

## Regulation Plan

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

### Regulatory profile

Tenants First Housing Co-operative Ltd is an established Registered Social Landlord, (RSL) with around 1219 housing units. It also manages 89 units on behalf of other housing organisations. It is a fully mutual housing co-operative and employs around 37 FTE staff. Its turnover was £4.73 million at 31 March 2009. It has two non registered subsidiaries, Donside Ltd and Property Partners Housing Management UK Ltd.

Tenants First is one of the largest developers in NE Scotland and is a member of the Devanha Development Consortium. It has been offered substantial public subsidy in the form of housing association grant (HAG) and also has plans to invest in the low cost home ownership market and commercial sectors.

Tenants First intends to increase its stock by around 20% over the next five years and its total debt and total debt per unit are both forecast to rise commensurately. As at the end of March 2009 Tenants First had a debt per unit of over £13,749, significantly above the median (£9,702) and average (£10,503) debt per unit of its classification group (Large scale voluntary transfer with over 1,000 units). We have received some additional financial planning documentation from the RSL but need further information to complete our assessment.

### Our engagement with Tenants First Housing Co-operative Ltd - Medium

1. We need additional financial and business planning information from Tenants First to assess both its overall financial and governance capacity, and, its viability in light of its development, investment and subsidiary activity. This should include sensitivity analysis of the RSL's key underlying assumptions along with full 30-year projected cashflows that demonstrate that it will continue to meet its lenders covenants and its SHQS and development obligations. We will liaise further with the RSL about this additional information we require.
2. The RSL should 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).

Our lead officer for Tenants First Housing Co-operative Ltd 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.