

## Clyde Valley Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Clyde Valley Housing Association Ltd (Clyde Valley) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Clyde Valley was established as a registered social landlord in 1995 to take over houses being transferred from Scottish Homes. It owns and manages 2,927 houses and it provides factoring services for a further 3,211. It employs around 53 staff and turnover for the year ended 31 March 2012 had grown to just over £21.1 million. It has charitable status and has one non-registered subsidiary, Clyde Valley Property Services Ltd.

Given Clyde Valley's size, turnover, debt and the scale of its investment activity we consider it to be of systemic importance.

During the year we reviewed the financial information we received from Clyde Valley and gained assurance about its financial capacity to deliver on its development and other investment activities. Clyde Valley's treasury management arrangements include free-standing derivatives (FSDs) and we have also been liaising to gain continued assurance from it about any effect that these might have on its financial position.

Clyde Valley will receive substantial public funding for development projects which will deliver up to 600 properties for social and mid market rent as well as for sale across its area of operation. It will therefore continue to play a very active role in future development opportunities and is examining potential new delivery models to help it do this. Clyde Valley is establishing a special purpose vehicle to deliver these projects. We will liaise with both Clyde Valley and the Scottish Government regarding any regulatory requirements and Clyde Valley will keep us informed as projects progress.

We will therefore continue to liaise closely with Clyde Valley to gain on-going assurance about the Group's financial health in light of its planned development and investment activities

### Our engagement with Clyde Valley– Medium

We consider Clyde Valley HA to be of systemic importance because of its turnover, debt, and investment activities. In addition because of its FSDs we will have medium engagement with Clyde Valley in 2013/2014.

1. Clyde Valley will send us:
  - copies of its derivatives contracts;
  - by the end of quarter two, its business plan including financial projections; income and expenditure account, balance sheet and cash flow statements, sensitivities, covenant compliance and results;
  - in May, details of progress and measures to be put in place to manage the welfare reform changes and how this will impact on future income and costs;

- by the end of quarter two, its subsidiary business plan including a balance sheet, income and expenditure account, cashflow and sensitivities;
  - in April and October respectively, management accounts as at 31 March 2013 and 30 September 2013;
  - a copy of its quarterly reports to the Finance Committee on free standing derivatives;
  - copies of its governing body and audit committee minutes;
  - an update on the outcome of its review of risk management at the end of quarter two; and
  - keep us informed at key stages of progress with its development proposals and the special purpose vehicle.
2. We will:
- provide feedback in quarter three on the financial information we receive;
  - meet the Chair and senior staff in quarter three to discuss its overall financial capacity and viability in light of its development, investment and subsidiary activities and the impact of these on Clyde Valley's financial position;
  - review the minutes of the governing body and audit committee meetings; and
  - liaise with Clyde Valley to understand any regulatory issues relating to its special purpose vehicle.
3. Clyde Valley should 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; 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 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 Clyde Valley 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.