

Kingdom Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Kingdom Housing Association Ltd (Kingdom) during the financial year 2013/2014. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Kingdom owns and manages around 3,525 houses and provides factoring services for a further 248 properties. It is a registered charity and employs 266 full time equivalent staff across the Falkirk, Fife and Perth and Kinross local authority areas in Scotland. It has one non-registered subsidiary, Kingdom Initiatives Ltd, which provides property development and management services outwith the social rented sector. Kingdom's turnover for the year ended 31 March 2012 was £17.2 million.

Kingdom is the largest developer of social housing in Fife and one of the largest developers in Scotland. It has received significant amounts of public subsidy and built both new build for social rent and low cost home ownership houses. It plans to continue to have a large programme to develop new homes including social rent and mid market rent. It also manages developments on behalf of other RSLs operating in Fife as part of the Fife Housing Alliance.

We have reviewed Kingdom's financial returns and given the scope and complexity of Kingdom's business we will continue to need updated financial projections. We will also need to engage with it to get an update on its subsidiary activity, its progress with auto enrolment (56.6% of its staff were not enrolled at 31 March 2012) and its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts.

We have been engaging with Kingdom regarding concerns we had with its governance in relation to a land transaction. We need Kingdom to keep us informed about progress with implementing the action plan it intends to put in place following our governance concerns.

Our engagement with Kingdom - Medium

We will continue to have medium engagement with Kingdom about its overall financial capacity and viability in light of its development, investment and subsidiary activities.

1. Kingdom will keep us informed about progress with implementing the action plan it put in place following our governance concerns.
2. In quarter one of 2013/14 Kingdom will send us:
 - 30 year projections, consisting of income and expenditure statement, balance sheet and cash flows, plus sensitivity analysis and covenant calculations and results; and
 - the business plan and projections for its subsidiary including income and expenditure statement, balance sheet and cash flows, plus sensitivity analysis and covenant calculations and results.

3. By 30 September 2013 Kingdom will send us:
 - management accounts for its subsidiary;
 - an update on progress with auto enrolment; and
 - its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.

4. Kingdom 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 performance and statistical return.

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 performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Kingdom 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.