

Hillhead Housing Association 2000

31 March 2015

This Regulation Plan sets out the engagement we will have with Hillhead Housing Association 2000 (Hillhead) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Hillhead was registered as a social landlord (RSL) in 2004. It owns and manages 810 homes in East Dunbartonshire. It is a charitable organisation and employs 18 people. Its turnover for the year ended 31 March 2014 was just over £3.09 million.

Hillhead plans to develop a small number of homes for social rent and will receive public subsidy to help fund this project.

We reviewed Hillhead's financial returns in 2014/15. In line with its long term business plan, Hillhead continues to project increasing levels of debt and net liabilities in the shorter term and agrees covenants annually with its lender. We are engaging with Hillhead to gain re-assurance about its on-going financial health.

Our engagement with Hillhead – Medium

We will have medium engagement with Hillhead in 2015/16 to gain further re-assurance about its business and financial planning and on-going financial health.

1. Hillhead will send us by 31 August 2015 its:
 - approved business plan for 2015/16 including commentary on the results of its 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 Management Committee in respect of the 30 year projections and sensitivity analysis; and
 - an update on its development plans.
2. We will:
 - provide feedback on the business plan and projections in quarter three of 2015/16.
3. Hillhead 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 Hillhead 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.