

Fife Housing Association Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd (Fife) during 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Fife was registered as a social landlord (RSL) in June 1996 and has charitable status. It owns and manages around 2,421 houses, delivers a factoring service to 178 owners and provides 257 non-housing units. It employs 63 people including its direct labour workforce. Its turnover for the year ended 31 March 2014 was just over £10 million and it has one unregistered subsidiary, PACT Enterprises Ltd (PACT).

Fife appointed a new Chief Executive in May 2014 and is implementing a business change programme which in the main will be concluded by December 2015. We reviewed Fife's business plan and financial information during 2014/15 to gain assurance about its financial health and controls. Fife has more complex financial arrangements in the form of free standing derivatives (FSDs).

Fife continues to have a small development programme of new housing for social rent and has received significant public subsidy to help fund this. It also provides on-lending to PACT to support further development activity and the provision of homes for mid-market and market rent.

The majority of Fife's houses comply with the Scottish Housing Quality Standard (SHQS) with only 65 exemptions (2.6% of stock).

Fife is focussed on improving its service quality performance. When we reviewed Fife's reported performance we found the average days to relet empty properties was in the bottom quartile and the percentage of gross arrears of rent due was poor. During 2013/14 Fife completed work and relet its low demand properties which affected its performance. It has an action plan in place and has continued to successfully let these properties. Since April 2014 it has achieved significant reductions in rent lost through voids and gross arrears.

Fife's reported performance for the percentage of tenants satisfied with the overall service provided, the percentage of tenants who feel the landlord is good at keeping them informed about services and decisions, the average days to complete non-emergency repairs and the percentage of tenants satisfied with the repairs service are all poor.

Fife was not able to report accurately on some indicators including repairs completed right first time. These issues have now been resolved and will be reported fully in the next Annual Return on the Charter (ARC). We will monitor progress with service quality.

Our engagement with Fife – Medium

In light of Fife's business change programme, service quality issues, FSDs and subsidiary activities, we will have medium engagement with it during 2015/16.

1. Fife will send us by 31 October 2015:
 - its approved business plan for both it and its subsidiary including commentary on results of sensitivity tests and risk mitigation strategies;
 - 30 year financial projections for both it and its subsidiary consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - sensitivity analysis which looks at 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 inflation rates which demonstrate continuing affordability for tenants; and
 - reports to the Board for it and its subsidiary in respect of the 30 year projections and sensitivity analysis.
2. Fife will also send us:
 - quarterly from April 2015, its treasury management Board reports which monitor progress with its FSDs;
 - quarterly from April, an update on implementation of its change programme.
 - in October 2015, an update on its plans for development, including funding plans;
 - in October 2015 and March 2016 progress reports on the service quality action plans it has in place and updates on tenant satisfaction action plans; and
 - in October 2015, its revised asset management strategy.
3. We will:
 - review service quality performance when we receive the Annual Return on the Charter at the end of May 2015;
 - monitor progress with the arrears and voids action plans; and
 - meet senior staff in quarter three to provide feedback on the business plans and projections for Fife and its subsidiaries; discuss the challenges and risks facing the business and progress with business change and the service quality action plans.
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
 - 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.

Our lead officer for governance and performance for Fife 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.