

## **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 2008 was £6.8 million.

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.

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. It does not have an up to date stock condition survey and has met only half its anticipated programme in relation to the SHQS. It has told us that it will have a definitive SHQS position by October 2009.

In June 2008, the Scottish Government stated that it intended to enforce the contracts which were agreed following the transfer of Scottish Homes' housing to community ownership. This decision will have an impact on Fife HA's financial position. The Scottish Government stated that it would discuss repayment difficulties with landlords on an individual basis.

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 understand any potential impact these might have on cashflows. We have carried out an initial review of Fife HA's business planning information but need to see more detailed information to complete our assessment.

### **Our engagement with Fife – Medium**

1. We will have ongoing engagement with Fife to gain assurance about its financial position, business strategy, and confirmation that its financial performance is consistent with its lending covenants. We will want more detailed financial business planning information including full 30-year projected cashflows to allow sensitivity analysis of key business planning assumptions. We will liaise further with the RSL about this.
2. We will require an update from the RSL in October 09 about its progress with its stock condition survey and its progress in meeting the requirements of the SHQS. We will meet with Fife HA's senior staff to discuss this.
3. 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:

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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.