

Fife Housing Association Ltd

4 April 2012 - 20 November 2012

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd (Fife) during 2012/13. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Fife is a charitable registered social landlord (RSL) that owns and manages around 2470 houses and employs a full time equivalent of 65 staff including its direct labour workforce. Its turnover for the year ended 31 March 2011 was just over £9 million. It has one unregistered subsidiary, PACT Enterprises Ltd.

We have been engaging with Fife to address weaknesses in its governance. It submitted an action plan to us in January 2011 providing details of how it intended to achieve improvements. It has also submitted information to us on its progress with addressing the weaknesses. From our review of the information, we are concerned Fife has not addressed all the areas in the action plan so we will carry out an inquiry into its governance. This may include verification work on services and performance outcomes. We will publish a report on the findings from our inquiry.

Fife's treasury management arrangements include a number of free-standing derivatives (FSDs) which include an inflation linked interest swap. We have been liaising with Fife to gain further assurance from it about any effect that these might have on its financial position.

Fife's programme for building new homes for social rent has reduced significantly although through its subsidiary PACT it is providing a range of housing products and tenures and is involved in other commercial aspects. Fife has told us it intends to apply for consent to increase the online lending to its subsidiary.

Fife has plans to achieve the Scottish Housing Quality Standard (SHQS) by 2015. It has an on going exercise to re-survey and re-inspect its houses to improve accuracy of the information it holds. It has an investment plan in place to ensure compliance by 2015. It is still reliant on both selling some of its social housing assets to generate income to invest in its stock and Right to Buy receipts. However due to current market trends it has now decided to sell some of its social housing to its subsidiary PACT to provide houses for market rent.

Our engagement with Fife – Medium

1. We will carry out an inquiry on the governance systems at Fife and publish a report on our findings. Our inquiry may include some verification work on services and performance outcomes. Following the findings of the inquiry we may wish to review our engagement with Fife.
2. Fife will send us:
 - its updated business plan, 30 year projections including cash flows, sensitivity analysis and covenant calculations in quarter two of 2012/13;
 - copies of its board reports that monitor progress with FSDs;
 - the business plan for its unregistered subsidiary including financial projections, cashflows and sensitivities; and
 - an update of financial and performance indicators.
3. Fife will send us an update on progress with SHQS at the end of December 2012.
4. Fife 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
 - APSR.

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 Fife HA 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.