

Albyn Housing Society Ltd

Regulatory Status:

We have not included a regulatory status in this box. After we receive the first annual Assurance Statements in October 2019 from all landlords and complete our annual risk assessment we will give Registered Social Landlords (RSLs) a regulatory status in line with our Regulatory Framework.

Why we are engaging with Albyn Housing Society Ltd (Albyn)

We are engaging with Albyn because it is **systemically important** and about its **financial health, governance and development plans**.

We refer to a small number of RSLs as systemically important because of their stock size, turnover or level of debt or because of their significance within their area of operation. We need to maintain a comprehensive understanding of how their business models operate and how they manage the risks they face and the impact these may have. So we seek some additional assurance through our engagement plans. Given Albyn's size, turnover and level of debt we consider it to be systemically important.

Albyn's Chief Executive has indicated that he plans to leave later in 2019 and Albyn is currently considering options for its strategic direction. Albyn is also working through a leadership programme for its senior staff.

Albyn is one of the larger developers of new affordable housing in Scotland and receives significant public subsidy to help achieve this. It plans to continue to grow through a considerable programme of new homes for social and mid-market rent and low cost home ownership. As a result, the number of affordable homes provided by Albyn will increase by almost a quarter over the next five years.

What Albyn must do

Albyn must:

- provide us with regular updates on its review of its strategic direction and the outcomes from this;
- send us by 31 July 2019;
 - its approved business plan and an updated risk register;
 - 30 year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow complete with assumptions and explanatory narrative;
 - a comparison of projected financial loan covenants against current covenant requirements;
 - financial sensitivity analysis which considers the key risks and compares the resulting covenants with the actual current covenant requirements; risk

- mitigation strategies for each of the key risks considered should also be provided; and
- report to the Board in respect of the approved 30 year projections, sensitivity analysis and covenant compliance;
- provide regular updates on progress with the leadership programme;
- provide copies of its Board and audit committee minutes as they become available;
- tell us if there are any material adverse changes to its plans which might affect its financial position or reputation, in line with our notifiable events guidance; and
- send us an update on its development programme by 31 October 2019. This will include details of the scale and tenure mix, timescales for delivery and any material delays or changes to the programme.

What we will do

We will:

- liaise with Albyn as necessary on its strategic direction review and leadership programme;
- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review the business plan and financial projections;
- meet with Albyn's senior staff and Chair in quarter two of 2019/20 to discuss the business plan and strategic direction, supporting financial information and risks and challenges facing the organisation; and
- review the development update in quarter three of 2019/20 and we may contact Albyn after that about its development plans.

Regulatory returns

Albyn must provide us with the following annual regulatory returns and alert us to notifiable events as appropriate:

- Annual Assurance Statement;
- audited financial statements and external auditor's management letter;
- loan portfolio return;
- five year financial projections;
- Annual Return on the Charter; and
- the return on the Energy Efficiency Standard for Social Housing.



[Read more about Albyn Housing Society Ltd >](#)

Our lead officer for Albyn is:

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