

## Fife Housing Association Ltd

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd (Fife) during 2014/15. 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 2,430 houses and provides factoring services to a further 89. It employs 65 full time equivalent staff including its direct labour workforce. Its turnover for the year ended 31 March 2013 was just over £10.2 million and it has one unregistered subsidiary, PACT Enterprises Ltd (PACT).

During 2013/14 Fife made significant progress in addressing governance weaknesses and strengthened its Board. It has also recently recruited a new senior officer who will take up post in May 2014.

We also engaged with Fife during 2013/14 to gain assurance about its financial health. We reviewed its business plan and financial projections. Fife's treasury management arrangements include a number of free-standing derivatives (FSDs) which include an inflation linked interest swap and it provided us with an update on progress with these.

Fife has received public subsidy to deliver a development programme which will provide homes mainly for social rent but also a small number for low cost home ownership. It also provides on-lending to PACT to support further development activity. So we will continue to liaise with Fife to gain assurance about its financial position.

Fife is confident that it will meet the Scottish Housing Quality Standard (SHQS) by April 2015. However, progress during 2013/14 has been slower than planned. And it has a number of low demand properties which it is currently considering its approach to managing. We will therefore check progress when we receive the Annual Return on the Charter (ARC) in May.

### Our engagement with Fife – Medium

In light of Fife's its financial issues, and the fact that it has FSDs, we will have medium engagement with it during 2014/15.

1. Fife will send us by the end of July 2014:
  - its approved business plan including its subsidiary plan and commentary on the results of sensitivity tests and risk mitigation strategies;
  - 30 year projections for it and its subsidiary, consisting of the income and expenditure statement, balance sheet and cash flow, covenant requirements and calculation of the loan covenants; and the related Board report; and
  - sensitivity analysis for both Fife and its subsidiary which looks at the key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases; and
  - management accounts and related board papers for it and its subsidiary

quarterly thereafter.

2. Fife will also send us its treasury management Board reports which monitor progress with FSDs.
3. Fife will provide us with an update on its proposals for its low demand properties by the end of July 2014 together with details of the financial implications, if any, of this.
4. We will:
  - review Fife's progress with SHQS when we receive the ARC in May and its strategy for dealing with its low demand properties;
  - provide feedback by the end of quarter two on the financial information we receive; and
  - meet the new senior officer to discuss the challenges and risks facing Fife.
5. 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
  - 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 governance and performance for Fife is:

Name: Janet Dickie, Regulation Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 305 4115

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.