992. It owns and manages 737 houses and provides factoring services to 350 owners in West Dunbartonshire and Argyll and Bute local authority areas. It has charitable status and employs 19 people. Its turnover for the year ended 31 March 2013 was just over £2.79 million.

We engaged with Dunbritton during 2013/14 about governance issues. It carried out a review which identified governance weaknesses and these are being addressed through an action plan. Dunbritton has also recently initiated a review of its organisational structure. During 2014/15 we will continue to monitor Dunbritton's governance action plan and engage with it over any changes resulting from the structural review.

Dunbritton has a development programme which will deliver homes for social rent. We need to understand the impact of this on its business and financial plans.

Our engagement with Dunbritton – Medium

We will engage with Dunbritton to ensure it is consolidating its governance improvement actions, progressing the restructuring exercise and to understand the impact of its development programme more fully.

1. Dunbritton will send us by the end of October 2014:
 - its approved business plan including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections consisting of the income and expenditure statement, balance sheet and cash flow, covenant requirements, calculation of the loan covenants and the related Board report;
 - sensitivity analysis which looks at the 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
 - and quarterly thereafter management accounts and the related Board reports.
2. We will:
 - engage with Dunbritton at key stages to gain continued assurance about its governance improvement actions and restructuring plans;
 - feedback in quarter three on the financial information we receive; and
 - liaise as necessary on the financial information we receive thereafter.
3. Dunbritton 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 governance and performance for Dunbritton is:

Name: Lynn Stewart, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 271 3773

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.