

CLYDEBANK HOUSING ASSOCIATION LTD.

TO: MANAGEMENT COMMITTEE **REF:** /LL
FROM: HEAD OF FINANCE & CORPORATE SERVICES **DATE:** 21.02.20

SUBJECT: PROPOSED EARLY REPAYMENT OF CLYDESDALE BANK LOANS

Purpose of Report

The purpose of the report is for the Management Committee to review and consider information in order to consider the early repayment of some Association loans.

Potential impact on tenants and service users/Tenant Consultation requirements

There is no adverse impact on tenants and other service users as a result of information and decisions required in this report. Tenant/community consultation is not required.

Value for Money

CHA considers Value for Money in all aspect of its business including: -

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

Risk

There is no risk, financial or otherwise associated with any of the recommendations contained within this report in relation to changes within our loan facilities that cannot be facilitated within the short, medium and long term budgets and financial plans or that have not already been assessed within our risk register.

Legal/constitutional Implications (Reference to Model Rules)

There are no adverse legal or constitutional implications as a result of this report and/or any decision required.

Relevant CHA Objectives:

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.

Relevant SHR Regulatory Standards of Governance and Financial Management

- The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

- The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The governing body and senior officers have the skills and knowledge they need to be effective.
- The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.

The Management Committee will require confirming that the contents of this report and decisions required do not constitute a breach, material or otherwise, of the above Standards.

Equalities

- No protected group is adversely affected by the proposals, recommendations or updates within this report. Our commitment to equal opportunities and fairness applies irrespective of factors such as race, sex, disability, age, gender reassignment, marriage & civil partnership, pregnancy & maternity, religion or belief and sexual orientation.

Introduction



Clydebank Housing Association's current loan portfolio stands at just over £3.9m as at 31st December 2019:

Housing Loans		Balance as at 31-Dec-19 £
		-
		-
	- Fixed (core)	238,534
	- Variable (core)	227,450
	- Variable	471,526
	Variable2	502,914
	- drawdowns	1,962,331
	Loan	480,883
	- Electric Vehicles Loan (Int Free)	35,088
		3,918,726

Of this total some £1.4m is provided by the [REDACTED] plc, of which c. £466k remains payable as loans towards the construction cost on 14 of our original "core stock" developments and c. c. £974k remains payable for loans taken out to finance our 2008 [REDACTED] development.

Decision required

It is recommended that the original [REDACTED] loans totalling c. £466k be repaid using excess funds in the Association HOBS account. **This would generate £6k of savings and release £5,226,000 of secured property.**

	Option use own funds to repay both core [REDACTED] loans
Total payments over next 2 years	£430,252 (cap & int)
Loan Interest saved if repaid early	£8,434
Valuation fees saved	£2,000
Deposit Interest lost over next 2 years if loans repaid early	(£430) – 0.10% HOBS
Breakage & legal fees incurred	(£3,789)
Overall CHA savings	£6,215
Major repairs delayed	No
Balanced loan portfolio?	No 100% Variable