

Hebridean Housing Partnership Ltd

31 March 2016

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2016/17. 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 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 2,213 homes, provides a factoring service to 128 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 2015 was over £8.9 million.

Systemic importance

We refer to a small number of RSLs as ‘systemically important’ because of their stock size, turnover or 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 the risks they face, so we seek some additional assurance through our regulation plans.

Given HHP’s geographic importance, we consider it to be systemically important. We need to understand how it plans to manage the key risks it faces and the impact these may have.

During 2015/16 we reviewed HHP’s business plan and 30 year financial projections and gained assurance about its financial health. We will continue to engage with HHP to gain further assurance about its financial position.

The Chief Executive of HHP has announced his retirement and the recruitment process for his successor is underway.

HHP has 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.

HHP is in the process of completing an up to date asset management strategy that should be completed in May. This is intended to inform future investment decisions.

Our engagement with Hebridean Housing Partnership Ltd – Medium

We consider HHP to be of systemic importance because of its key landlord role in the Western Isles. In light of this and its investment activities we will have medium engagement with it in 2016/17.

1. HHP will send us by 30 April 2016:
 - its approved business plan including commentary on the results of its sensitivity analysis and risk mitigation strategies;
 - 30 year financial projections consisting of a statement of comprehensive income, statement of financial position and statement of cash flow, including a comparison of projected loan covenants against covenant requirements;
 - sensitivity analysis which considers the keys risks including covenant compliance;
 - its reports to the Board of HHP in respect of the 30 year projections and sensitivity analysis; and
 - evidence of how it demonstrates affordability for its tenants.

2. HHP will also:
 - send us quarterly, from April 2016, copies of its Board and Audit committee minutes;
 - keep us informed at key stages in the recruitment of the new Chief Executive;
 - provide the final asset strategy by the end of May; and
 - HHP will send us an update on its development projects, including funding plans, timescales, completions and any material delay or changes, by 31 October 2016.

3. We will:
 - provide feedback by the end of June on the asset management strategy;
 - meet the Board and senior staff by the end of July to provide feedback on the business plan and financial information we received and to discuss 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; 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 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.