



**MEETING OF THE JOINT RESOURCE AND GOVERNANCE COMMITTEE
5 FEBRUARY 2020 AT 10:00
AT The OSPREY HOUSING OFFICE, WESTHILL**

Present: Rab Hepburn, Director OH and Member OHM CoM (RH)
Jim Milne, Member OHM CoM (JM)
Brian Watson, Member OHM CoM (BW)
Stuart Robertson, Director OH (SR)
Simpson Buglass, Director OH (SB)
Kate Darbyshire, Member OHM CoM, (KD)
Douglas Bodie, Director OH (DB)

Apologies:

Attending: Glenn Adcook, Chief Executive Osprey Group (CEO)
Gary Walker, Chief Finance Officer Osprey Group (CFO)
Clare Ruxton, Corporate Services Manager Osprey Group (CSM)
Stacy Angus, Housing Services Manager Osprey Group (HSM)
Sofia Redford, Corporate Services Officer Osprey Group (CSO)
Steven Young, Bruce Stevenson Insurance Brokers Item 2.1.1 only
Hugh Crothers, Asset Manager Osprey Group (AM), Item 3.4.2 only

Minute No	Subject	Action
	<i>The Chair proposed that the agenda should be suspended and the Insurance presentation take place first to allow Mr Young to leave afterwards. There were no objections to this.</i>	
2.1.1	Insurance Tender Outcome – Presentation from Steven Young, Bruce Stevenson Insurance Brokers The CFO and Steven Young presented a report and presentation providing the Committee with an update on the current position in relation to the tendering of Insurance Services. Steven Young informed the Committee of the remit for the tender of the insurance contract and the process undertaken. Although there had been a lot of movement in the insurance business the last couple of months, where	CFO

	<p>"modern" development methods have been more difficult to insure, Osprey's risk profile is good.</p> <p>Following a comprehensive review of the Group's insurance requirements Invitations To Tender were posted on the Scottish Procurement website in two lots:</p> <p>Lot 1: Material Damage & Property Owners Liability Lot 2: Commercial Combined/Office Covers</p> <p>For the other policies which had values less than £4,000, a 'quick quote' process was used to secure alternative quotes.</p> <p>Lot 1 received four quotes and Lot 2 one quote.</p> <p>For Lot 1 the most competitive quote was received from Direct Line T/a NIG for cover that both meets and exceeds the incumbent cover with an annual premium of £73,854.43</p> <p>One quote for Lot 2 was received, from Avid Insurance, with an annual premium of £4,435.79.</p> <p>Quotes had also been received for all the quick quote Lots.</p> <p>Following a detailed discussion the Committee:</p> <ul style="list-style-type: none"> • Noted the content of the Insurance Tender Evaluation report produced by BSIB appended to the report. • Approved the recommendations contained within the report on pages 23 – 27 of the BSIB report • Approved the appointment of the various insurance providers for the associated cover as detailed on page 27 of the BSIB report. 	
	<i>Steven Young left the meeting</i>	
1.	ADMINISTRATION	
1.1 Joint	<p>Welcome and Apologies</p> <p>There were no apologies.</p>	Chair
1.2 Joint	<p>Declarations of Interest</p> <p>JM – Remove Northern Housing</p> <p>There were no further changes to the standard Declarations of Interest.</p>	Chair

1.3 Joint	Minutes of Joint R&G Committee held on 6 November 2019 The minutes of 6 November 2019 were agreed as a correct and accurate record of the meeting. The Minute was proposed by SR and seconded by SB. The Minute was duly signed by the Chair.	Chair
1.4 Joint	Matters Arising Item 2.1.3 – The property at 8c Forman Drive has been sold to Aberdeenshire Council on 31 January. There were no further matters arising that were not covered under separate agenda items.	Chair
2.	ITEMS FOR DECISION	
2.1.1 Joint Item	Insurance Tender Outcome – see above	CFO
2.1.2 Joint Item	Rent Consultation The HSM presented a report updating the Committee on the process followed for the 2020-21 rent review consultation with tenants and the outcome ahead of decision to be made by the Governing Bodies for the rent increase from April 2020. The two phased rent consultation process consisted of tenant consultation events and an all tenant mail out. The responses from both phases were low but those that did respond the key theme was feedback relating to general affordability/the economic climate and property upgrades. This reaffirms the need to run the Affordability Model exercise on an annual basis to give assurance we can demonstrate remaining affordable. The Committee is asked to: <ul style="list-style-type: none"> • Note the content of this report • Recommend to the Governing Bodies to apply the rent increase of CPI + 0.5% in line with the current business plan 	HSM
2.1.3 OH Item	Treasury Management Update	CFO

