

Hebridean Housing Partnership Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2014/2015. 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 Western Isles. It was created as part of a whole stock transfer from Comhairle nan Eilean Siar (CNES) and registered in September 2006. In 2007 it acquired a further 300 houses when five smaller RSLs in the area transferred to it. Given HHP's key role as the main landlord in the Western Isles we consider it to be of systemic importance.

HHP owns and manages 2,211 homes and employs around 42 full time equivalent staff. It also factors a small number of properties. It has one un-registered subsidiary, HHP Community Housing Ltd which is currently dormant. Turnover for the year ended 31 March 2013 was over £8.8 million.

During 2013/14 we reviewed and received assurance about its financial and risk management. HHP has still to resolve the position with right to buy receipts in discussion with Scottish Government (SG).

HHP completed a rent structure review last year but this will not be implemented until it completes further testing to assess the impact on its business plan.

HHP has continued to make progress towards meeting the Scottish Housing Quality Standard (SHQS) by the target timescale of 2015. During 2012/13 it upgraded more homes than planned and was on track to meet its target for 2012/13. Energy efficiency remains the key issue for HHP as many of its properties are not on the gas grid. HHP anticipates obtaining abeyances for 20% of its stock on the grounds of disproportionate cost. The abeyances relate to energy efficiency and the properties have central heating systems which will not have reached the end of their lifespan by 2015.

Staff at HHP are in the local government defined benefit pension scheme. HHP has set aside a pension reserve and the transfer agreement obliges CNES to fund any deficit for transferring employees up to 2016. HHP staff will be on the new career average local government scheme from 1st April 2015.

Our engagement with HHP - Medium

We consider HHP to be of systemic importance because of its key role as the majority landlord in its area of operation. So we will have medium engagement with it in 2014/15.

1. HHP will send us by the end of June 2014:
 - its approved business plan including commentary on the results of sensitivity tests and risk mitigation strategies;

- 30 year projections consisting of the income and expenditure statement, balance sheet and cash flow, covenant requirements and calculation of the loan covenants; and the related Board report; and
 - sensitivity analysis which looks at the key risks such as, arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases which demonstrate continuing affordability for tenants.
2. HHP will also send us minutes of its governing body and audit committee meetings.
 3. We will:
 - review progress with SHQS in May 2014 when we receive the Annual Return on the Charter;
 - meet the Board and senior management team in June 2014 to discuss the risks and challenges facing the business; and
 - review the minutes of the governing body and audit committee meetings.
 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 annual accounts and external auditor's management letter;
 - loan portfolio return;
 - five year financial projections; and
 - Annual Return on the Charter.

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.