

Regulation Plan

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

Regulatory profile

Eildon Housing Association is a long established organisation, registered in April 1976. It has around 1,860 tenancies in the Scottish Borders. Eildon is an Industrial and Provident Society and has charitable status. Its turnover for the year ended 31 March 2008 was close to £8.4 million and it employs 140 full time equivalent staff. It has two non-registered subsidiaries - Eildon Trust Ltd, to promote its activities to attract additional funds and Eildon Enterprises Ltd which carries out wider role activities, and, one registered subsidiary Eildon Tweed Valley Housing Association Ltd which carries out agency services for other associations.

Eildon Housing Association is a significant developer of social housing in the Scottish Borders and has undertaken new build social housing and low cost home ownership developments. As part of its treasury management arrangements it has entered into free-standing derivatives.

Our engagement with Eildon Housing Association - Medium

1. We need additional business planning information from Eildon (i.e. information that goes beyond routine submissions) to assess its overall financial capacity and viability in light of its development, investment and subsidiary activity. We want to see a comprehensive business plan, including sensitivity analysis around key assumptions and 30-year projected cashflows to ensure Eildon can meet its Scottish Housing Quality Standard (SHQS) obligations and its ongoing lenders covenants.
2. As part of the above process we will liaise with Eildon to understand its on-going free-standing derivative obligations and any impact these may have on its cashflow
3. Eildon 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.

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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.