

## Maryhill Housing Association Ltd

### 31 March 2016

This Regulation Plan sets out the engagement we will have with Maryhill Housing Association Ltd (Maryhill) during the financial year 2016/17. 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 3,062 homes and provides factoring to 722 owners. Maryhill employs around 79 staff and its turnover for the year ended 31 March 2015 was just over £12.3 million. It has a subsidiary Maryhill Communities Ltd, was established to deal with all commercial activities but is not currently trading.

Maryhill has undertaken extensive work to deliver significant improvements in its governance and has provided us with assurance that it is meeting our regulatory standards of governance.

We will continue to engage with Maryhill to gain further assurance around its financial position as it increases its borrowing, starts capital repayments of some borrowing and progresses a significant planned maintenance programme.

Maryhill is also nearing completion of a full review of its business planning process. Maryhill intends to produce a comprehensive plan setting out a clear vision and strategy supported by improved information on stock quality and investment requirements.

At 31 March 2015 Maryhill reported that 266 properties (8.74% of total homes) failed the Scottish Housing Quality Standard (SHQS). It also reported just over 28% of its stock as being either exempt or in abeyance. Maryhill has now brought just under 94% of its properties up to the SHQS and substantially reduced exemptions and abeyances to just over 6% of its stock. It now has up to date information on more than 86% of its properties and continues to conduct surveys to add to this. Maryhill's existing asset management strategy was due for completion in 2015 but has been delayed because of a key post being vacant. This review will now be completed by June 2016.

### **Our engagement with Maryhill Housing Association Ltd – Medium**

We need assurance around Maryhill's business planning and asset management processes and plans so we will have medium engagement with it in 2016/17.

1. Maryhill will send us by 30 April 2016:
  - its approved business plan for it and its subsidiary including commentary on the results of its sensitivity tests and risk mitigation strategies;
  - 30 year financial projections for it and its subsidiary consisting of statement of comprehensive Income, statement of financial position and statement of

- cash flows, including a comparison of projected loan covenants against covenant requirements;
- sensitivity analysis for it and its subsidiary which considers the key risks including covenant compliance;
  - its reports to the Board of Maryhill and its subsidiary in respect of the 30 year projections and sensitivity analysis; and
  - evidence of how it demonstrates affordability for its tenants.
2. Maryhill will also send us by the end of June 2016 its revised asset management strategy.
  3. We will meet senior staff and the Chair to discuss Maryhill's business model, strategy and the risks and challenges facing the organisation by the end of July 2016. We will also give feedback on the business plan, asset management strategy and financial projections.
  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 financial statements and external auditor's management letter;
    - loan portfolio return;
    - five year financial projections; and
    - the 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Maryhill Housing Association Ltd 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.