

Eildon Housing Association Ltd

28 March 2013

This Regulation Plan sets out the engagement we will have with Eildon Housing Association Ltd (Eildon) during the financial year 2013/14. Our regulatory framework explains more about our assessments and the purpose of this Regulation Plan.

Regulatory profile

Eildon was registered as a social landlord in 1973. It owns and manages 2,121 houses and provides factoring services to 14 owners across the Scottish Borders. It has charitable status and employs around 136 people. It has a non registered subsidiary company, Eildon Enterprise Ltd. Its turnover for the year ended 31 March 2012 was just over £10.1 million.

Eildon has received significant amounts of public funding to help it fund its new build programme for social rent and low cost home ownership. It plans to continue to have a significant programme to develop new homes and it carries out development functions for other social landlords in the Borders. Eildon has been considering using innovative funding mechanisms and it needs to keep us informed about its decisions on this.

We have reviewed Eildon's business plan, financial returns and financial projections in 2012/13 and received assurance about its financial management including its treasury management arrangements which involve the use of free standing derivatives.

Given the scale of Eildon's development programme and funding arrangements we will expect continued assurance about its business including its projections, its subsidiary activities, use of free standing derivatives and its progress with auto enrolment (32% of its staff were not enrolled at 31 March 2012). We discussed Eildon's plans to manage the impact of welfare reform changes with it and received assurance about its approach. We will ask Eildon for an update during the year on its progress with this.

Our engagement with Eildon – Medium

We will continue to have medium engagement with Eildon about its overall financial capacity and viability in light of its development, investment and subsidiary activities.

1. In quarter one of 2013/14 Eildon will send us:
 - projections for it and its subsidiary, consisting of income and expenditure statement, balance sheet and cashflows, plus sensitivity analysis and covenant calculations and results;
 - business plan for its subsidiary;
 - an update on auto enrolment; and
 - an update on the impact of welfare reform including the impact on income, costs and assumptions for arrears and bad debts.
2. In quarter three Eildon will send us the management accounts for its subsidiary to 30 September 2013.

3. Eildon will continue to send us copies of the reports to its board on free standing derivatives and will send us copies of its derivatives contracts and treasury management policy by the end of May 2013.
4. Eildon 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
 - 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 regulatory framework and other relevant statistical and performance information can be found on our website at www.scottishhousingregulator.gov.uk.

Our lead officer for Eildon is:

Name: Kirsty Anderson, Regulation Manager
Address: Highlander House, 58 Waterloo Street, Glasgow, G2 7DA
Telephone: 0141 305 4180

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.