

Engagement plan from 1 April 2024 to 31 March 2025

Landlord name

Kingdom Housing Association Ltd

Publication date

02 April 2024

Regulatory status

Compliant

The RSL meets regulatory requirements, including the Standards of Governance and Financial Management.

Why we are engaging with Kingdom Housing Association Ltd (Kingdom)

We are engaging with Kingdom about its **financial management, development plans, the transfer of engagements** from Fairfield Housing Association (Fairfield) and because it is a **systemically important** landlord.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate, and how they manage the risks they face and the impact these may have. So we seek some additional assurance each year through our engagement plans. Given a combination of Kingdom's size, turnover and level of debt we consider it to be systemically important.

Kingdom is one of the largest developers of new affordable housing in Scotland. It has plans to grow through a considerable programme of new homes for social rent and mid-market rent. The number of affordable homes provided by Kingdom will increase by almost a third over the next five years. Kingdom will receive significant public subsidy and has told us it will also need to obtain new private finance to support its development programme.

We will engage with Kingdom to get assurance about how it is managing the risks to the organisation including its approach to treasury management, its levels of debt and its development plans.

Following a successful ballot of its tenants, Fairfield transferred its engagements to Kingdom on 1 December 2021 and was removed from the Register of Social Landlords on 29 March 2022. Since then we have monitored the progress of the integration of Fairfield into Kingdom and the delivery of the commitments Kingdom has made to Fairfield's tenants and service users.

What Kingdom must do

Kingdom must:

- send us copies of its Board and audit committee minutes as they become available;
- send us by 30 April 2024:
 - its approved business plan;
 - its updated risk register including details of its approach to development risk management and mitigation;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
 - the report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
 - the report to the Board/appropriate committee about its approach to risk management and mitigation; and
 - evidence of how it demonstrates affordability for its tenants.
- send us the information we require about its treasury management policy and practices;

- send us an update on its development programme by 31 October 2024. This will include its latest report to the governing body/appropriate committee about development and details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme;
- tell us if there are any material adverse changes to its development plans which might affect its financial position or reputation, in line with our notifiable events guidance; and
- send us quarterly updates on progress with the delivery of the commitments Kingdom has made to Fairfield's tenants and service users.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- observe Kingdom's Board;
- review the business plan and financial information;
- review the information Kingdom provides about its treasury management policy and practices and engage as necessary;
- meet with Kingdom's senior staff to discuss the business plan, the financial information and any risks to the organisation;
- review the development update and engage as necessary;
- review the updates on the delivery of the commitments Kingdom has made to Fairfield's tenants and service users and engage as necessary; and
- update our published engagement plan in the light of any material change to our planned engagement with Kingdom.

Regulatory Returns

Kingdom must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;

- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections; and
- Annual Return on the Charter.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.