

Dunedin Canmore Housing Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Dunedin Canmore Housing Ltd (Dunedin Canmore) during the financial year 2013/14. 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; Dunedin Canmore Enterprise 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 2,500 property owners. Dunedin Canmore Enterprise also has a property services team that carries out maintenance work for the Group and for external clients. It is now a significant part of the group and has a turnover in the region of £5.9 million.

Dunedin Canmore's turnover for the year ended 31 March 2012 was £21.75 million and employs about 220 people.

Dunedin Canmore has been one of the larger developers of new social housing in Scotland and continues to receive public subsidy through the Affordable Housing Investment Programme (AHIP). It has plans to build a further 180 new homes during 2013/14.

As a consequence of its development activity, Dunedin Canmore continues to have relatively high and increasing private debt levels and debt per unit levels.

During 2012/13, Dunedin Canmore was the only Scottish RSL to participate in the Department of Works and Pension pilot for the direct payment of housing benefit. It has provided us with information on its progress with the pilot and more generally its plans to manage the impact of the reforms. We will ask Dunedin Canmore for a further update during the year on its progress with welfare reform.

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 previous engagement with Dunedin Canmore during 2012/13 has provided us with assurance about its strategic management and controls.

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 medium engagement with it in 2013/14.

1. We will:

- meet senior staff at least twice a year to discuss its future business and any risks to the organisation;
- meet the Chair in quarter four; and
- review the minutes of the governing body and audit committee meetings.

2. Dunedin Canmore will send us:
 - updated business plan and 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results for it and its subsidiary in quarter two of 2013/14;
 - the subsidiary management accounts to 30 September 2013 by October; and
 - details of progress and measures to be put in place to manage the welfare reform changes and how this will impact on income and costs going forwards.

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.

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.