

## Dunedin Canmore Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Dunedin Canmore Housing Association Ltd during the financial year 2012/13. Our regulatory framework 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 5,000 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 2,800 property owners. Dunedin Canmore's turnover for the year ended 31 March 2011 was just under £20 million and employs 202 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). It has plans to build a further 250 units in the next two years.

As a consequence of its development activity, Dunedin Canmore continues to have relatively high and increasing private debt levels and debt per unit levels. It is also considering alternative innovative funding mechanisms for its subsidiary activities.

Given Dunedin Canmore's size, turnover and the scale of its development activity, and its group activities, we consider it to be of systemic importance.

### Our engagement with Dunedin Canmore – Medium

We consider Dunedin Canmore to be of systemic importance because of its significant development, investment and group activities. So we will continue to have a medium level of engagement with it in 2012/13.

1. We will:

- meet senior staff in quarter three to discuss progress against its 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.

2. Dunedin Canmore will send us:

- 30 year projections including cashflows, sensitivity analysis and covenant calculations in quarter two of 2012/13; and
- the business plans including financial projections for its unregistered subsidiaries.

3. Dunedin Canmore should 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; 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, guidance 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.