

Albyn Housing Society Ltd

31 March 2015

This Regulation Plan sets out the engagement we will have with Albyn Housing Society Ltd (Albyn) during the financial year 2015/16. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Albyn was registered as a social landlord in 1973 and owns and manages 2,934 homes and provides factoring services to 761 owners in 65 communities across the Highland and Moray local authority areas. It is a registered charity and employs around 60 people. Turnover was just over £14.5 million in the year ended 31 March 2014.

Albyn has one unregistered subsidiary, Albyn Enterprises Ltd which carries out all of Albyn's non - charitable activities and is looking to expand.

We have reviewed Albyn's financial returns to gain assurance about its financial health. Albyn has continued to embed its revised business structure during 2014. This has improved performance in some areas, achieved efficiencies and reduced costs. The introduction of more generic roles for housing staff and the partial roll out of Universal Credit in Inverness has had some adverse impact on rent arrears. Performance has been stable during the year but we will continue to monitor progress.

Albyn concluded a substantial stock condition survey during 2014/15 and obtained further assurance about the condition of its properties. A significant proportion (23%) of its properties are exempt from the Scottish Housing Quality Standard (SHQS), with over two thirds of these because they are not on the gas grid. Albyn is working to address the remainder which are abeyances. Work is also underway to develop a detailed asset management strategy and we will review this during the year.

The format of the most recent tenant satisfaction survey used to complete the Annual Return on the Charter (ARC) did not comply as it predated publication of SHR requirements. Albyn has started work on the next survey and up to date information will be available in time for completion of the next ARC due for submission on 31 May 2015.

Albyn was unable to provide full information for the percentage of repairs carried out right first time. Work was been completed on systems and this information will be available in full for the next ARC.

Albyn is one of the larger developers of new affordable housing in Scotland and continues to receive significant amounts of public funding. Albyn plans to continue to grow through a considerable programme of social rent and shared equity homes. This includes a small National Housing Trust project which will complete this year.

Our engagement with Albyn - Medium

We will continue to have medium engagement with Albyn in 2015/16 around its investment, subsidiary and service quality activities.

1. Albyn will send us in April 2015:

- its approved business plan including commentary on results of sensitivity tests and risk mitigation strategies for it and its subsidiary;
 - 30 year financial projections for it and its subsidiary consisting of income and expenditure statement, balance sheet and cash flow, including calculation of loan covenants and covenant requirements;
 - sensitivity analysis looking at key risks such as arrears levels and covenant compliance. We would also expect this to include analysis of a range of options for rent increases and inflation rates which demonstrate continuing affordability for tenants; and
 - reports to the Board in respect of the 30 year projections and sensitivity analysis.
2. Albyn will also send us:
- the Albyn Enterprises Ltd business plan in June 2015;
 - its asset management strategy in July 2015;
 - updates on progress with SHQS exemptions in October 2015 and March 2016;
 - an update on its development activities, including future funding plans, by the end of October 2015; and
 - notification of any new business developments in its subsidiary, Albyn Enterprises Ltd.
3. We will:
- review its business plan and asset management strategy and provide feedback in May and August 2015, respectively;
 - review progress with SHQS exemptions when we receive the ARC at the end of May 2015 and updates in October 2015 and March 2016;
 - meet senior staff in May to discuss organisational change, progress with SHQS and asset management, subsidiary and development activities; and
 - review service quality performance when we receive the ARC at the end of May 2015.
4. 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.

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.