

Regulation Plan

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

Regulatory profile

Kingdom Housing Association is an established registered social landlord (RSL), which owns around 2,700 houses and provides factoring services for a further 237 properties. It is a registered charity and employs 261 full time equivalent staff. It has one non-registered subsidiary, Kingdom Initiatives Housing Association, which provides property development and management services outwith the social rented sector. Kingdom HA's turnover for the year ended 31 March 2008 was £12.2 million.

Kingdom HA 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 in the form of Housing Association Grant (HAG) and is expected to undertake a large number of development projects over the next few years. It undertakes both new build for social renting and also low cost home ownership schemes and manages developments on behalf of other RSLs operating in Fife.

The RSL has generated comfortable operating and net surpluses over the past five years although for the year ending 31 March 2008 these surpluses were significantly reduced and this position was accompanied by increased debt. The RSL has the capacity to service this debt and remain financially viable and overall; its financial position is still relatively strong.

We carried out an initial review of Kingdom's corporate plan but need some additional information to clarify business planning assumptions and complete our assessment.

Our engagement with Kingdom Housing Association - Medium

1. We need additional business planning information from Kingdom to assess its overall financial capacity and viability, in light of its development, investment and other activities. We need to see 30-year projected cashflows with sensitivity analysis (covering a wider range of scenarios) around key assumptions. We will liaise further with the RSL about our requirements.
2. The RSL 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.

Our lead officer for Kingdom 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.