

Regulation Plan

This Regulation Plan sets out the engagement we will have with Melville Housing Association Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Melville Housing Association is an established registered social landlord (RSL) with around 1,700 housing units, following an initial stock transfer from Scottish Homes in 1994. Melville plans to grow through its development programme and receives considerable government subsidy in the form of housing association grant (HAG) to part-fund this. It is a registered charity and employs around 32 full time equivalent employees. Its turnover for the year ended 31 March 2008 was around £5.3 m.

We inspected Melville in November 2005 and awarded it an overall B grade. This grade reflected that Melville had many strengths. However, improvements were required in some areas so Melville agreed an improvement plan with us. We assessed Melville's progress against its improvement plan as satisfactory in 2008.

In June 2008, the Scottish Government stated that it intended to enforce the contracts which were agreed following the transfer of Scottish Homes' housing to community ownership. Melville has told us that its ability to achieve the Scottish Housing Quality Standard (SHQS) by 2015 is linked to retaining excess right to buy receipts owed to the Scottish Government. The Scottish Government stated that that it would discuss repayment difficulties with landlords on an individual basis. We need to understand the effect that repaying right to buy receipts would have on Melville's overall financial viability and so will continue to liaise with it about this. In due course we will ask for an updated business plan.

Our engagement with Melville Housing Association – Medium

1. Once the Scottish Government confirms its intentions concerning the enforcement of Large Scale Voluntary Transfer (LSVT) contracts we will seek assurances from Melville about the impact on its business. To allow us to do this, we will want detailed financial business planning information including full 30-year projected cashflows to allow sensitivity analysis of key business planning assumptions. We will liaise further with the RSL about our requirements and the timing of these.
2. The RSL should continue to 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
 - 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 guides to how we regulate and inspect, and other relevant statistical and performance information, can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Melville HA 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.