

PARAGON HOUSING ASSOCIATION LIMITED

Minutes of Management Committee Meeting

Hybrid

11th May 2023

Present: A Anderson (Part Meeting)
J Anderson
E Campbell
B Lees
M Richards
F Wallace

Staff: M Torrance
W Baxter (Part Meeting)
E Mathershaw
M Thompson

GOVERNANCE / MINUTES ETC

1. APOLOGIES

E McNie
K Menzies
R Murray
F Speirs
C Munro
S Robertson (co-optee)

2. GOVERNANCE ITEMS

It was noted that this is a restricted agenda focussing on Business Planning.
Noted that C Munro had submitted comments and questions although she is unable to attend.

2a. Minutes of Previous Meeting – 29th March 2023

There were no amendments to the minutes.

Proposed: M Richards
Seconded: F Wallace

Minutes Approved.

2b. Matters Arising

Noted extension of gas maintenance contract.

3. BUSINESS ITEMS

3a. Business Plan

M Thompson, F&I Manager delivered a presentation to members. She explained the background to what is required. She prepared the plan with the support of the model provider Brixx.

Cashflow is mainly positive but with some “ups and downs” depending on the programme / timing of investment work. The refinancing of the RBS loan was discussed and the assumption is that this will be refinanced. It is assumed that there will be a bullet repayment of the GBSH bond at term.

Note - Audrey Anderson joined the meeting.

There is covenant compliance across the period of the plan.

Noted that assumptions prudent and best estimate based on good quality information e.g. asset management info. Inflation has been assumed higher than BoE projections and rents are assumed at inflation plus 1%.

There was discussion on cost inflation and component cost inflation has been assumed over general inflation rates.

Growth has been allowed for with an ongoing assumption for the acquisition of 5 BBOOM properties per annum until 2030. Proposed development is included.

The refinancing of the RBS loan will be considered as part of the Treasury Management Strategy update.

Various risk impacts have been reviewed including the cost of living crisis, carry forward programme items, new property standards etc

Sensitivity analysis was carried out including restricted rental income, component replacement costs etc and shows where potential breaches may be.

The F&I Manager's view is that the plan is robust but as with elsewhere in the sector this will ultimately be tested by external conditions.

Members asked what adjustments can be made if the plan comes under pressure. It was noted that the timing of works , costs etc can be reviewed to smooth the plan if required. The underlying assumptions are thought to be prudent. Other members commented that the plan reflects their experience in the sector. There are likely to be difficult decisions ahead if pressures come to bear. Members feel that it is important to communicate this to Scot Government and make sure tenants aware too. There is concern that the sector is still awaiting targets around energy measures and

this is not helpful from a planning perspective. It was noted that the recent stock condition survey had not thrown up any immediate concerns.

There were questions on tender processes and the impact of rising costs. W Baxter advised that framework agreements allow for some flexibility but contractors are difficult to get at the moment and if they cannot recoup costs they are likely to exit the market. There are a number of tenders due to be issued and W Baxter will feedback on trends.

Noted that C Munro had asked similar questions to those arising and that she had been given feedback by M Torrance/M Thompson and that she had been satisfied with responses.

There was discussion on refinancing the GBSH Bond. Noted that Scottish Government plans for the sector are unclear e.g. rent capping. The issue of affordability is key. General feeling that there is a lack of policy direction. Noted new housing minister in place and members will take concerns forward at events etc. Agreed that it is important that concerns on future direction are aired.

Note - W Baxter left the meeting.

The **plan was approved** for submission to the lenders.

4. **OCB**

- Homologation of £60.00 decoration allowance for Management Committee member
- June Anderson is interested in attending SFHA Conference and will email Corporate Services Officer if she can attend.

5. **DATE OF NEXT MEETING**

The next meeting will be the strategy meeting to be held on Wednesday 14th June 2023.

Signed: Chairperson	
Date:	