

## Regulation Plan

This Regulation Plan sets out the engagement we will have with Prospect Community Housing Ltd. Our *Guide to How We Regulate* explains more about our assessments and the purpose of this Regulation Plan.

### Regulatory profile

Prospect is an established registered social landlord (RSL). It has 883 tenancies in the Wester Hailes area of Edinburgh. Prospect is an Industrial and Provident society and has charitable status. It has one non-registered subsidiary, Prospect Community Projects. In the year ended 31 March 2008 it had a turnover of around £3 million and it employs 30 full time equivalent staff.

Prospect has a relatively high debt per unit and over the last four years Prospect's operating costs and interest payments have exceeded its turnover. We therefore need to be assured that it can meet its short and medium term corporate objectives including delivery of the Scottish Housing Quality Standard (SHQS).

It reported in its 2008/09 Annual Performance and Statistical Return (APSR) that a relatively small proportion of its stock did not meet the SHQS but its programme is not due to start until 2010/11 and in comparison with other RSLs, the cost of bringing its stock up to standard has a high unit cost.

### Our engagement with Prospect - Medium

1. We need additional business planning information from Prospect (ie information that goes beyond routine submissions) to assess its overall financial capacity and viability. We need to see a comprehensive business plan, including sensitivity analysis around key assumptions and 30-year cashflows to ensure Prospect can meet its SHQS obligations and its ongoing lenders covenants.
2. Prospect should also continue to 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
  - 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 guides to how we regulate, inspect and intervene, and other relevant statistical and performance information, can be found on our website at [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk).



THE SCOTTISH  
HOUSING  
REGULATOR

**Regulation Plan**  
Prospect Community Housing Limited

**30 June 2009**

Our lead officer for Prospect is:

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We have decided what type of engagement we need to have with this organisation based on information it provided to us. We rely on the information given to us 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 Regulation Plan.