

Maryhill Housing Association Ltd

4 December 2015

This Regulation Plan sets out the engagement we will have with Maryhill Housing Association Ltd (Maryhill) during the financial year 2015/16. 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 1977 and is a community based, charitable housing association operating in the north west of Glasgow. It owns and manages 3045 homes and factors a further 722. Maryhill employs around 94 staff and its turnover for the year ended 31 March 2015 was just over £12.3 million. Its subsidiary Maryhill Communities Ltd, was established to deal with all commercial activities but is not currently trading.

We engaged closely with Maryhill on a number of governance and performance matters. Maryhill has carried out a structural review of the organisation and developed a comprehensive delivery plan to address its governance and performance issues. It is making good progress working through its delivery plan to ensure that it meets our Regulatory Standards of Governance and Financial Management.

During 2014/15 and 2015/16, we also monitored Maryhill's service quality outcomes on a quarterly basis and it has provided us with assurance about on-going improvements in service delivery. It is however continuing to address its performance in reducing rent arrears.

Maryhill is undertaking a full review of its business planning process and we will consider its business plan and supporting financial information when this is completed in March 2016.

We have also been engaging closely with Maryhill on progress with achieving the Scottish Housing Quality Standard (SHQS). We now have the assurances we need on the quality of stock condition information and Maryhill's capacity to plan and fund the necessary work. It now has credible plans in place to bring its properties up to the SHQS by December 2015. We will continue to receive updates on progress until SHQS is reached.

Maryhill's development programme delivered a significant number of new homes for social rent and low cost home ownership and it is currently assessing future development opportunities. Maryhill has received a significant amount of public funding to help achieve this.

Our engagement with Maryhill – Medium

Given the progress achieved, we will have medium engagement with Maryhill while it concludes its programme of business change, develops its new business plan, consolidates improvements in service quality and works towards achieving SHQS.

1. Maryhill will send us progress reports quarterly from January 2016 on:
 - its delivery plan;
 - service quality outcomes; and
 - the delivery of the SHQS.

2. Maryhill will also send us, by the end of March 2016 its business plan incorporating:
 - approved underpinning 30 year financial projections; commentary on results of sensitivity tests and risk mitigation strategies; income and expenditure statement, balance sheet and cash flow, 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 Board in respect of the 30 year projections and sensitivity analysis; and
 - its asset management strategy incorporating the revised low demand strategy.
3. We will:
 - provide feedback in December 2015 on the financial and other information we received on quarter two performance;
 - provide feedback on the business plan in April 2016;
 - meet with the governing body as necessary to discuss progress with governance, business planning, SHQS compliance and service quality improvements; and
 - meet senior staff as necessary to review progress and discuss the risks and challenges facing the business.
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.