

Regulation Plan

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

Regulatory profile

Albyn Housing Society has around 2500 housing units in 65 communities across the Highland and Moray local authority areas. It is a registered charity and employs 69 people. It has one unregistered subsidiary, Albyn Enterprises Ltd.

Turnover has grown significantly in recent years from less than £6m in the year ended 31 March 2006 to almost £20M in the year ended 31 March 2010. It also carries a relatively large level of private debt per unit. Albyn is an important developer, receiving the largest amount of housing association grant (HAG) of any Registered Social Landlord (RSL) in northern Scotland and amongst the highest across Scotland.

Albyn has substantial work to do to achieve the Scottish Housing Quality Standard by 2015. Its plans are slightly behind schedule but it is collecting better information to base investment programmes on. The key challenge facing Albyn is addressing energy efficiency in its rural properties. It proposes a temporary exemption due to current disproportionate costs for properties in Tain pending discussions with a number of partners about potential community energy solutions. We will therefore continue to review Albyn's progress towards achieving compliance with SHQS and may review this on site later in the year.

Given the scale of Albyn's development programme and its work to meet SHQS, we will liaise closely with the RSL over the coming year.

Albyn's performance in collecting rents continues to be poor although during 2009/10 there has been a marginal improvement in both total and current tenant arrears as a percentage of income. Performance remains below that achieved in 2007/08 and is in the bottom quartile for all RSLs. Albyn's performance in letting empty property deteriorated in the year 2009/10 and was amongst the poorest in the sector at that time. However performance was distorted by the volume of new lets and relets of long term voids and has now improved.

Our engagement with Albyn Housing Society - Medium

1. We will continue to liaise with Albyn to understand its business planning assumptions and be assured about its overall financial capacity to meet SHQS. As part of this, we will review its updated business plan to be submitted in April 2011. We will provide feedback in May.
2. We will continue to review Albyn's strategy and progress towards meeting the SHQS and we will review progress in June and September. Depending on the information we receive from the RSL, we may review its plans to meet SHQS later in the year. We may meet senior staff at the beginning of quarter three to review progress.

3. We will review progress made by Albyn to improve its voids and arrears performance when we receive its 2010/11 APSR and decide whether we need to have further assurance at that point.
4. The Society 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.

Our lead officer for Albyn Housing Society is:

Name: Janet Dickie, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4115

We have decided what type of engagement we need to have with the association based on information it provided to us. We rely on the information given to us by the association 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 Regulatory Assessment or Regulation Plan.