

## Ore Valley Housing Association Ltd

### 31 March 2016

This Regulation Plan sets out the engagement we will have with Ore Valley Housing Association Ltd (Ore Valley) during the financial year 2016/17. 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 14 people. Ore Valley has three non-registered subsidiaries: Fife HARCA Limited, Ore Valley Enterprises Limited and Cardenden Heat + Power Limited which is not currently active. Its turnover for the year ended 31 March 2015 was £3.08 million.

Ore Valley had been exploring proposals for a significant heat and power project but recently took the decision not to proceed with this. This will have implications for Ore Valley's asset management and investment strategies.

We reviewed Ore Valley's business plan and financial returns in 2015/16 to gain assurance about its financial position. We will continue to monitor its financial plans given its subsidiary activity, its development plans and its asset management and investment plans.

Ore Valley has plans to develop a small number of homes for social rent and will receive public subsidy to help achieve this.

As a result of its financial plans, its subsidiary activity and its investment and asset management strategies, we will also engage with Ore Valley to get assurance about its governance capacity to manage these issues.

### **Our engagement with Ore Valley Housing Association Ltd– Medium**

We will have medium engagement with Ore Valley to monitor its financial plans and understand the impact of its subsidiary activity. We will also seek assurance about its asset management and investment plans and its governance capacity.

1. Ore Valley will send us by 30 June 2016:
  - Its approved business plans for it and its subsidiaries including commentary on the results of its sensitivity analysis and risk mitigation strategies;
  - 30 year financial projections for it and its subsidiaries consisting of a statement of comprehensive income, statement of financial position and statement of cash flow, including a comparison of projected loan covenants against covenant requirements;
  - sensitivity analysis for it and its subsidiaries which considers the keys risks including covenant compliance;
  - its reports to the Boards of Ore Valley and its subsidiaries in respect of the

- 30 year projections and sensitivity analysis; and
  - evidence of how it demonstrates affordability for its tenants.
2. We will provide feedback on the business plans and projections for both Ore Valley and its subsidiaries in quarter two of 2016/17.
  3. Ore Valley will send us an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.
  4. We will engage with Ore Valley to seek assurance about how it has assessed its governance capacity and capability. We will discuss the timing and extent of this work with Ore Valley.
  5. 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 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Ore 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.