

Maryhill Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Maryhill Housing Association Ltd (Maryhill) during the financial year 2013/14. 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 2,974 houses and factors a further 714. Maryhill employs around 80 staff and its turnover for the year ended 31 March 2012 was almost £8.5 million. It has established a subsidiary, Maryhill Communities Ltd, to deal with commercial activities. Maryhill continued to be a significant developer during 2012/13 with six projects delivering almost 200 homes for social rent and shared equity. Most of these projects are complete or will complete during 2013/14.

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

During the year we engaged with senior staff and the Board to gain assurance that it was implementing robust governance arrangements and financial monitoring structures and effectively managing the strategic and operational challenges presented by its rapid growth. The Board has been strengthened by three new independent members and we saw that they made a very positive contribution.

We found that Maryhill had made progress in some areas. It has established a Residents and Tenants Forum as well as four new Resident and Tenants Organisations, bringing the total to seven, and met some of the tenant promises set out at transfer. Progress has been slower in some areas. During the year Maryhill had a number of governance and organisational issues to deal with and these are ongoing. It commissioned a consultant to review several complaints. There has been high staff turnover and staffing issues as the new structure beds in. And we found that Board reports on performance did not always contain the information needed to support informed decision making. Maryhill is currently reviewing the format and content of its reports.

Maryhill reported in June 2012 that only a small percentage of its properties failed SHQS. We were unable to validate the SHQS information in the APSR return. Stock condition information is not held at an individual property level and does not show condition in relation to each of the SHQS elements. It is not linked to investment and maintenance processes so is not being kept up to date. And we could not gain assurance about the cloning methodology. We will therefore want to see clear plans and timetables for progressing these issues and see the implications for Maryhill's financial position once stock condition information and investment needs are more fully understood.

We have assessed Maryhill's performance against key service quality measures. Maryhill's reported performance for a range of service quality indicators is poor and deteriorating including rent arrears management, time to re-let empty houses, tenancy sustainment and completing emergency repairs on time.

We intend to engage with Maryhill in 2013/14 to gain a higher level of assurance about its service quality. We will engage with senior staff to review progress and depending on the outcome of this engagement we may review our future regulatory engagement.

Our engagement with Maryhill – Medium

Maryhill is now almost at the end of its second year post stock transfer and we need further assurance that it is managing the strategic and operational challenges associated with its significant growth so we will have medium engagement with it in 2013/14.

1. Maryhill will:

- provide a detailed strategy and action plan in April setting out what its priorities are for the coming year, how it intends to address governance and performance weaknesses and the timetable for completing this;
- send us details of its Board skills audit including the training plan and other actions;
- provide a detailed action plan in April setting out how it intends to obtain the necessary stock information and establish IT systems to achieve SHQS by 2015;
- provide a copy of the internal audit report on voids management in May;
- provide copies of its revised reporting formats in May and monthly performance reports thereafter;
- send us quarterly updates from June on progress with its SHQS plans and we will review our engagement depending on progress;
- keep us informed about progress with complaints and code of conduct investigations;
- provide in September, its updated business plan reflecting its revised strategy and action plan and 30 year projections, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results; the implications of pension auto-enrolment (43.2% of its staff were not enrolled at 31 March 2012);
- provide a copy of the management accounts as at the end of September once they are available; and
- keep us informed about progress with its factoring subsidiary

2. We will:

- review Maryhill's strategy, action plans and internal audit report on voids and feedback in May;
- meet senior staff quarterly to review progress with its strategic plan and the challenges and risks facing the organisation;
- meet the Board as necessary;
- we will review our engagement depending on progress with governance and performance weaknesses.

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 governance and performance 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.