



Cordale Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Cordale Housing Association Ltd (Cordale) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Cordale was registered as a social landlord in 1992. It has charitable status and employs 14 full time equivalent staff. It owns 522 social rented homes, has 11 shared ownership properties and 18 shared equity properties in West Dunbartonshire. These provide a mix of extra care, wheelchair and general needs housing. It factors a further 22 properties and also owns a number of commercial units in the area. These include a shop, a community hall, a medical centre and a former care home.

Cordale's turnover for the year ended 31 March 2013 was just over £2.1 million. Cordale has one subsidiary, Cordale Property Services Ltd which owns a pharmacy.

We have continued our engagement during 2013/14 with Cordale about financial and governance issues. At a Special General Meeting in January 2014, members approved a proposal to enter into a constitutional partnership with Caledonia Housing Association. Administrative arrangements are being developed to allow the partnership to proceed. A comprehensive project plan is in place which aims to integrate operations into the Caledonia Group and strengthen governance at Cordale over the coming year. Cordale and Caledonia will be updating their business plan and financial projections to reflect the work required to integrate Cordale into the Group.

The governing body at Cordale received support from three independent members. They became full members in July 2012 and continue to serve on the Management Committee.

Our engagement with Cordale – High

In the light of Cordale's serious financial and governance issues we will continue to have high engagement with it in 2014/15.

1. Cordale will send us:
 - on a monthly basis, cash flows for the year ahead; and
 - from April, quarterly management accounts.
2. We will:
 - liaise with Cordale as necessary as it progresses its integration project plan; and
 - provide feedback as necessary on this and the financial information we receive.
3. Cordale will also send us, by the end of June:
 - its approved business plan as part of the Caledonia Group including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections as part of the Caledonia Group, consisting of the income and expenditure statement, balance sheet and cash flow, covenant



- requirements, calculation of loan covenants and the related Board report; and
 - 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.
4. Cordale 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 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 governance and performance for Cordale is:

Name: John Jenkins, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4120

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.