

Hebridean Housing Partnership Ltd

31 March 2017

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

HHP is a charitable registered social landlord (RSL) operating in the Outer Hebrides. It was created as part of a whole stock transfer from Comhairle nan Eilean Siar (CNES) and was registered in September 2006.

In 2007 it acquired a further 300 houses when five smaller RSLs in the area transferred to it. HHP now owns and manages 2,194 homes, provides a factoring service to 136 owners and employs around 48 people. It has one un-registered subsidiary, HHP Community Housing Ltd which is currently dormant. As at the 31 March 2016 its turnover for the year was just over £12.7 million and its debt per unit was £2,263.

Systemic importance

We refer to a small number of RSLs as systemically important because of their stock size, turnover, 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 through our regulation plans. Given HHP's significance within its area of operation, we consider it to be systemically important.

Engagement

During 2016/17 we reviewed HHP's annual business plan and 30 year financial projections. We met with the Chief Executive to discuss and provide feedback on this information.

HHP will undertake an affordability study during 2017/18 to consider how it demonstrates affordability to its tenants it agreed to undertake an affordability study during 2017/18.

We also provided feedback on HHP's asset management strategy last year and HHP will incorporate our feedback as it develops its strategy.

HHP intends to undertake an updated stock condition survey during 2017/18 as well as a review of how its repairs and maintenance service is delivered. We will look for updates on progress with this work during the year.

HHP has an on-going development programme of new housing for social rent and low cost home ownership and has received significant public subsidy to help achieve this.

HHP has told us that less than 18% of its homes met the Energy Efficiency Standard for Social Housing (ESSH) at 31 March 2016. Social landlords are expected to ensure compliance with ESSH by 31 December 2020 and we will continue to monitor HHP's progress with this. HHP should tell us if it does not anticipate meeting the standard by that date.

Our engagement with Hebridean Housing Partnership Ltd in 2017/18 – Medium

We will engage with HHP given it is identified as being of systemic importance and as it continues its development programme.

1. HHP will send us by 30 April 2017:
 - its latest approved business plan;
 - 30 year financial projections consisting of statements of comprehensive income, financial position and cash flow, complete with details of assumptions and explanatory narrative;
 - a comparison of the projected financial loan covenants against covenant requirements;
 - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies;
 - reports to the HHP Board in respect of the approved business plan; 30 year financial projections and sensitivity analysis; and
2. HHP will also:
 - send us copies of its Board and Audit committee minutes as they become available;
 - provide a copy of the affordability study when completed;
 - send an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2017; and
 - details of the key outputs from the stock condition survey when available.
3. We will:
 - meet the Executive Team and the Board during quarter 2 to provide feedback on the business plan and discuss the financial information we received and the risks and challenges facing the business; and
 - review Board and Audit committee minutes and liaise as necessary.
4. HHP 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 financial statements and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections;
 - Annual Return on the Charter; and
 - the return on the Energy Efficiency Standard for Social Housing.

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 Hebridean Housing Partnership Ltd 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.