

## Regulation Plan

This Regulation Plan sets out the engagement we will have with Fife Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Fife HA is a charitable registered social landlord (RSL) that owns around 2,300 houses and employs about 60 staff including its direct labour workforce. Its turnover for the year ended 31 March 2009 was £9.5 million. It has recently introduced a new unregistered subsidiary to the RSL, PACT Enterprises Ltd, with the intention of carrying out market rent activities and leasing arrangements with Fife Council.

Fife HA is one of the larger developers of new social housing in Scotland, in terms of the scale of government subsidy it receives in the form of Housing Association Grant (HAG). It has participated in new build housing for social rent and low cost home ownership, done through the Fife Housing Association Alliance.

The RSL's plans to meet the Scottish Housing Quality Standard (SHQS) by 2015 are reliant on both selling some of its social housing assets to generate income to invest in its stock and retaining some of its excess Right to Buy receipts. We last met with the RSL in June 2010 to discuss progress with meeting the SHQS. Fife HA had scheduled a further round of stock conditions survey to complete in July and will factor this latest information in to its SHQS plans.

We have been engaging with Fife HA about its financial position and business strategy including its plans for meeting its SHQS obligations. Its treasury management arrangements include free-standing derivatives and we want to continue to understand any potential impact these might have on cashflows. We met with Fife HA in July 2010 to discuss its treasury management products and arrangements.

We reviewed Fife HA's 30-year projected cashflows and carried out an initial review of its business planning information and have agreed with the RSL that we will review its next business plan, which Fife HA will develop taking account of our guidance published last year.

We have identified improvements that Fife HA needs to make around some aspects of the governance of the RSL and are seeking assurance that the issues we have raised are being properly addressed.

#### Our engagement with Fife – Medium

1. We will have ongoing engagement with Fife HA to continue to gain assurance about its financial position and business strategy, and confirmation that its financial performance is consistent with its lending covenants. We will continue to meet with the RSL's senior officers approximately every six months. Our next meeting is scheduled for December 2010.
2. We will require an update from the RSL in November 2010 about its progress with its stock condition surveys, sales strategy and in meeting the requirements of the SHQS.

3. We will require an update from the RSL on financial and performance indicators in November 2010 to discuss at our meeting in December.
4. Fife HA should send us its revised business plan that takes account of our guidance on business planning as soon as this is approved by its Board.
5. We have asked Fife HA's Board of Management to consider the governance issues we have raised and to tell us how the RSL will deliver the improvements required. We will then review our engagement in this area.
6. Fife HA should continue to 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
  - 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 guides to how we regulate, inspect, and intervene 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 HA is:

Name: Linda Scott, Senior Regulation Manager  
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA  
Telephone: 0141 271 3766

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.