

TRANSFER NEWS



THE JOINT NEWSLETTER FROM FAIRFIELD AND KINGDOM HOUSING ASSOCIATIONS



As you may remember, on 3 December 2018 the Scottish Housing Regulator (SHR) decided to use its statutory powers at Fairfield Housing Co-operative (now Housing Association) to protect the interests of tenants and to address serious and widespread failures across all Regulatory Standards.

The last 2 years have been challenging. We have seen changes at Board and senior officer level, and we completed two strategic options appraisals. This has all happened whilst we have had to deal with Covid-19 restrictions and other operational constraints which will have impacted on our ability to provide high quality services to our tenants.

To address the SHR concerns Fairfield has been working collaboratively with Kingdom Housing Association and this has been one of the key elements of the recovery strategy over the last year. We entered a shared services arrangement with Kingdom and since May 2020 they have provided us with a range of management services. The feedback is that this has been going very well.

However, without support from Kingdom, we would continue to face big challenges on an ongoing basis to address the risks

to tenants arising from Fairfield's failure to comply with Regulatory Standards.

In considering all of this, in January 2021 we completed our second strategic options appraisal to assess how the interests of Fairfield tenants could best be served in the future. After a detailed and thorough process, the assessment concluded that the best solution that would allow us to do much more for our tenants would be to become part of Kingdom. Our Board has therefore agreed we should pursue a Transfer of Engagements with Kingdom Housing Association and more information on what this involves is provided as part of this newsletter.

In reaching this decision, I would emphasise that all Board Members had the best interest of tenants at the forefront of our minds. We are confident that this decision will lead to improved outcomes for tenants while safeguarding the local, community focused, and personalised services that tenants and staff value.

We now have a lot of hard work ahead over the coming months to develop a detailed Business Case and transfer proposal with Kingdom. We will then carry out detailed consultation with all of our tenants on these plans in line with SHR

statutory guidance. Following consultation, the final transfer offer to tenants will then be the subject of an independent tenant ballot where every tenant gets to vote on whether the transfer goes ahead. The final decision on any transfer will therefore be up to our tenants.

Over the coming months more information will be provided and you will have the opportunity to have your say. We have also appointed the Tenant Information Service (TIS) to provide independent advice and help answer any questions you have.

We hope that this first Transfer News provides helpful information on why we have decided to progress a transfer with Kingdom and what happens next. We will be issuing regular Transfer News updates, but in this first edition we want to hear your views on the initial priorities for the transfer. Please read on.

Bob McDougall
Fairfield Chairperson



What is a Strategic Options Appraisal?

This is a thorough investigation to establish whether an independent Fairfield could:

- Deliver the services and improvements to homes that tenants need and expect over the short, medium, and long term.
- Manage our business well (also known as good governance) in the interest of tenants and in ways that meet the requirements of the Scottish Housing Regulator (SHR).
- Keep rents affordable for tenants and pay for good quality services and housing improvements over the next 30 years.

Why did Fairfield carry out an Appraisal?

We did this so that we could consider the best arrangement for the future that would do most for tenants and protect your interests in the long term. We did our first appraisal in 2019 and this showed that remaining independent would not be the best option for Fairfield or our tenants. At the time, Kingdom was identified as the preferred partner to join with in the future. As a first step, a shared services arrangement was agreed to allow Fairfield to access much needed early support from Kingdom across a range of areas in order to address failings and to meet Regulatory Standards. The plan was to review this over time with a view to progressing a formal coming together.

Earlier this year a second joint appraisal was then carried out by an independent external consultant. The consultant assessed various areas of the current and future operations and plans and information from tenant surveys on what you wanted from your landlord. The consultants also looked closely at Fairfield's finances and how well we were managing our business, along with an assessment of Kingdom's plans and finances. They also recognised the views of other partners and stakeholders including the SHR, Perth and Kinross Council, and our lenders.

The conclusions from the appraisal were considered by the Board to ensure the decision was in the best interests of tenants and staff.

What did the Appraisal find?

The Appraisal report looked at the different options and undertook a detailed assessment on the following options:

- remaining as a small, independent housing association.
- becoming a subsidiary of Kingdom.
- doing a full transfer of engagements to Kingdom.

The assessment found that if we stayed independent Fairfield would continue to struggle to remain financially independent and have enough money to deliver the standard of service and level of improvements to homes whilst still keeping rents affordable. In addition, we were not confident that remaining independent would address the failings of before and therefore we would not be able to meet Regulatory Standards.

Becoming a subsidiary of Kingdom was fully considered and whilst it was assessed higher than the option of remaining independent, it did not deliver the efficiencies that could be achieved through the transfer of engagements and did not demonstrate clear benefits in respect of the potential ability to invest in the properties, or provide certainty in relation to rent levels.

The report concluded that the transfer of engagements proposal was the best option to deliver most for tenants. The transfer proposal gave the greatest scope to keep rents affordable, whilst increasing investment in homes, the environment, and local services over the short, medium, and long term.

Why Kingdom Housing Association?

In selecting Kingdom as our preferred transfer partner, this reflected:

- The long track record of collaborative working between Fairfield and Kingdom, which dates back over 15 years.
- The successful shared services arrangement that has really paid dividends, especially through this past year.
- Kingdom's strength in terms of finances and good governance, and its ability to deliver property improvements and enhanced landlord services to Fairfield tenants whilst keeping rents affordable.

We saw a clear fit with Kingdom in terms of our shared commitment to really making a difference for the tenants and communities we each serve. We could see the ability to save costs by coming together. Those savings could then be re-invested in the things that matter to our tenants.

Kingdom Housing Association was therefore an easy choice as our preferred partner and over the coming months tenants will have the chance to see and comment on what benefits a transfer to Kingdom could bring.

