

Hjaltland Housing Association Ltd

31 March 2017

This Regulation Plan sets out the engagement we will have with Hjaltland Housing Association Ltd (Hjaltland) during the financial year 2017/18. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Hjaltland registered as a social landlord in 1975. It owns and manages 670 social rented and 49 part ownership homes and provides a factoring service to a further 39 homes in Shetland. It has charitable status and employs 26 people. Hjaltland has one unregistered subsidiary, Hjaltland Trading Ltd which provides project management, property management, advice and care and repair services.

As at 31 March 2016 Hjaltland's turnover for the year was just over £3.8 million and its debt per unit was £23,761.

Engagement

During 2016/17 we reviewed Hjaltland's financial returns which showed a significant development programme along with increasing levels of borrowing. The development programme, of new homes for social rent, receives significant public subsidy.

In order to gain assurance on Hjaltland's financial health, we will engage with Hjaltland during 2017/18 as it progresses its development programme and manages its borrowing requirements.

Our engagement with Hjaltland Housing Association Ltd in 2017/18 – Medium

We will engage with Hjaltland about its strategic and financial plans to gain assurance about its financial health and capacity to achieve its objectives.

1. Hjaltland will send us by 30 June 2017:
 - its latest approved business plan;
 - 30-year financial projections, consisting of a statement of comprehensive income; statement of financial position; and statement of cash flow, complete with details of assumptions and explanatory narrative;
 - a comparison of the projected financial loan covenants against covenant requirements;
 - financial sensitivity analysis which compares the resulting covenant calculations with the current covenant requirements, together with risk mitigation strategies;
 - report to the Board in respect of the approved 30 year projections, sensitivity

- analysis and covenant compliance;
 - evidence of how it demonstrates affordability for its tenants;
 - an update on the details of its funding strategy, including any advice it is taking on this; and
 - an update of the details of its development programme including progress against its plans, timescales and details of any material delays or changes.
2. We will give feedback on the business plan and discuss the other information Hjaltland supplies with senior staff by the end of quarter two.
 3. Hjaltland should alert us to notifiable events and seek our consent as appropriate. They 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 Hjaltland is:

Name: Luise Siekman, Regulation Manager
Address: Buchanan House, 58 Port Dundas Road, Glasgow, G4 0HF
Telephone: 0141 242 5554

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.