

## **Albyn Housing Society Ltd**

4 April 2012

This Regulation Plan sets out the engagement we will have with Albyn Housing Society Ltd during the financial year 2012/13. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### **Regulatory profile**

Albyn Housing Society owns and manages 2700 homes in 65 communities across the Highland and Moray local authority areas. It is a registered charity and employs 64 people. Turnover was £18.4 million in the year ended 31 March 2011. It has one unregistered subsidiary, Albyn Enterprises Ltd.

It also carries a relatively high level of private debt per unit. Albyn continues to be an important developer, receiving the largest amount of public subsidy of any Registered Social Landlord (RSL) in northern Scotland and it is amongst the highest across Scotland.

Albyn is working with Highland Council and other housing and non housing partners to look at potential models for shared services across the region. This work is in its early stages and Albyn will keep us informed of progress.

Albyn still has substantial work to do to achieve the Scottish Housing Quality Standard (SHQS) by 2015. The key issue remains energy efficiency and progress last year was slower than anticipated because of delays in laying new gas mains affecting 311 tenants in Invergordon. This project has now largely been completed and Albyn's position at this point is now better than anticipated. As at the end of August 2011 just over 600 of Albyn's houses failed the energy efficiency criteria.

Albyn's performance in letting empty homes has improved but remains in the bottom quartile. Likewise the number of current tenants owing more than 13 weeks rent has improved slightly since last year but remains higher than in 2008/9 and is in the bottom quartile.

Albyn Enterprises Ltd, in partnership with others, proposes to provide a social enterprise hotel on the new Beechwood Campus of the University of the Highlands and Islands.

Albyn received grant support from Scottish Government's Investment and Innovation Fund for eight projects which will deliver homes for social rent and shared equity. It will also complete substantial committed projects funded by significant amounts of public subsidy by the end of 2012.

### **Our engagement with Albyn Housing Society - Medium**

Given the scale of Albyn's investment and subsidiary activity we will liaise closely with it over the coming year to be assured about its plans and overall financial capacity to meet SHQS.

1. Albyn will:
  - provide its updated business plan including 30 year projections, cashflows, covenant calculations and sensitivity analysis in May 2012
  - provide a copy of Albyn Enterprises Ltd business plan including financial projections in quarter one;
  - provide an update on progress towards meeting the SHQS in June as part of its APSR submission;
  - provide a further update on SHQS progress as at the end of December when this is available; and
  - keep us informed at key stages of development with its subsidiary activities.
2. We will:
  - provide feedback on the business plans in May;
  - review progress with relet performance and the number of tenants owing more than 13 weeks rent when we receive the APSR in June. Depending on performance we may ask for additional information and an update as at the end of December when this is available in quarter four; and
  - meet senior staff and the Board in quarter three to discuss progress with SHQS and Albyn's strategic objectives.
3. Albyn should 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; and
  - 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 regulatory framework and performance information can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).

Our lead officer for Albyn Housing Society is:

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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.