	<p>The CFO presented a report providing the Committee with an update on progress in renewing the £7.5M Revolving Credit Facility (RCF) with Lloyds Banking Group (LBG).</p> <p>The Committee noted that a full re-write of the loan agreement is taking place to refresh the language and update it to Loan Market Association (LMA) standard.</p> <p>Both legal teams are now working on the legal agreement and it is hoped to have the finalised agreement ready for signing at the next Board meeting on 19 February 2020.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Considered and discussed the contents of the report. 	
2.1.4 Joint item	<p>Annual Leave Management Report</p> <p>The CSM presented a report introducing the Committee to new proposals of how annual leave could be managed more robustly by Osprey. The Chair reminded the Committee that they were only looking at the proposals from a financial and reputational point of view.</p> <p>A number of new proposals were discussed to further enhance the management of annual leave:</p> <ul style="list-style-type: none"> • Changing the annual leave year to run from 1 April to 31 March. This would align with the financial year which would aid the Finance Team in complying with the requirements of FRS102 regulations. • The option for staff to buy and sell a limited amount of annual leave. This would allow staff to manage their leave better and be able to buy or sell up to 5 days per year. <p>Staff consultation has yet to take place on these options. Therefore, more detailed proposals need to be drawn up and fully consulted on with a view to implementing in 2021</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the report • Considered the proposals and agreed them in principle as a way forward 	CSM
2.2	Strategy/Policy	
2.2.1	Final Draft Budget Proposals 2020/21 – OIL	CFO

<p>OH Item</p>	<p>The CFO presented the final draft budget for Osprey Initiatives Ltd for the year ending 31 March 2021.</p> <p>The following assumptions were used:</p> <ul style="list-style-type: none"> • Rental Income includes the extension of a rent freeze for a further year. • Factoring income assumes that 47 NHT units are retained under management for the full financial year and 7 are under management for a part year (10 months) as the initial 5 year period matures on 31 January 2021. • Factoring income also includes 23 units being managed for a full year and 35 units for a part year (9 months) on behalf of Hillcrest Enterprises. • Void Rent Loss has been set at 4.0% (increased from 3.5% in 2019/20). • Bad Debts have been maintained at 1.0% of gross rental income (unchanged from 2019/20). • Reactive Maintenance assumes that the level of repairs increases to an expected level. • Cyclical Maintenance relates to annual servicing of heating systems, electrical inspections and PAT testing of appliances. • Professional Fees relates to expected legal, audit and accountancy fees. • IT costs include website hosting and development along with Lettings Automation software costs. • Lease Charges have been set as per the Lease Agreements with OH and OHM and cover the net cost of development, future capital renewals and insurance. • Management Charges include the full salary cost of the team that provides services on behalf of OIL. <p>The Committee:</p> <ul style="list-style-type: none"> • Considered the contents of the report • Recommended the approval of the proposed budget to both the Board of OIL and the Board of OH. 	
<p>2.2.2 OHM Item</p>	<p>Draft Budget Report 2020-21 – OHM</p> <p>The CFO presented the final draft budget for Osprey Housing Moray for the year ending 31 March 2021.</p> <p>The following assumptions were used:</p>	<p>CFO</p>

