

Clyde Valley Housing Association Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with Clyde Valley Housing Association Ltd (Clyde Valley) during the financial year 2016/17. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Clyde Valley was registered as a social landlord (RSL) in 1995. It owns and manages 3,129 houses and provides factoring services for a further 3,263. It employs around 49 people and its turnover for the year ended 31 March 2015 was £12.8 million. It has charitable status and has one unregistered subsidiary, Clyde Valley Property Services Ltd which carries out commercial and other activities including development projects and factoring services, and owns mid-market and low cost home ownership properties. Clyde Valley is also a partner in a joint venture, Innov8 Housing Solutions Ltd.

During 2015/16 we reviewed the business plan and financial information we received from Clyde Valley and gained assurance about its strategic direction and financial capacity to deliver on its objectives, development plans and other investment activities. Clyde Valley's treasury management arrangements include free-standing derivatives (FSDs) and we have also liaised with Clyde Valley to gain continued assurance about any effect these might have on its financial position.

Value for money (VfM) has continued to be a key focus for Clyde Valley and it has produced a VfM self assessment. It has also completed a structural review, reducing the leadership team from five to four and implementing operational changes. The impact of these changes are being monitored and reported to the Board. This report on the organisational structure review includes results of the most recent staff survey and highlights improved satisfaction and performance in several operational areas.

Clyde Valley is one of the largest developers of new affordable housing in Scotland and continues to receive significant public subsidy to help achieve this. Clyde Valley plans to continue to grow through a considerable programme of new homes for social rent, low cost home ownership and mid-market rent.

Our engagement with Clyde Valley Housing Association Ltd – Medium

Given the scope and complexity of its development, subsidiary and joint venture activities and its treasury management arrangements, we will have medium engagement with Clyde Valley in 2016/17.

1. Clyde Valley will send us by 31 July 2016:
 - its approved business plans for it and its subsidiary including commentary on the results of its sensitivity analysis and risk mitigation strategies;
 - 30 year financial projections for it and its subsidiary consisting of statements of comprehensive income, of financial position and cash flow, including a comparison of projected loan covenants against covenant requirements;

- sensitivity analysis for it and its subsidiary which considers the keys risks including covenant compliance;
 - its reports to the Boards of Clyde Valley and its subsidiary in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.
2. Clyde Valley will also send us;
- from the end of August 2016 onwards quarterly management accounts for the RSL and its subsidiary and the related Board papers;
 - at key stages, updates on progress with Innov8 Housing Solutions Ltd including financial projections; and
 - its treasury management reports to its Board, including updates on its FSDs.
 - an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.
3. We will:
- provide feedback by 30th September on the financial information we receive;
 - meet the Chair and senior staff in quarter three to discuss progress with implementing its structural review and operational changes, 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; and
 - liaise with Clyde Valley to understand any regulatory issues relating to its joint venture company.
4. 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 financial statements 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 and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Clyde Valley Housing Association Ltd 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.