What is a Transfer of Engagements?

A Transfer of Engagements is the legal process that allows one housing association to transfer all of our interest into another. If this Transfer of Engagements takes place, all of Fairfield's operations transfer to Kingdom. That means tenants become Kingdom tenants and retain ALL of their existing tenancy rights, and staff become Kingdom employees on the same terms and conditions. Fairfield then effectively ceases to operate.

Fairfield would no longer have its own Management Board. However, Kingdom would like to establish a local Committee to promote the interests of the existing Fairfield and Kingdom tenants in Perth and Kinross. As we develop the transfer plans, we will seek views on this and the role tenants would want it to play.

Who will look after Fairfield's interests in the transfer talks?

We have engaged Mags Lightbody, of Lightbody Consultancy, as an independent Transfer Advisor to represent Fairfield's interest in the transfer negotiations. Mags will lead the team of advisers who will work on this from our side. Mags is a high profile leader in the housing sector and she also knows our association well, having supported us as Statutory Manager in 2019. She has successfully delivered several of these types of transfers recently, negotiating impressive packages of benefits for tenants in each case and recording high levels of tenant support on every transfer.

Her focus will be on making sure we get the best possible transfer offer from Kingdom and confidence they can deliver what they promise. She will also lead our team on consultation with our tenants to make sure you are fully informed on the transfer and what it means BEFORE you are asked to make any decisions.

Do tenants have a voice?

YES! We will follow the SHR mandatory guidance on Tenant Consultation and Approval (2019). This sets out the legal and regulatory requirements for any landlord proposing a transfer and can be found on the SHR website at:

www.housingregulator.gov.scot

We are at the stage of informal consultation as we build the Business Case. Once this is approved, we then move into formal tenant consultation which culminates in a tenant ballot. The transfer can only happen if a majority of tenants voting support it.

There will be lots of opportunities to get involved and give your views.

Who is Kingdom?

Kingdom Housing Association (KHA) is a Registered Social Landlord and Scottish charity, just like Fairfield. They are based in Fife and provide affordable housing to meet a wide range of needs across East Central Scotland, including Perth and Kinross.

Kingdom has developed more than 5,000 affordable homes over the last 40 years, the majority being for social rent. They also provide houses for Mid-Market Rent, affordable housing for sale and factoring services. They employ just under 200 staff and have an annual turnover of around £25m per annum.

Kingdom provides a full range of enhanced advice and assistance services to tenants covering areas such as welfare assistance, money advice, energy advice, and tenant participation along with a range of sustainable tenancy services.

They also directly employ their own staff covering all areas of the business including Housing and Customer Services, Asset Management, Capital Investment, Finance, HR, Digital, and Corporate Services.

They have their own in-house repairs and maintenance team who

carry out a full range of reactive and emergency repairs services, as well as teams who do kitchen replacements, voids repairs and adaptations in tenants homes.

KHA has 2 subsidiary organisations - Kingdom Initiatives Ltd (KI), a non-charitable subsidiary, that can progress activities that KHA can't due to its charitable status and Kingdom Support and Care (KSC) which is a Community Interest Company providing a full range of care and support services to help people live independently in the community.

In addition, Kingdom is involved in a number of community benefit initiatives which go beyond the mainstream housing provision, in support of its mission to provide 'More than a Home', this includes:

- Kingdom Works – an employability service which provides employment and training initiatives to tenants and people living in the community.
- Care & Repair - providing procurement and adaptations services to older and disabled people living in their own homes.
- The Community Initiatives Fund - providing financial support to community projects, local clubs and tenant initiatives in their community.

More information is available on Kingdoms website www.kingdomhousing.org.uk

We welcome your feedback on whether you agree with these priorities and whether you want to get more involved in shaping the transfer plans.

Please complete the enclosed feedback form before 12th April to make sure your voice is heard.



What are the Intended Benefits of a Transfer?

The detailed transfer plans are still being developed and more information will be provided in future newsletters. We will ensure that we listen to tenant views on what matters to you and shape the transfer based on this. Based on tenant feedback to date we have identified nine transfer priorities and these are detailed at the end of this newsletter.

We welcome your feedback on whether you agree with these priorities and whether you want to get more involved in shaping the transfer plans.

Introducing your Independent Tenant Adviser

The Tenants Information Service (TIS) has been appointed as Independent Tenant Adviser to work with tenants to ensure you have all the information you need, and you are supported throughout the process to understand the implications of a Transfer of Engagements.

TIS is a national organisation that has provided independent advice to the majority of tenants in Scotland considering a Transfer of Engagements. They will be in touch to hear your views.

TIS will also carry out an independent assessment of the eventual transfer proposal to ensure that all the tenant promises offered are in line with what tenants want and can be paid for if the transfer proceeds.

TIS will provide a free advice line during the tenant consultation, so if you have any questions about the transfer proposal or want to get more involved please call TIS on 0800 488 0982 (during office hours).



What happens next?

A transfer of this nature requires careful consideration and a number of stages that must be undertaken including the following:

- Due diligence - which means both Fairfield and Kingdom checking each other legally and financially.
- Preparation of a detailed business case.
- Consulting with tenants.
- Speaking to stakeholders.
- A tenant ballot on the Transfer of Engagements.
- A vote of the association's membership.

How to get involved

Along with information provided by TIS, we will be issuing regular Stronger Together Transfer News to keep you up to date with what is happening. You will also be able to find information on our Facebook page and our website: www.fairfieldhousing.co.uk/transfer

We also hope to arrange events in the future, however this will depend on what is possible within Covid guidance. Virtual meetings and drop-in sessions will also be arranged to capture your views and answer any questions you may have.

If you have any other questions that you would like to ask us directly you can email us at transfer@fha.scot and we will get back to you.

TIS

0800 488 0982