	<ul style="list-style-type: none"> • Income forecasts are based on a rent increase of 2.2% (CPI + 0.5% – Sep 2019). • Service Charges are based on anticipated costs for the year ahead. • Void Rent Loss has been set at 0.5% (unchanged from 2019/20). • Bad Debts have been assumed at 2.0% of gross rental income (increased from 1.5% in 2019/20). • Void Maintenance - Provision has been based on the assumption of 45 void properties per annum at a cost of £1,600 per property. • Planned/Cyclical Maintenance - This relates to external painter work programme and annual servicing of heating and electrical systems as well as items identified under the Life Cycle Costing (LCC) Report. • Staff Salaries include the proposed staffing establishment changes (see agenda item 2.2.10) along with an annual cost of living increase of 1.7% as recommended by the Remuneration Committee. • Professional Fees has been adjusted for known items of expenditure, including additional IT Consultancy/Support. • No provision has been made, as yet, for any costs associated with the potential transfer of OHM into OH. This will be covered under agenda item 3.2.1. • The forecasts have been prepared to ensure that loan covenant compliance has been achieved and that forecast cash requirements are met from within OHM. <p>The Committee:</p> <ul style="list-style-type: none"> • Considered the contents of the report • Recommended that the potential costs associated with the TOE are included in the 2020/21 budget • Recommended the approval of the proposed budget, subject to the above addition, to both the Committee of Management of OHM and the Board of OH 	
<p>2.2.3 OH Item</p>	<p>Draft Budget Report 2020-21 – OH</p> <p>The CFO presented the final draft budget for Osprey Housing Moray for the year ending 31 March 2021.</p> <p>The following assumptions were used:</p>	<p>CFO</p>

	<ul style="list-style-type: none"> • Income forecasts are based on a rent increase of 2.2% (CPI + 0.5% – Sep 2019). • Service Charges are based on anticipated costs for the year ahead. • Void Rent Loss has been set at 0.5% (unchanged from 2019/20). • Bad Debts have been assumed at 2.0% of gross rental income (increased from 1.5% in 2019/20). • Void Maintenance - Provision has been based on the assumption of 110 void properties per annum at a cost of £1,600. • Planned/Cyclical Maintenance - This relates to external painterwork programme and annual servicing of heating and electrical systems as well as items identified under the Life Cycle Costing (LCC) Report. • Staff Salaries include the proposed staffing establishment changes (see agenda item 2.2.10) along with an annual cost of living increase of 1.7% as recommended by the Remuneration Committee. • Professional Fees has been adjusted for known items of expenditure, including additional IT Consultancy/Support. • No provision has been made, as yet, for any costs associated with the potential transfer of OHM into OH. This will be covered under agenda item 3.2.1. • The forecasts have been prepared to ensure that loan covenant compliance has been achieved and that forecast cash requirements are met from within OH. <p>The Committee:</p> <ul style="list-style-type: none"> • Considered the contents of the report • Recommended that the potential costs associated with the TOE are included in the 2020/21 budget • Recommended the approval of the proposed budget, subject to the above addition, to the Board of OH 	
<p>2.2.4 Joint Item</p>	<p>Development Programme Update (Including Financial Report)</p> <p>The CEO presented a report updating the Committee on the current development programme including associated financial profile.</p> <p>The CEO highlighted pipeline development Blackdog Phase 3. This development consists of a less than ideal mix of properties and this project is therefore unlikely to go ahead</p>	<p>CEO</p>

	<p>with Osprey.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the progress and position in relation to the projects and opportunities itemised in the report including the Financial Report 	
2.2.5 Joint Item	<p>Disposal Policy</p> <p>The CEO presented a report providing the Committee with an oversight of the Disposal Policy prior to full approval at the next joint meeting of the Governing Bodies.</p> <p>The Chair reminded the Committee that they were reviewing the Policy from a financial and reputational point of view.</p> <p>The Committee noted that the new Policy provides clarity on the priority of continued social use of any property to be disposed.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Recommended approval of the Disposal Policy to the Governing Bodies 	CEO
2.2.6 Joint Item	<p>PR/Media Strategy</p> <p>The CEO presented a report to recommend the adoption of clearly defined objectives for, and a strategic approach to, the Group's Public Relations activities.</p> <p>The Committee noted that a key component of our Communications Strategy is Osprey's approach to PR and Media Management and agreed the proposed objectives and the strategic approach.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Considered and agreed the proposed PR objectives and outlined strategy 	CEO
2.2.7 Joint Item	<p>Managing Equalities Proposal</p> <p>The CSM presented a report allowing the Committee to consider a proposal to enhance the way Osprey approaches addressing the complex equalities agenda.</p> <p>The work proposed will ensure that we meet equality law and good practice. It was noted that some form of assessment of</p>	CSM

