

## Regulation Plan

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

### Regulatory profile

Moray Housing Partnership (MHP) is a registered social landlord with charitable status. Registered in 2002, it has grown through its development activity and now owns around 450 houses in the Moray area. It employs 15 people and at 31 March 2008, its turnover was £1.2 million.

We inspected MHP in April 2006 and awarded a D (poor) grade for property maintenance and a C (fair) grade for housing management, and reported on significant weaknesses in governance. MHP made little progress in addressing its governance issues and had to deal with additional serious complaints and investigations. So, in June 2008, we made four statutory appointments to MHP for 12 months to help strengthen its committee and to support it in dealing with its governance issues. We have found that MHP has not worked constructively with the appointees to accept their advice and guidance and has made little progress in improving its governance.

MHP has made improvements to its property maintenance service and appears to be delivering satisfactory services to its tenants on a day-to-day basis. But we are not confident that MHP can effectively undertake more risky development activities and do not believe that it is a suitable recipient of public subsidy. So we have recommended to the Scottish Government Housing Investment Division that MHP should not receive any further development funding for the foreseeable future. MHP needs to improve its governance and business planning and demonstrate that it is a credible investment partner if it wishes to be considered a suitable developer of social housing. So we have not continued with the statutory appointments as it would not be proportionate to continue to support the organisation in this way.

MHP appears to be financially viable without further growth but we require it to amend its business plan projections to remove the assumed new housing units. We will provide feedback to MHP by the end of July 2009 about the business plan it submitted to us. And we expect MHP to revise its business plan and submit this to us by the end of September 2009. We will then assess this further and will keep MHP's financial position under review.

We will monitor service performance indicators to ensure tenant services are maintained and will re-inspect the landlord services in 12 months' time.

MHP currently has seven management committee members, which is the lowest number permitted by its constitution. We require MHP to address this urgently by recruiting new committee members.

### Our engagement with Moray HP – Medium

1. We expect MHP to focus on improving its governance to ensure it addresses the weaknesses highlighted in our inspection report and meets the standards within the Regulatory Code of Governance and Performance Standards. We expect it to address the specific governance issues we have raised with it by the end of September 2009.
2. We will liaise with MHP between now and the end of September 2009 about the information we need in relation to MHP's overall financial capacity and viability. We will provide feedback to MHP about its draft business plan by the end of July. We then expect MHP to revise its business plan to remove the assumed new housing units and submit this to us for review by the end of September 2009.
3. We will liaise with MHP between now and the end of September 2009 about the information we need to review its service performance indicators. And we will re-inspect landlord services in a year's time.
4. We expect MHP to urgently address its low committee numbers and to ensure it actively manages its recruitment to strengthen the governance of MHP.
5. 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, inspect, and intervene 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 Moray HP 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.