

## Muirhouse Housing Association Ltd

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Muirhouse Housing Association Ltd (Muirhouse) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Muirhouse was registered as a social landlord in 1992. It owns and manages 448 houses in north west Edinburgh. It has charitable status and employs around 8 people. Its turnover for the year ended 31 March 2013 was just over £1.7 million.

Muirhouse plans to grow considerably through new development in the next three years. It also has plans to develop a large number of mid market rent housing for the first time. Muirhouse will need to establish a subsidiary to manage the mid market rent properties.

Given these issues we want to engage with Muirhouse to stay informed about its business, understand how it is managing the risks involved with its development programme and its plans to manage the welfare reform changes including the impact on income, costs and assumptions for arrears and bad debts. Muirhouse provided some information on its financial projections during 2013/14 but we will need to see its full business plan and financial projections.

### Our engagement with Muirhouse – Medium

We will have medium engagement with Muirhouse about its overall financial capacity and viability in light of its development and subsidiary activity.

1. By 30 April 2014 Muirhouse will send us:
  - its Business Plan for both the RSL and the subsidiary including commentary on results of sensitivity tests and risk mitigation strategies;
  - 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;
  - the report to the Boards of the RSL and the subsidiary in respect of the business plans and the 30 year projections; and
  - details of its plans to manage welfare reform including the impact on income, costs and assumptions for arrears and bad debts.
2. We will:
  - provide feedback on the business planning information by the end of quarter one 2014/15; and
  - meet with Muirhouse in quarter one to discuss its subsidiary and how it is managing the risks from its development programme.

3. Muirhouse 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](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Muirhouse 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.