

Maryhill Housing Association Ltd

31 March 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 2,983 homes and factors a further 696. Maryhill employs around 91 staff and its turnover for the year ended 31 March 2014 was just over £10.2 million. Its subsidiary Maryhill Communities Ltd, was established to deal with all commercial activities but is not currently trading.

We engaged with Maryhill during 2014/15 on a number of governance and performance matters. Maryhill is developing a governance action plan which will include carrying out a structural reorganisation and it has developed plans to improve its operational performance.

Following the retirement of the Chief Executive (CEO) during 2014, Maryhill appointed an interim CEO. It also carried out a comprehensive options appraisal and decided to remain as an independent organisation. Maryhill has recruited a permanent senior officer and its new CEO has recently taken up post.

We will continue to engage with the governing body to seek assurances that Maryhill is delivering the necessary improvements to its governance and business planning to ensure that it meets our Regulatory Standards of Governance and Financial Management.

During 2014/15 we also monitored Maryhill's service quality outcomes on a quarterly basis and while performance has been variable in some areas, such as empty property management and income maximisation, overall it has provided us with assurance about on-going improvements in service delivery.

We reviewed Maryhill's financial returns during 2014/15 and will continue to engage with it about its financial plans as it considers its proposals for reorganisation. Maryhill will undertake a full review of its business planning process this year and we will consider the revised plan and supporting financial information.

We have also been engaging closely with Maryhill during 2014/15 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 but will not achieve this until December 2015. We will continue to receive updates on progress until SHQS is reached.

Maryhill has now completed its development programme which delivered a significant number of new homes for social rent and low cost home ownership. Maryhill has received a significant amount of public funding to help achieve this.

Our engagement with Maryhill – High

We will continue to have high engagement with Maryhill while it implements its business change and planned improvements to its governance structures, business planning and works towards achieving SHQS and delivering improvements in service quality.

1. Maryhill will send us its governance action plan at the end of April 2015 and keep us informed about progress.
2. Maryhill will also send us progress reports, quarterly from April 2015, on:
 - the implementation of its structural reorganisation;
 - its operational action plans;
 - service quality outcomes; and
 - SHQS delivery.
3. Maryhill will also send us by the end of October 2015 its:
 - approved 30 year financial projections which underpin the business plan including commentary on results of sensitivity tests and risk mitigation strategies; income and expenditure statement, balance sheet and cash flow, including 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;
 - action plan with timescales for reviewing the business planning process; and
 - its revised low demand strategy.
4. We will:
 - provide feedback in December on the financial projections and other information we receive in quarter three;
 - meet with the governing body as necessary to discuss progress with governance, business planning and service quality improvements; and
 - meet senior staff quarterly to review progress and discuss the risks and challenges facing the business.
5. 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.