

Regulation Plan

This Regulation Plan sets out the engagement we will have with Cunninghame Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Cunninghame HA became a registered social landlord (RSL) in March 1985 and has had charitable status since March 2007. It owns in the region of 2060 properties and employs 69 staff. Cunninghame has one unregistered charitable subsidiary, Cunninghame Enterprises Ltd.

The organisation has grown both through the acquisition of stock transfer properties from Scottish Homes and also through the development of new homes. It continues to be a major developer of rented housing in south west Scotland and receives high levels of public subsidy in the form of housing association grant (HAG).

Cunninghame's turnover was over £7.7 million for the year ended 31st March 2009. It has a relatively high level of debt and debt per unit and this is projected to grow significantly as it builds more new homes.

During 2009/10 we carried out an initial review of Cunninghame's business planning information to assess its overall financial capacity and viability and have received some assurance about its strategic and financial management. Cunninghame is in the process of finalising its new Corporate Strategy and associated financial plans and our review will be completed once we receive these documents.

During 2009/10 we also reviewed Cunninghame's rent arrears management and were satisfied that significant progress had been made, demonstrated by substantially improved performance.

Our engagement with Cunninghame Housing Association - Medium

1. We will complete our initial review of Cunninghame's business planning information when we receive the information we have asked the RSL to send us. It is likely that we will continue to need additional business planning information from Cunninghame to provide us with assurance about its overall financial capacity and viability in light of its ongoing development, investment and subsidiary activities. This information is likely to include updated business plans, sensitivity analysis of the RSL's key business planning assumptions, and full 30 year cashflow projections that demonstrate that it will continue to meet its lenders covenants.
2. Cunninghame should continue to 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 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 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.

Our lead officer for Cunninghame HA 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.