

Albyn Housing Society Ltd

Regulatory Status

Compliant

The RSL meets regulatory requirements, including the Standards of Governance & Financial Management.

Why we are engaging with Albyn Housing Society (Albyn)

We are engaging with Albyn about its **governance** and because it is a **systemically important** landlord.

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 each year through our engagement plans. Given a combination of Albyn's size, turnover and level of debt we consider it to be systemically important.

We have been engaging with Albyn about its governance since 2019. In August 2021, Albyn's chair and senior officer resigned and an interim senior officer was appointed. Albyn commissioned a review to support its governance and the governing body prepared an action plan to address weaknesses identified from this review.

To support this work, the governing body was strengthened by two co-optees and a new chair in January 2022; all of whom were then elected at the subsequent AGM. Albyn also recruited an interim senior member of staff to help progress the action plan.

We moved Albyn's regulatory status to 'under review' in January 2022 as we monitored progress with its action plan and to seek assurance about Albyn's compliance with the Regulatory Standards of Governance and Financial Management (the Regulatory Standards).

In June 2022, the interim senior officer was appointed to the role permanently after a competitive recruitment process.

In March 2023 we completed our review of Albyn's regulatory status and were satisfied that Albyn had provided us with sufficient assurance about its compliance with the Regulatory Standards. Both the governing body and the leadership team worked openly and constructively with us during our review.

In September 2022 Albyn commissioned an independent strategic review of one of its subsidiaries, Highland Residential Inverness Ltd (HRIL). This review made

recommendations for Albyn to strengthen the governance and financial relationship between Albyn and HRIL. Albyn's governing body accepted these recommendations and worked quickly to establish new governance arrangements in line with our statutory guidance on group and constitutional partnerships and commence a review of the financial relationship. We will continue to engage with Albyn to seek assurance that it embeds the governance arrangements and completes the review.

Albyn has recently completed a stock condition survey and updated its asset management strategy which are being used to inform its upcoming review of its business plan.

What Albyn must do

Albyn must:

- provide copies of its Board and audit committee minutes as they become available;
- provide updates on progress with completing and embedding the recommendations from the review of its subsidiary; and
- send us by 30 April 2023:
 - its approved business plan and risk registers; and
 - evidence of how it demonstrates affordability for its tenants.

What we will do

We will:

- review the minutes of the Board and audit committee meetings and liaise as necessary;
- review Albyn's progress on completing and embedding the recommendations from the review of its subsidiary and liaise as necessary;
- observe Albyn's Board;
- review Albyn's business plan and risk registers;
- meet with Albyn's senior staff to discuss the business plan and any risks to the organisation; and
- update our published engagement plan in the light of any material change to our planned engagement with Albyn.

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; and
- Annual Return on the Charter.

It should also notify us of any material changes to its Annual Assurance Statement, and any tenant and resident safety matter which has been reported to or is being investigated by the Health and Safety Executive or reports from regulatory or statutory authorities or insurance providers, relating to safety concerns.



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