

Hebridean Housing Partnership Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2012/13. Our regulatory framework explains more about our assessments and the purpose of this regulation plan.

Regulatory profile

HHP is a charitable registered social landlord operating in the Western Isles. It was created as part of a whole stock transfer from Comhairle nan Eilean Siar and registered in September 2006. HHP owns and manages in the region of 2,170 homes and employs around 37 full time equivalent staff. It acquired 300 houses when five smaller RSLs in the area transferred to it during 2007. It has one un-registered subsidiary, HHP Community Housing Ltd. Turnover for the year ended 31 March 2011 was just under £7.4 million.

Given HHP's size, turnover, debt, the scale of its investment activity and its key role as the main landlord in the Western Isles, we consider it to be of systemic importance. We gained assurance from our engagement with HHP last year about its strategic management and controls. We signed off HHP's improvement plan subject to the conclusion of one project scheduled for completion in September 2012. We also assessed updated financial projections and saw that it was making progress towards meeting the Scottish Housing Quality Standard (SHQS) by the target timescale of 2015.

HHP upgraded many more homes than planned in 2010/11 and upgraded a further 521 homes by 31 March 2012. Energy efficiency is the key issue for HHP in achieving SHQS compliance as many of its properties are not on the gas grid. HHP currently anticipates obtaining abeyances for 41% of its stock. All of these relate to energy efficiency. The proposed abeyances have either electric or coal fired central heating systems which will not have reached the end of their lifespan by 2015. HHP has commissioned work to help it plan investment both for SHQS and possible climate change targets. Its plans may be affected by the outcome of the Climate Change consultation which begins in June and it should keep us informed of the position.

We will review the HHP's next set of financial projections and meet in quarter two of 2012/13 to discuss our findings and the RSL's investment plans and progress with SHQS.

HHP is now completing projects with committed grant funding from Scottish Government. It also successfully bid for one project from the Scottish Government's Investment and Innovation Fund which will provide social rented and shared equity properties.

Our engagement with Hebridean Housing Partnership Ltd - Medium

We consider HHP to be of systemic importance because of its turnover, debt, the scale of its investment activities and its role as the majority landlord in its area of operation. So we will have medium engagement with it in 2012/13.

1. HHP will send us:
 - Its 30 year projections including cashflows, sensitivity analysis and covenant calculations by the end of quarter one;
 - its governing body and audit committee minutes; and
 - an update on progress with SHQS in September.

2. We will:
 - meet senior staff at the end of quarter two to feedback on our assessment of HHP's latest financial planning information, its future investment plans and progress with SHQS;
 - meet the Chair and senior staff in quarter four to discuss progress against its business plan and any risks to the organisation; and
 - review the minutes of the governing body and audit committee meetings.

3. The RSL should 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; and
 - 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 regulatory framework and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for HHP is: Janet Dickie, Regulation Manager
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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.