

Maryhill Housing Association Ltd

4 April 2012

This Regulation Plan sets out the engagement we will have with Maryhill Housing Association Ltd during the financial year 2012/2013. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Maryhill was registered in June 1977 and is a community based, charitable housing association operating in the north west of Glasgow. It owns 2,975 houses and factors a further 662. Maryhill employs around 82 staff and its turnover for the year ended 31 March 2011 was almost £3.5 million.

Maryhill is a large developer and received grant of £9m for projects which will complete over the next 18 months. The final phase of this development will deliver houses for social rent and low cost home ownership.

In June 2011, Maryhill grew significantly when it acquired 2,035 properties and 33 additional staff members from Glasgow Housing Association (GHA) through second stage transfer. It also took over the factoring service for 391 properties from GHA. As a result, it has more than tripled in size, staff numbers have doubled and factoring management has also tripled.

Maryhill now has more complex investment needs and has a new organisational structure. It has negotiated new finance and changed lender as a result. Because of the growth in 2011 we will require assurance that it is implementing robust governance arrangements and financial monitoring structures to ensure that the strategic and operational challenges presented by this growth can be managed effectively.

Maryhill is now working to embed new governance structures and will be appointing independent board members following an exercise to review requirements. It is also establishing a subsidiary, Maryhill Communities Ltd, to deal with commercial activities.

Maryhill has identified additional work required to meet the Scottish Housing Quality Standard (SHQS) post transfer but still anticipates meeting the standard by 2015. It plans to commission stock condition surveys for a further 10% of its properties in 2013/14. Maryhill has work to do on its IT systems to ensure that data is held in an accessible way and can be interrogated as required to construct accurate investment programmes.

Maryhill's performance in collecting rent is amongst the poorest in the sector and remains in the bottom quartile. The stock transfer increased Maryhill's level of arrears and it is an area that it is working to improve. Maryhill's performance in completing emergency repairs on time is amongst the poorest in the sector.

Our engagement with Maryhill – Medium

Maryhill is now almost at the end of its first year post stock transfer and we need to be assured that it is continuing to manage the strategic and operational challenges associated with its significant growth so we will have medium engagement with it in 2012/13.

1. Maryhill will:

- provide a service quality performance position statement as at the end of June once available;
- provide an update on its review of the repairs and maintenance function and the outcome of the tendering exercise for the repairs contract;
- provide a copy of its revised business plan once agreed by lenders. This should include 30 year financial projections, sensitivity analysis, cashflows and covenant calculations;
- the 2011/12 outturn position by the end of May 2012;
- provide a copy of the management accounts as at the end of September once they are available;
- keep us informed about progress with its factoring subsidiary; and
- provide an update on the appointment of independent Board Members.

2. We will meet Maryhill senior staff in quarter three to discuss progress against the business plan and how stock survey results have been integrated into the IT system and investment programmes.

3. 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 performance and statistical return.

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:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

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.