

## Fife Housing Association Ltd

### 29 March 2018

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd (Fife) during the financial year 2018/19. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Fife was registered as a social landlord in 1996. Fife currently owns and manages 2,456 homes and provides factoring services to 89 owners. It has charitable status and employs 63 people. Fife has one unregistered subsidiary, PACT Enterprises (PACT), which delivers factoring and maintenance services.

As at 31 March 2017 Fife's turnover for the year was just under £11.8 million and its debt per unit was £16,163.

### Engagement

Fife's treasury management arrangements include free-standing derivatives (FSDs). During 2017/18, we engaged with Fife about these complex financial arrangements and the challenges this presents for it. We also engaged with Fife about its plans to refinance during 2018/19 to facilitate its development and investment plans, about its business change programme including service reviews, staffing and ICT changes and progress with its asset management work.

Fife also concluded its rent policy review and affordability study during 2017/18. Following consultation with tenants, changes will be implemented over two years beginning on 1 April 2018.

We also met with the Leadership team and the Chair to discuss its business plan and the risks and challenges faced by the business. We reviewed the business plan and financial projections for PACT.

We will continue to engage with Fife as it progresses its refinancing proposals. Fife has recently completed a new stock condition survey following issues with the previously commissioned work. It will use the findings from this to underpin its asset management strategy and inform its development and investment plans.

Fife has now reviewed its finance function and completed recruitment to the team. It is implementing further changes to its senior structure and its reviews of ICT systems and the repairs service will conclude later this year.

Fife has an on-going development programme of new housing for social rent and has received significant public subsidy to help achieve this.

## **Our engagement with Fife Housing Association Ltd in 2018/19 – Medium**

We will engage with Fife as it continues to implement its business change programme including supporting ICT investment, service reviews and refinancing and as it completes its asset management strategy.

1. Fife will:
  - send us by the end of April 2018 a report on the findings from the most recent stock condition survey;
  - provide copies of the service reviews;
  - send us monthly cash flow and mark to market updates; and
  - keep us informed at key stages in its refinancing proposals.
2. Fife will also send us by 30 September 2018:
  - its approved business plan and the report to the Board;
  - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
  - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
  - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
  - its asset management strategy and plans, including the report to Board.
3. For its non-registered subsidiary PACT, Fife will also send us by 30 September 2018:
  - the approved business plan;
  - the financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
  - financial sensitivity analysis which considers the key risks including risk mitigation strategies; and
  - reports to the Board in respect of the approved financial projections and sensitivity analysis.
4. Fife will also send us:
  - by 31 October 2018 an update on its development programme, including details of the units and tenure types to be delivered, timescales, completions and any material delays or changes to the programme; and
  - by 30 November 2018 the six month management accounts for PACT.
5. We will:
  - liaise as necessary on the findings from the stock condition survey, the supporting financial information and refinancing plans;
  - meet Fife's Leadership Team and Chair in quarter three of 2018/19 to discuss the business plan, the financial information and asset management strategy and any risks to the organisation; and
  - review Fife's development update in quarter three of 2018/19.
6. 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;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.

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 Fife Housing Association Ltd is:

Name: Janet Dickie, Regulation Manager  
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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.