

Maryhill Housing Association Ltd

28 March 2014

This Regulation Plan sets out the engagement we will have with Maryhill Housing Association Ltd (Maryhill) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Maryhill was registered as a social landlord in June 1977 and is a community based, charitable housing association operating in the north west of Glasgow. It owns 2,953 homes and factors a further 724. Maryhill employs around 92 staff and its turnover for the year ended 31 March 2013 was £9.9 million. It is looking to establish a subsidiary, Maryhill Communities Ltd, to deal with commercial activities.

The transfer of more than 2000 homes from Glasgow Housing Association in June 2011 meant very significant change for Maryhill. It negotiated new finance and changed lender to meet its more complex investment needs.

We have been engaging with Maryhill on a number of governance and performance matters.

The Chief Executive recently announced his plans to retire at the end of June and Maryhill has begun the process of considering its future options. We will therefore engage closely with it as it completes this exercise and establishes plans to address performance weaknesses.

Maryhill was unable to complete the Annual Performance and Statistical Return (APSR) in June 2013 in relation to progress with the Scottish Housing Quality Standard (SHQS). Given the very limited time left to comply with SHQS this is critical. New staff with responsibility for progressing SHQS are now in place and have prepared detailed plans. However, Maryhill is unable to confirm that it will meet the standard by 2015. We will continue to engage with Maryhill to gain assurance about its progress.

Once sufficient information is available for stock condition and the associated investment costs we will want to see these fully factored into financial projections to help us understand Maryhill's financial position. Maryhill also reported as at 31 March 2013, that 30% of its stock was low demand. It has prepared a low demand strategy and we have provided feedback on this. We will want to see the revised strategy when this is completed.

Maryhill is a member of the Scottish Housing Association Pension Scheme (SHAPS) and has fully factored the increased deficit payments into its financial projections. It engaged a pensions expert to advise on its pension options. The Board is now considering the next steps and will consult further with staff. Maryhill has arrangements in place for its auto enrolment staging date of 1st July 2014 when it will offer staff a SHAPS defined contribution scheme with life assurance.

We have assessed Maryhill's performance against key service quality measures. Maryhill's reported performance for a range of service quality indicators is poor, including rent arrears management, time to re-let empty houses, and completing emergency repairs on time. It established an income management team last year for an interim period and has decided to

retain this for the foreseeable future. We will continue to engage with Maryhill in 2014/15 to gain assurance about the plans it has in place to address service quality performance.

Our engagement with Maryhill – High

Maryhill is now almost at the end of its third year post stock transfer and we need further assurance that it is managing the strategic challenges it faces and addressing its poor service quality performance. So we will have high engagement with it in 2014/15.

1. Maryhill will:
 - keep us informed of progress with its options appraisal;
 - send us in April 2014, the internal audit report on SHQS methodology and stock condition information;
 - send us, at the end of April 2014 and monthly thereafter, copies of the reports to Board on progress with SHQS plans; and
 - send us its revised low demand strategy.
2. Maryhill will send us at the end of July 2014:
 - and quarterly thereafter, its performance reports to the Board;
 - the approved business plan, including commentary on the results of sensitivity tests and risk mitigation strategies;
 - 30 year projections consisting of the income and expenditure statement, balance sheet and cash flow, including covenant requirements, calculation of the loan covenants and the related Board report; and
 - sensitivity analysis which looks at the 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.
3. We will:
 - review the financial information we receive to ensure SHQS costs are fully factored into projections;
 - meet the governing body as necessary to discuss governance matters and progress with the options appraisal; and
 - meet senior staff quarterly to review progress and the challenges and risks facing the organisation.
4. Maryhill 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 Maryhill 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.