

Fife Housing Association Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd (Fife) during the financial year 2016/17. 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 2,449 houses, delivers a factoring service to 85 owners and provides 270 non-housing units. It employs 63 people including its direct labour workforce. Its turnover for the year ended 31 March 2015 was £10.58 million and it has one unregistered subsidiary, PACT Enterprises Ltd (PACT).

Fife has a programme of business change which it has progressed through 2015/16. There has been change in the Leadership team and several key pieces of work have been completed with others due for completion early in 2016/17. The organisational structure has been fully reviewed to improve focus on service delivery and efficiency. This includes a rationalisation of offices.

We reviewed Fife's business plan and financial information during 2015/16 to gain assurance about its strategic direction, financial health and controls. The next business plan will be extended to cover a three year period. Work is also being finalised on the asset management strategy. Fife has 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.

Our engagement with Fife Housing Association Ltd – Medium

Given its business change, more complex financial arrangements and investment and subsidiary activities we will have medium engagement with Fife in 2016/17.

1. Fife will send us by 31 May 2016:
 - its approved business plan for it and its subsidiary including commentary on the results of its sensitivity tests and risk mitigation strategies;
 - 30 year financial projections for it and its subsidiary consisting of statement of comprehensive income, statement of financial position and statement of cash flows, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis for it and its subsidiary which considers the key risks including covenant compliance;
 - its reports to the Board of Fife and its subsidiary in respect of the 30 year projections and sensitivity analysis; and

- evidence of how it demonstrates affordability for its tenants.
2. Fife will also send us:
 - quarterly from April 2016, its treasury management Board reports;
 - by the end of May 2016, its asset management strategy; and
 - an update on progress with the business change programme by the end of June 2016.
 - an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.
 3. We will:
 - provide feedback by the end of July on the business plan, financial information we have received and the asset management strategy when we meet the leadership team to discuss business change, strategy and the risks and challenges facing the organisation;
 - review treasury management reports and liaise as necessary; and
 - liaise as necessary around progress with the business change programme.
 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 financial statements 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 Fife Housing Association Ltd 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.