

Dunedin Canmore Housing Ltd

14 October 2014

This Regulation Plan sets out the engagement we will have with Dunedin Canmore Housing Ltd (Dunedin Canmore) during the financial year 2014/15. 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 or manages around 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 3,700 property owners. Its turnover in the year ended 31 March 2013 was over £27.8 million

Dunedin Canmore Enterprise has around 200 staff members and it is now a significant part of the group.

Dunedin Canmore has been a significant developer of new housing in recent years and as a result it has high levels of private debt.

During 2013/14, Dunedin Canmore reviewed its options and decided to pursue a constitutional partnership with the Wheatley Housing Group. Dunedin Canmore submitted a business case to us in July 2014 for the constitutional partnership and we have issued in principle consent to this. Dunedin Canmore's members voted to support the necessary constitutional changes for the partnership in October 2014. We will remain in close contact with Dunedin Canmore as it progresses these proposals.

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. It has also provided us with details of its plans to address issues around pensions.

Given Dunedin Canmore's size, turnover and its debt, 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 size, turnover and group activities so we will continue to have medium engagement with it in 2014/2015.

1. We will:

- liaise with Dunedin Canmore as it progresses its proposals for a constitutional partnership with the Wheatley Group and seeks any necessary consents; and
- meet the senior staff and Chair in quarter four to review progress.

2. Dunedin Canmore will send us by 30 November 2014:
 - its approved Business Plan including commentary on results of sensitivity tests and risk mitigation strategies;
 - 30 year projections consisting of income and expenditure statement, balance sheet and cash flow including calculation of the loan covenants and covenant requirements;
 - 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 which demonstrate continuing affordability for tenants; and
 - the report to Board in respect of the 30 year projections.
3. Dunedin Canmore will send us the minutes of its governing body and audit committee meetings.
4. 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 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, 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.