

Dunbritton Housing Association Ltd

31 March 2017

This Regulation Plan sets out the engagement we will have with Dunbritton Housing Association Ltd (Dunbritton) during the financial year 2017/18. 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 818 homes and provides factoring services to 345 owners in the West Dunbartonshire and Argyll and Bute local authority areas. Dunbritton has charitable status and employs 26 people.

As at the 31 March 2016 its turnover, for the year, was just under £4.7 million and its debt per unit was £15,522.

Dunbritton has one unregistered subsidiary, Dunbritton Commercial Ltd that is currently dormant

Engagement

During 2016/17 we reviewed Dunbritton's financial returns which showed a considerable increase in its development programme along with increasing levels of borrowing. The development programme, of new homes for social rent, receives significant public subsidy.

In order to gain further assurance on its financial health, we will discuss the risks and challenges within its plans as it progresses its development programme and manages its borrowing requirements.

We will also engage with Dunbritton to get additional assurance about its governance capacity to manage the significant increase in its development programme.

Our engagement with Dunbritton in 2017/18 – Medium

We will engage with Dunbritton about its strategic and financial plans to achieve its development objectives.

1. Dunbritton will send by 30 June 2017 its:
 - its latest approved business plan;
 - 30-year financial projections, consisting of a statement of comprehensive income; statement of financial position; and statement of cash flow, complete with details of assumptions and explanatory narrative;
 - a comparison of the projected financial loan covenants against covenant requirements;
 - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies;
 - report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
 - evidence of how it demonstrates affordability for its tenants.

2. We will seek assurance about how Dunbritton has assessed its compliance with our Regulatory Standards of Governance and Financial Management and will engage with it as necessary to address any issues arising from this.
3. Dunbritton will send us an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2017.
4. We will meet with the management team to provide feedback on the business plan and discuss the financial information provided in quarter three of 2017/18.
5. 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;
 - 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 Dunbritton 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.