

Regulation Plan

This Regulation Plan sets out the engagement we will have with Clyde Valley Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Clyde Valley was established as a registered social landlord (RSL) in 1995 to take over stock being transferred from Scottish Homes. It owns and manages around 2,700 houses and it provides factoring services for a further 3,256. It employs around 58 staff and its turnover for the year ended 31 March 2009 was £10.4 million. It has charitable status and has one non-registered subsidiary, Clyde Valley Property Services Ltd. Clyde Valley HA is keeping under review the contribution of this subsidiary to the Clyde Valley Group.

Clyde Valley HA is a large developer of social housing and has received a significant amount of public funding in the form of Housing Association Grant (HAG). It has a high level of private debt and a high level of debt per unit. We have had constructive discussions with Clyde Valley about its financial capacity to deliver on its development and other investment activities including its Scottish Housing Quality Standard (SHQS) obligations. Clyde Valley's treasury management arrangements include free-standing derivatives and we have also been liaising with the RSL to gain further assurance from it about any effect that these might have on its financial position.

We reviewed a range of information from the RSL, met with senior staff to discuss our initial findings, and requested regular additional information to enable us to continue our financial assessment work. We gained assurance from this but will continue to engage closely with Clyde Valley as necessary throughout the year to be satisfied on an ongoing basis about the RSL's continued financial capacity and viability.

Our engagement with Clyde Valley Housing Association – Medium

1. We will continue to have ongoing engagement with Clyde Valley to assess its overall financial capacity and viability in light of its development, investment and subsidiary activities. We no longer require quarterly returns but will require the RSL's updated 30 year cashflows and loan risk assessment schedule in summer 2010. We will arrange to meet with the RSL's staff to discuss our assessment of these and any areas we require ongoing information about.
2. Clyde Valley should continue to 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
 - annual performance and statistical return

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 guides to how we regulate, inspect, and intervene and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Clyde Valley 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.