

## **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 is an established registered social landlord (RSL) with around 2,700 houses and it provides factoring services for a further 3,256. It was registered in 1995 to take over stock being transferred from Scottish Homes and has charitable status. It employs around 57 staff and its turnover for the year ended 31 March 2008 was £8.2 million. It has one non-registered subsidiary, Clyde Valley Property Services Ltd. We need to liaise with Clyde Valley to be assured about the contribution of this subsidiary to the Clyde Valley Group.

Clyde Valley 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 need assurance from Clyde Valley about its financial capacity to deliver on its development and other investment activities including its Scottish Housing Quality Standard (SHQS) obligations. Its treasury management arrangements include free-standing derivatives and we need to gain further assurance from Clyde Valley about any effect that these might have on its financial position.

We have reviewed a range of information from the RSL, have met with senior staff to discuss our initial findings, and have asked for additional information to enable us to complete our financial assessment and gain the assurances that we need. We will continue to engage closely with Clyde Valley throughout the year.

### **Our engagement with Clyde Valley Housing Association – Medium**

1. We will have ongoing engagement with Clyde Valley to assess its overall financial capacity and viability in light of its development, investment and subsidiary activities including confirmation that its financial performance is consistent with its lending covenant.
2. We will continue to see quarterly management accounts and quarterly budget analysis to assess the RSL's short term cash and cashflow position.
3. We have also asked the RSL to send us
  - 30-year cashflows
  - Loan risk assessment schedule
  - An annual efficiency statement when this is available
  - Forward forecast of secured and unsecured assets by the end of August 2009
  - Mid-year budget review by the end of November 2009
  - Updated stock condition survey information by the end of December 2009

4. We are examining the RSL's treasury management policy to help us understand the potential effect of its free-standing derivatives and its subsidiary on its business.
5. We will meet with the RSL's staff and governing body members as required and will review our engagement level in light of the assurances we receive.
6. 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](http://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.