	<p>our equalities work will be needed to be included in this year's assurance statement to the Regulator.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted and discussed the content of the report • Agreed that the proposal should be accepted and the work begun without delay 	
<p>2.2.8 Joint Item</p>	<p>Reward and Recognition Policy</p> <p>The CSM presented a draft providing the Committee with an opportunity to comment on the new Reward and Recognition Policy.</p> <p>The Chair reminded the Committee that they were reviewing the Policy from a financial and reputational point of view only.</p> <p>The policy includes:</p> <ul style="list-style-type: none"> • Long Service Award arrangements already agreed and in place. • Payment of professional fees for staff. During a benchmarking exercise with other local RSLs it was noted that Osprey was the only RSL not offering this benefit to their employees. The policy allows for the fee to one professional body to be paid per year per employee. • Acknowledging life events • Other approaches to recognition <p>The Committee noted that provision has been made in the 2020-21 budget for the professional fees payments.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the report • Supported the recommendation to approve the new policy 	<p>CSM</p>
<p>2.2.9</p>	<p>Policy Review and Approval</p> <p>The CSM presented a report to inform the Committee of progress being made to review and update policies over the past three months.</p> <p>The CSM informed the Committee that a discussion had taken place at the CS Committee meeting the previous week regarding the current requirement for all policies to be considered by the R&G Committee. The Chair confirmed that any policy with financial or reputational implications should</p>	<p>CSM</p>

	<p>be scrutinised by the R&G Committee.</p> <p>The polices considered were:</p> <ul style="list-style-type: none"> • Adoption Policy – Updated into Osprey format and to take into account best practice • Shared Parental Leave Policy – Updated into Osprey format and to take into account best practice • Osprey Housing Governing Body Membership policy – New policy based on best practice <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Supported the recommendation to approve the new and revised polices 	
<p>2.2.10 Joint Item</p>	<p>Proposed Staffing Establishment Changes</p> <p>The CSM presented a report providing the Committee with the opportunity to consider plans to change the staffing establishment at Osprey Housing following a review by the SMT.</p> <p>The proposal outlined the details for:</p> <ul style="list-style-type: none"> • the creation of a substantive IT Assistant post to take effect from when the current IT apprentice has completed their course. • the conversion of the current IT apprentice post to a Housing Administration Apprentice to support the Housing Team. • the abolition of a part time customer service post, currently unfilled. <p>The Committee noted that the creation of the HAA post would enable Housing Officers to concentrate their efforts on areas where they make the most impact.</p> <p>The Committee further noted that although the proposal for the IT Assistant is welcome, there remains a skills gap in key areas of IT and external guidance will also be required.</p> <p>The Committee noted that provision has been made in the 2020-21 budget for the proposed changes.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the report • Agreed the proposal to convert the IT apprentice post into a Housing Admin 	<p>CSM</p>

	<p>Apprentice position</p> <ul style="list-style-type: none"> • Agreed the proposal to establish a substantive IT Assistant position • Agreed the abolition of the currently unfilled part time customer service post 	
2.2.11 Joint Item	<p>VE Day Holiday</p> <p>The CSM presented a report providing the Committee with the opportunity to consider a proposal for Osprey to observe the 75th anniversary of VE Day on 8 May this year through closure of the Group’s offices.</p> <p>The Committee noted that the offices do not normally close for the May Day holiday and that this proposal would entail an additional day’s leave being granted to all staff for this year only.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Considered the report • Agreed with the recommendation that the Osprey offices should be closed on this day as a mark of respect 	CSM
2.3	Governance	
2.3.1 Joint Item	<p>Internal Audit Plan</p> <p>The CFO presented a report providing the Committee with the opportunity to put forward suggestions for inclusion in the next Osprey three year internal audit plan.</p> <p>The Committee noted subject areas proposed by the Housing and Corporate Services Committees and the views of the CEO and CFO.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the report • Recommended that Scott-Moncreiff should be asked for their input, in particular what they see as current “hot topics” • Requested that the SMT review all suggestions and return with a draft plan for approval at the next Committee meeting 	CFO
2.3.2 Joint Item	<p>Board Appraisal and Self Assessment Review</p> <p>The CSM presented a report providing the Committee with</p>	CSM

