

## Albyn Housing Society Ltd

**28 March 2013**

This Regulation Plan sets out the engagement we will have with Albyn Housing Society Ltd (Albyn) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Albyn owns and manages 2,812 homes and provides factoring services to 588 owners in 65 communities across the Highland and Moray local authority areas. It is a registered charity and employs 62 people. Turnover was just over £14 million in the year ended 31 March 2012. It has one unregistered subsidiary, Albyn Enterprises Ltd.

There has been a significant programme of change and organisational restructuring during the last financial year. Key objectives of the change programme were to improve customer focus and deliver improved performance.

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 continues as a developer delivering projects in a number of locations across the region for social rent and shared equity. Most of Albyn's projects will complete during 2013/14 but it is also providing development services for Highland Council for a number of small projects. One of Albyn's projects was affected by the contractor UBC going into administration but this was managed well and the impact was minimal.

Just under 30% of Albyn's properties did not meet SHQS at the end of March 2012 but work has progressed over the year and the current failure rate has reduced to nearer 20%. Albyn will confirm the position at the beginning of April. However Albyn anticipates that all of its properties will meet the standard by the end of 2014 and has factored the cost of this investment into its financial projections.

Work is underway to develop stock condition information systems and we will want to see that the pace of investment in properties matches plans and that systems to manage information are fully established.

We reviewed Albyn's business plan in 2012 and will see updated financial projections later in the year. Albyn will also keep us informed of activity in Albyn Enterprises Ltd, to help us fully understand the potential impact on the parent organisation. We will also want a progress report on measures being put in place to manage welfare reform changes and how this will impact on future income and costs.

We have reviewed Albyn's performance against key service quality measures. Albyn's reported performance for current tenants owing more than 13 weeks rent has improved but remains in the bottom quartile. Its performance for the percentage of current tenants' rents it collected and for emergency repairs completed on time is poor and deteriorating for both indicators. Albyn recognises the challenge of income maximisation as it anticipates significant impact in some communities following the introduction of welfare reform.

Performance in letting empty properties has significantly improved over the year.

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. To help us fully understand the potential impact on Albyn we will want to see further information and be kept up to date with progress.

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

Given the scale of Albyn's organisational change, investment, subsidiary activity and some service quality issues we will have medium engagement with it in 2013/14.

1. Albyn will:
  - send us in April a copy of its internal audit report on debt management;
  - provide Albyn's business plan in April;
  - provide a progress report in July on implementation of stock data management systems;
  - provide at the end of October a progress report on welfare reform planning;
  - provide at the end of October its subsidiary management accounts as at the end of September 2013;
  - provide an update on progress with SHQS in quarter three; and
  - keep us informed at key stages of development with its subsidiary activities including photo voltaic installations and the social enterprise hotel.
  
2. We will:
  - review the financial and other information we receive in quarter two;
  - review progress with the number of tenants owing more than 13 weeks rent, current tenants rent collected and emergency repairs completed on time when we receive the APSR in June 2013;
  - meet senior staff in quarter two to provide feedback on the financial and service quality information we have received; discuss Albyn's strategic objectives and the challenges facing it; and
  - meet senior staff in quarter four to discuss welfare reform planning and impacts, progress with SHQS and subsidiary activities.
  
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 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.