

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 with around 1,700 housing units, following an initial stock transfer from Scottish Homes in 1994. It is a registered charity and employs an average of around 30 full time equivalent employees.

We inspected Melville in November 2005 and awarded it a B grade for both housing management and property maintenance. These grades reflected that Melville had many strengths, but improvements were required in some areas. An improvement plan was agreed and a two year update on the Association's progress against the plan is due in July 2008.

In June 2008, the Scottish Government advised the Scottish Federation of Housing Associations (SFHA) that it intended to enforce the contracts which were agreed following the transfer of Scottish Homes' housing to community ownership. This decision will have an impact on the Association's financial position.

Melville has told us that its ability to achieve the Scottish Housing Quality Standard by 2015 is linked to retaining excess right to buy receipts owed to the Scottish Government. Now that the Government has confirmed that it expects RSLs to repay these amounts, it could now be challenging for Melville to achieve the standard on time. In its letter to the SFHA, the Scottish Government noted that it would discuss repayment difficulties with landlords on an individual basis.

Our engagement with Melville Housing Association - Medium

1. In July 2008, we expect Melville to provide us with a two year update on its post inspection improvement plan. We will review the plan for evidence of continued progress against agreed actions.
2. We will engage with the Association around its ability to meet the Scottish Housing Quality Standard by 2015. In the first instance, the Association needs to quantify the amount of excess right to buy receipts that it owes the Scottish Government and then financially model the impact that repayment of these amounts would have on both its financial viability and the achievement of the SHQS deadline.
3. The Association 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, internal controls assurance statement 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. 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.

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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.