

## Albyn Housing Society Ltd

**28 March 2014**

This Regulation Plan sets out the engagement we will have with Albyn Housing Society Ltd (Albyn) during the financial year 2014/15. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Albyn owns and manages 2,916 homes and provides factoring services to 626 owners in 65 communities across the Highland and Moray local authority areas. It is a registered charity and employs around 62 people. Turnover was just over £15.8 million in the year ended 31 March 2013 and it has one unregistered subsidiary, Albyn Enterprises Ltd.

During 2013 Albyn has continued to embed its new organisational structure and is beginning to see progress against its key objectives of improving customer focus and delivering improved performance.

We reviewed Albyn's business plan in 2013 and gained assurance about its financial position. It is reviewing its business planning process during 2014/15 and we will see the revised plan. Albyn appointed a new Chair following the last annual general meeting. We received the assurance we need on the ability of the Board to provide appropriate challenge.

Albyn has received significant amounts of public subsidy and continues to be one of the largest developers in the sector. It has received public subsidy to deliver a programme of social rent, mid-market rent and shared equity homes and is completing work over the next year on previously committed development projects. This will include completing a small National Housing Trust project before the end of 2015.

Consultation on pension arrangements has now been concluded and Albyn no longer provides defined benefit or career average schemes to either existing or new staff. It remains in the Scottish Housing Association Pension Scheme (SHAPs) and has finalised arrangements for its defined contribution scheme.

Significant progress has also been made with bringing stock up to the Scottish Housing Quality Standard (SHQS) and Albyn is confident of meeting the standard by 2015. Work to improve ICT systems has been completed and Albyn will confirm the outcome of its most recent substantial survey programme and any cost implications in July.

Albyn has established a joint venture vehicle, Calbyn, (a Scottish Charitable Incorporated Organisation) in partnership with the Calman Trust to develop and manage a 124 bedroom social enterprise hotel on the Highlands and Islands Enterprise Inverness Campus in Inverness. Albyn will keep us informed of activity as the hotel project progresses so that we fully understand the relationship with Albyn Housing Society and the potential impact on the parent organisation.

Albyn Enterprises Ltd is a subsidiary of Albyn which carries out all of its non - charitable activities. Albyn is looking to expand activity within the subsidiary and has recently appointed a business development manager.

## Our engagement with Albyn - Medium

Given the scale of Albyn's organisational change, investment, joint venture and subsidiary activity we will have medium engagement with it in 2014/15.

1. Albyn will:
  - send us its business plan in April 2014;
  - provide an update on progress with SHQS in July 2014; and
  - keep us informed at key stages of development with its joint venture activities; in particular we will want to see the independence agreement, lease, heads of terms and management agreement governing relationships between the parties involved;
  - keep us informed of new business developments in its subsidiary, Albyn Enterprises Ltd.
  
2. We will:
  - review its business plan and provide feedback in May 2014;
  - review progress with SHQS when we receive the Annual Return on the Charter in May 2014; and
  - meet senior staff in quarter three to discuss organisational change, progress with SHQS, the Hotel Artysans project 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
  - the Annual Return on the Charter.

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:

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.