	<p>the opportunity to discuss the arrangements for Governing Body Member Appraisals and Board Governance Self Assessment.</p> <p>The Committee was in favour of a session for Governing Body members to review the self-assessment evidence summary.</p> <p>The Committee agreed that individual member appraisals should be carried out by the Chairs with external support as occurred last year.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted and discussed the content of the report • Agreed it as a way forward 	
3.	ITEMS FOR ASSURANCE / CHALLENGE	
3.1	Performance	
3.1.1 Joint Item	<p>Performance Result (Quarter 3 2019/20) – OH & OHM</p> <p>The CEO presented the Q3 KPI figures for OH and OHM</p> <p>It had been a good quarter for the organisation with encouraging figures.</p> <p>HSM advised the OHM arrears had been discussed in detail at the Housing Committee meeting and an action plan is in place to improve on current levels.</p> <p>Work carried out for OH comparing pre and post Universal Credit implementation shows that it has had little impact on the arrears figures. This is accredited to the early mitigation work carried out.</p> <p>The slightly increased number of complaints are linked to a change in the reporting procedure and refresher training given to staff.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the results for Q3. 	SMT
3.1.1 OH Item	<p>Performance Result (Quarter 3 2019/20) – OIL</p> <p>The CEO presented the Q3 KPI figures for OIL.</p> <p>The Committee noted performance had been very good during the quarter.</p>	CEO

	<p>The Committee:</p> <ul style="list-style-type: none"> • Noted the results for Q3. 	
<p>3.1.3 Joint Item</p>	<p>Financial Performance (Quarter 3 2019/20) – Group</p> <p>The CFO presented a report detailing the financial outcomes for the quarter ending December 2019.</p> <p>The Committee noted that it had been a good first 9 months of the year with a number of budget heads exceeding expectations and that the forecasts reported for the year end are prudent.</p> <p>A point of note was the OH void expenditure which has been high due to the number and condition of void properties during the year.</p> <p>All results were covenant compliant.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Considered and discussed the contents of the report 	<p>CFO</p>
<p>3.1.4 OH Item</p>	<p>Internal Audit Report 2019/20 Allocations & Re-lets – Verbal update</p> <p>The HSM gave a verbal update on the allocations and re-lets internal audit which had been undertaken in January 2020. The written report had not yet been shared by the auditors.</p> <p>The Committee noted that this had been a 4 day audit which had resulted in 2 minor administration actions, one of which has already been implemented.</p> <p>This audit encompassed the changes relating to Choice based lettings and reviewed procedures which has a positive outcome overall. The final report will be brought to the next joint meeting of the Governing Bodies if available. Otherwise, it will go through the next Committee cycle.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the initial findings of the audit • Requested that the final audit report be presented to the R&G Committee at its May meeting 	<p>HSM</p>

