

Kingdom Housing Association Ltd

31 March 2015

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

Regulatory profile

Kingdom is a registered charity and employs around 335 people across the Falkirk, Fife and Perth and Kinross local authority areas in Scotland. It owns and manages around 3,490 rented and shared ownership homes, delivers factoring services to 450 owners and provides 36 non-housing units.

It has one non-registered subsidiary, Kingdom Initiatives Ltd, which provides property development and management services out-with the social rented sector. Kingdom's turnover for the year ended 31 March 2014 was £18.9 million.

Systemic importance

Our regulatory framework highlights that a small number of RSLs have a profile in terms of stock size, turnover, size of debt or geographic importance that means we need to ensure that we have developed a comprehensive understanding of their business model and how it is being operated. We refer to these organisations as systemically important and seek some additional assurances from these organisations through our published Regulation Plans. Given Kingdom's size and level of debt we consider it to be of systemic importance.

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 houses for social rent and low cost home ownership. It plans to continue to have a large programme to develop new homes including social rent and mid market rent. It also develops new housing projects on behalf of Fife Alliance members and others.

We have reviewed Kingdom's business plans and financial returns to provide us with assurance about its financial health. We will continue to engage with it to understand how it plans to manage the key risks it faces.

Our engagement with Kingdom - Medium

We consider Kingdom to be of systemic importance and need to understand how it plans to manage the key risks it faces and the impact these will have so we will have medium engagement with it in 2015/16.

1. Kingdom will send us the minutes of its governing body and audit committee meetings each quarter.
2. By 30 September 2015 Kingdom will send us:
 - its approved business plans for 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;
- its sensitivity analysis which looks at keys 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 which demonstrate continuing affordability for tenants;
 - its reports to the Boards of Kingdom and its subsidiary in respect of the 30 year projections and sensitivity analysis; and
 - an update on its plans for development including funding plans.
3. We will:
- review minutes of the governing body and audit committee meetings; and
 - meet senior staff and the Chair in quarter three to discuss its projections, progress against the business plan and any risks to the organisation.
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 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 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.