

Hebridean Housing Partnership Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2015/16. 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.

HHP owns and manages 2,222 homes, provides a factoring service to 161 owners and employs around 45 people. It has one un-registered subsidiary, HHP Community Housing Ltd which is currently dormant. Turnover for the year ended 31 March 2014 was over £8.5 million.

Systemic importance

Our regulatory framework highlights that a small number of RSLs have a profile in terms of stock size, turnover, size of debt or geographic importance that means we need to ensure we have developed a comprehensive understanding of their business model and how it is being operated. We refer to these organisations as systemically important and seek some additional assurances through our published regulation plans. Given HHP's key role as the main landlord in the Western Isles, we consider it to be of systemic importance and need to understand how it plans to manage the key risks facing the sector and the impact these will have.

During 2014/15 we reviewed HHP's financial returns to gained assurance about its financial viability. HHP has still to resolve the position with right to buy receipts in discussion with the Scottish Government (SG).

We have reviewed HHP's performance against key service quality indicators and its performance is in the bottom quartile for all tenant satisfaction indicators.

It has extended its existing repairs and maintenance contract for a further two years and is working with the contractor to improve performance and address communications issues. HHP is reporting performance to its Board every six months and as at August 2014 satisfaction with the repairs service had increased by 4%.

HHP carries out a rolling review of repairs satisfaction and its results suggest around 90% tenant satisfaction. It is examining the difference in results between the external survey it commissioned which suggest lower satisfaction levels and its own rolling review and is planning a follow up survey. HHP's Board agreed an action plan in February 2015 to address the issues from the tenants satisfaction survey.

HHP's performance in relation to complaints responded to in full and complaints responded to within SPSO timescales was also poor.

We have been engaging with HHP during the year to gain assurance about its progress meeting the Scottish Housing Quality Standard (SHQS). It has brought properties up to SHQS but has 350 exemptions (just under 16% of its total stock) the majority of which (256) are not on the gas grid. It has a further 144 abeyances, the majority of which (124) are door entry systems where owner participation cannot be secured. We will continue to engage with HHP during the year to monitor progress with these exemptions.

HHP continues to have a small development programme of new housing for social rent and low cost home ownership and has received significant public subsidy to help fund this.

Our engagement with HHP - Medium

Given HHP's key role as the main landlord in the Western Isles we consider it to be of systemic importance. In the light of this, its service quality issues and development activity we will have medium engagement with it in 2015/16.

1. HHP will send us:
 - by the 30 June 2015, its approved business plan including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year financial projections consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - sensitivity analysis which looks at 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 and inflation rates which demonstrate continuing affordability for tenants;
 - reports to the Board in respect of the 30 year projections and sensitivity analysis;
 - quarterly, from April 2015, minutes of its governing body and audit committee meeting; and
 - an update on its development activities, including future funding plans, by the end of June 2015.

2. We will:
 - review the minutes of the governing body and audit committee meetings;
 - review progress with SHQS and service quality when we receive the ARC at the end of May 2015 and decide if we need further information; and
 - provide feedback on the business plans and projections in quarter two when we meet senior staff and the Chair to discuss the risks and challenges facing the business.

3. 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.