

## Regulation Plan

This Regulation Plan sets out the engagement we will have with Dunedin Canmore Housing Association Ltd during the financial year 2011/12. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Dunedin Canmore is a large charitable registered social landlord (RSL) that owns in the region of 4,500 houses in Edinburgh, the Lothians and Fife. It has one non-registered subsidiary; Malcolm Homes Limited, which employs all group staff and provides mid-market and market rent housing, and which is involved in the commercial aspects of the group's business including providing factoring services to around 1800 property owners. Dunedin Canmore's turnover for the year ended 31 March 2010 was £20.5m and it employed around 220 people.

Dunedin Canmore is one of the largest developers of new social housing in Scotland and has received considerable public subsidy through the Affordable Housing Investment Programme (AHIP). Dunedin Canmore is the lead RSL of the Rowan Group (an alliance of eight RSLs), selected by the City of Edinburgh Council as one of only three preferred partners in the city to receive development funding. It has a number of new build projects either currently on site or planned for in the next few years, which should increase its property numbers to in excess of 5,000. It is also involved in a new funding model in partnership with a private developer and the City of Edinburgh council to build a small number of new homes on a long lease and sell back agreement. Dunedin Canmore is expected to make a significant contribution from its own resources and through private finance to deliver these projects. As a consequence of its development activity, Dunedin Canmore has relatively high and increasing private debt and debt per unit levels.

The RSL's reported performance in collecting current tenant rent arrears for 2009/10 was very good when compared with the sector overall and represented an improvement on its already good performance the previous year. Its performance on collecting former tenant arrears by comparison was low and was in the bottom quartile for all RSLs. The RSL acknowledges this and has confirmed its intention to make every effort to pursue former tenant arrears while maintaining a good arrears management performance for current tenants.

#### **Our engagement with Dunedin Canmore – Medium**

1. We will continue to have a medium level of engagement with Dunedin Canmore during 2011/12.
2. In light of its ongoing development, investment and subsidiary activities, Dunedin Canmore should continue to provide us with its latest business plan and that of its subsidiary including full financial projections so that we can continue to assess its overall financial capacity and viability.
3. We will monitor Dunedin Canmore's performance on collecting former tenant arrears via the next Annual Performance and Statistical Return (APSR) and will discuss this with the RSL if necessary.

4. Dunedin Canmore should also continue to alert us to notifiable events and seek our consent as appropriate. It should continue to provide us with the annual regulatory returns we review for all registered social landlords (RSLs):
- audited annual accounts and external auditor's management letter,
  - loan portfolio return,
  - five year financial projections,
  - APSR

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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Dunedin Canmore 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.