

Hebridean Housing Partnership Ltd

29 March 2018

This Regulation Plan sets out the engagement we will have with Hebridean Housing Partnership Ltd (HHP) during the financial year 2018/19. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

HHP was registered as a social landlord in 2006 following the whole stock transfer from Comhairle nan Eilean Siar (CNES). HHP currently owns and manages 2,161 homes and provides factoring services to 123 owners in the Outer Hebrides. It has charitable status and employs around 50 people.

HHP has one unregistered subsidiary, HHP Community Housing, which is currently dormant.

As at 31 March 2017 HHP's turnover for the year was almost £10 million and its debt per unit was £2,275.

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 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 2017/18 we reviewed HHP's annual business plan and 30 year financial projections. We met with the Executive Team and met with the Board to discuss and provide feedback on this information and discuss the risks and challenges facing HHP.

We continue to engage with HHP on how it demonstrates affordability to its tenants and it will provide us with further information on this during 2018/19.

To assess the risk to social landlord services we have reviewed and compared the 2016/17 performance of all Scottish social landlords to identify the weakest performing landlords. We found that HHP is in the bottom quartile for all social landlords for indicators, tenants who feel their landlord is good at keeping them informed about services and decisions, satisfaction with the standard of home when moving in, tenants who feel the rent for their property represents good value for money, hours to complete emergency repairs and tenancy sustainment. For four of these indicators HHP's performance has deteriorated since the 2013/14 ARC return. We will review HHP's performance when we receive its ARC return in June 2018.

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

During 2018/19 we will continue to engage with HHP to maintain assurance on its ability to identify and manage the key risks it faces as it continues to progress to deliver its strategy.

Our engagement with Hebridean Housing Partnership Ltd in 2018/19 – Medium

We will engage with HHP because it is systemically important and as it continues with its development programme.

1. HHP will send us by 30 April 2018:
 - its approved business plan;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements;
 - report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance; and
 - evidence of how it demonstrates affordability for its tenants.
2. HHP will send us copies of its Board and audit committee minutes as they become available.
3. HHP will send us an update on its development programme by 31 October 2018. This will include details of the units and tenure types to be delivered, timescales, completions and any material delays or changes to the programme.
4. We will:
 - review the minutes of the Board and audit committee meetings;
 - review HHP's development update in quarter three of 2018/19; and
 - meet with HHP's senior staff and Chair to discuss the business plan and financial information and its key risks and priorities.
5. 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.