

Ore Valley Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Ore Valley Housing Association Ltd (Ore Valley) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Ore Valley was registered as a social landlord in 1991. It owns and manages 659 houses in Cardenden in the Fife local authority area. It has charitable status and employs 16 people. Ore Valley has three non-registered subsidiaries: Fife HARCA Limited, Ore Valley Enterprises Limited and Cardenden Heat + Power Limited. Its turnover for the year ended 31 March 2014 was just under £2.7 million.

We reviewed Ore Valley's business plan and financial returns in 2014/15 to gain assurance about its financial position. We need to continue to monitor its financial plans and the plans for its two active subsidiaries to understand the impact the subsidiary activities will have on Ore Valley. We will also continue to engage with it over its proposals for a significant heat and power project.

Our engagement with Ore Valley – Medium

We will have medium engagement with Ore Valley to monitor its financial plans and understand the impact its subsidiaries have on it.

1. By 31 May 2015 Ore Valley will send us:
 - its approved business plan for both it and its subsidiaries including commentary on results of sensitivity tests and risk mitigation strategies;
 - 30 year financial projections for both it and its subsidiaries consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - its sensitivity analysis which looks at 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 and inflation rates which demonstrate continuing affordability for tenants; and
 - copies of the reports to the Board for it and its subsidiaries in respect of the 30 year projections and sensitivity analysis.
2. By 31 May and 30 November 2015 Ore Valley will send us updates on its progress with developing the CHAP project and will keep us informed about key decisions by its governing body around funding and management of the project.
3. We will provide feedback on the business plans and projections for both Ore valley and its subsidiaries in quarter two of 2015/16.

4. Ore 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 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 Ore Valley is:

Name: Ross Williamson, Regulation Manager (Finance)
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 242 5762

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.