

PARAGON HOUSING ASSOCIATION LIMITED
Minutes of Management Committee meeting
Hybrid Meeting
10 January 2024

Present: A Anderson
S Gilbert
M Hesketh (online)
B Lees
E McNie (online)
F Wallace

Staff: M Torrance (online)
E Mathershaw (online)
W Baxter
M Thompson
M Binnie

GOVERNANCE / MINUTES ETC

1. APOLOGIES

J Anderson
E Campbell
K Menzies
C Munro
R Murray
M Richards

2. GOVERNANCE ITEMS

Attendance register – to note

Committee members approve a Special Leave of Absence for E Campbell.

3. RENT CONSULTATION 2024-25

There was lengthy discussion at the last meeting on what proposed percentage increases we should consult with tenants. However after the December meeting inflation decreased from 6.1% to 5.3%.

Given this there was a review by senior staff and the new proposal is based on the new rate of inflation and projected fall going forward.

Discussions have been held with the bank on the interest cover covenant relaxation and they are willing at this point to give the relaxation. There is

a further meeting with the bank on Tuesday. We are unsure what percentage of covenant relaxation the bank will give therefore different projections have been run to look at the different options.

The management team have re-run financial projections and consider that is feasible to offer a lower rate of increase than discussed in December. The proposals are still underpinned by the assumptions previously discussed. These include a reduction of management costs and ensuring that health and safety projects and painterwork are preserved. A number of scenarios had been run with different variables.

There is a couple of years where there would be an issue with the covenant and this is highlighted on the appendices. However these can be accommodated by revising project timings.

W Baxter has reviewed the programme.

We would now be looking to consult on 6.3% and 6.5%.

The 6.5% option will allow around £12k to be allocated to tenancy support.

here was discussion on the possibility of using October's inflation rate instead of November's since the date the November rate is published in December leaves a tight timescale to review the rent increase options and then to consult with tenants. Historically it has been our rent increase practice to use RPI as November plus 1%. It was agreed a question would be added to the rent increase survey asking tenants opinion on using the October or November RPI rate.

The rent consultation timetable has been amended and it is proposed to move the date of the February Management Committee meeting back a week in order to meet the timescales required to allow the implementation of any increase. We are now doing the consultation as late as we can in order for the process to be completed to advise tenants of the increase by the end of February. This is tight to get notices issued in time but staff are satisfied that this can be achieved.

The biggest risk to achieving a higher level of investment is around the level of the covenant relaxation and this will affect the programme.

Sanitaryware is a contract which is usually left until the last quarter.

Management costs will be reduced by £110k but increased again in years 2 and 3 to reinstate the reduced budget.

The last stock condition survey confirmed the stock was in good condition. Another survey will be commissioned 2023/24 for completion the following year.

M Thompson advised that salary negotiations are currently underway, and the outcome is not yet known, therefore each option had been modelled on a medium and high rate of wage inflation to test tolerances / impact.

Committee members agree to amend consultation proposals to 6.3% and 6.5%.

4. ANY OTHER BUSINESS

None

DATE OF NEXT MEETING

The next meeting will be held on Wednesday 17th January 2024. The time will be confirmed.

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| Signed: Chairperson | |
| Date: | |