3.1.5 OH Item	Disposal – 8C Forman Drive, Peterhead – Verbal update This item was dealt with under item 1.4 – Matters arising.	CFO
3.1.6	Banchory Supported Unit – Verbal update The HSM gave a verbal update on the Banchory supported unit. The Committee noted that the property in Banchory is currently leased to Aberdeenshire Council until 2024. Grampian Women’s Aid had exited the property in July 2019. The Council has negotiated the use of the property via a sublet arrangement with Inspire as a supported unit for service users being dispersed from a unit in Aboyne. The existing lease agreement remains in place, however Osprey agreed to absorb the reactive repairs and carry out some initial repairs prior to move in. The Committee: <ul style="list-style-type: none"> • Noted the position 	HSM
3.2	Strategy/Policy	
3.2.1	Transfer of Engagements – Verbal Update The CEO and CFO provided verbal updates on the current position on the transfer of engagements plan. The Committee noted that a positive response to the Business Proposal had been received from Nationwide stating that it was clear that the new organisation would hold a stronger position, and they would not look to re-price the OHM loan. A response had been expected from Lloyds Banking Group the previous week however, an extension had been requested and the response is now not expected until the end of February. Linda Ewart has produced a document setting out the different stages of the process and a task plan. Indicative cost (excluding loan breakage costs) for the transfer of c£200K + VAT have been identified. The Committee:	CEO and CFO

	<ul style="list-style-type: none"> • Noted the update • Recommended that a meeting of the ToE Working Group should be arranged as soon as the response from LBG has been received 	
	<i>12:00 SB left the meeting</i>	
3.3	Governance	
3.3.1 Joint Item	<p>Incidents of Fraud against RSLs in Scotland – SHR</p> <p>The CFO presented a report providing the Committee with assurance as to the internal control procedures currently in place to mitigate the risk of fraud activities as identified by the SHR.</p> <p>The Committee noted the procedures in place to mitigate fraud through:</p> <ul style="list-style-type: none"> • Impersonation • Mandate fraud • Fraudulent cheques • Overcharging or double billing by a contractor • Fraudulent claiming of expenses • Online banking • Cyber security <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the content of the SHR’s letter dated 11 December 2019 – Incidents of Fraud against RSLs in Scotland – available on the Portal • Noted the response to the various types of fraud reported to the SHR 	CFO
3.3.2 Joint Item	<p>Date of Future Meeting – 11 November 2020 - Verbal</p> <p>The CFO informed the Committee that the meeting scheduled for 11 November clashes with the SFHA Finance Conference and proposed that the meeting should be re-scheduled for 4 November 2020.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Agreed the new date of 4 November. 	CFO
3.3.3 Joint Item	<p>Conference/Training Events & Feedback – Verbal Update</p> <p>The following events had been attended:</p>	CEO

	<p>SFHA Finance Conference – Attended by GA, RH, SR, SA and CG. This had again been a very informative event with a number of subjects discussed.</p> <p>SFHA Chairs Conference – Attended by SR and LA where issues around the cost effectiveness of EESSH 2, sheltered housing tech had been discussed.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the update. 	
3.4	Health and Safety	
3.4.1 Joint Item	<p>Health and Safety Update</p> <p>The CSM presented a report providing the Committee with a full overview of the current Health and Safety arrangements.</p> <p>The Committee noted that the two outstanding items from the Health and Safety audit in September were being actioned.</p> <p>FG Burnett as factors of Abercrombie Court had confirmed that they would not be willing to install a PAD in the area however were happy for Osprey to do so. A grant application will be submitted to the British Heart Foundation and neighbouring offices will be contacted for support.</p> <p>The Healthy Working Lives Team had met to collate the evidence required for the Bronze accreditation and it would be submitted imminently. Work towards Silver accreditation will commence immediately.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • Noted the contents of the report 	CSM
3.4.2 Joint Item	<p>SHR Safety Guidance</p> <p><i>The AM joined the meeting.</i></p> <p>In response to the letter from the SHR on 22 October 2019 regarding Tenant and Resident Safety, and to provide assurance to the Committee, the AM gave a presentation on the information collected and held in relation to tenants, residents and property safety.</p> <p>The Committee:</p>	AM

	<ul style="list-style-type: none"> • Noted the position. 	
4.	AOB	
5.	ITEMS PREVIOUSLY CIRCULATED TO MEMBERS FOR INFORMATION Incidents of Fraud against RSLs in Scotland – SHR - Portal	
6.	DATE OF NEXT MEETING Wednesday 13 May 2020 at 10:00 at Osprey Housing Office, Westhill	

The meeting closed at 12:45

Date: ____12/8/20_____

Signed: ____Robert Hepburn_____