

River Clyde Homes

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with River Clyde Homes (RCH)

We are engaging with RCH because it is a **systemically important** landlord and because of its **development plans**.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given RCH's size, turnover and level of debt we consider it to be systemically important.

RCH has plans to grow through a considerable programme of new homes for social rent. As a result, the number of affordable homes provided by RCH will increase by almost a fifth over the next five years.

What RCH must do

RCH will:

- send us by 30 June 2019:
 - its refreshed business strategy and the report to the Board including an updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
 - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
 - a copy of its Treasury Management Policy;
- send us by 30 June 2019 the following information for its subsidiary River Clyde Property Management (RCPM):
 - the approved business plan;

- the financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
- financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements (where applicable) including risk mitigation strategies; and
- reports to the Board of RCPM and RCH in respect of the approved financial projections and sensitivity analysis;
- provide copies of its Board and audit committee minutes as they become available;
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance; and
- send us an update on its development programme by 31 October 2019. This will include details of the units and tenure types to be delivered, timescales, completions and any material changes or delays to the programme.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise with RCH as necessary;
- review the business plan and financial projections; and
- meet with RCH's senior staff and Chair in quarter three 2019/20 to discuss the business plans for RCH and RCPM, the financial information, the development update and any risks to the organisation.

Regulatory returns

RCH must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about River Clyde Homes >](#)

Our lead officer for RCH is:

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