



**MEETING OF THE JOINT RESOURCE AND GOVERNANCE COMMITTEE  
4 NOVEMBER 2020 AT 10:00  
VIA ZOOM**

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)  
Douglas Bodie, Director OH (DB)  
Brian Topping, Director OH and Member OHM CoM (BT) Substitute for BW

Apologies: Kate Darbyshire, Member OHM CoM (KD)  
Brian Watson, Member OHM CoM (BW)

Attending: Glenn Adcook, Chief Executive Osprey Group (CEO)  
Gary Walker, Chief Finance Officer Osprey Group (CFO)  
Clare Ruxton, Corporate Services Manager Osprey Group (CSM)  
Sofia Redford, Corporate Services Officer Osprey Group (CSO)

<b>Minute No</b>	<b>Subject</b>	<b>Action</b>
<b>1.</b>	<b>ADMINISTRATION</b>	
<b>1.1 Joint</b>	<b>Welcome and Apologies</b>  Apologies are noted above.	<b>Chair</b>
<b>1.2</b>	<b>Declaration of Interest</b>  SB – Parkable Scotland Ltd – Director BT – Aberdeenshire Licencing Board – Chair  There were no further changes to the standard declarations.  <b>The Committee noted position.</b>	<b>Chair</b>

<b>Minute No</b>	<b>Subject</b>	<b>Action</b>
<b>1.3</b>	<p><b>Election of Chair</b></p> <p>The CEO invited nominations for the position of Joint R&amp;G Committee Chair. Rab Hepburn was proposed by Douglas Bodie and this was seconded by Jim Milne.</p> <p><b>There were no further nominations and Rab Hepburn was unanimously re-elected to the position of Chair.</b></p>	<b>CEO</b>
<b>1.4</b>	<p><b>Election of Vice Chair</b></p> <p>The Chair invited nominations for the position of Joint R&amp;G Committee Vice Chair. Douglas Bodie was proposed by Rab Hepburn and this was seconded by Stuart Robertson.</p> <p><b>There were no further nominations and Douglas Bodie was unanimously re-elected to the position of Vice Chair.</b></p>	<b>Chair</b>
<b>1.5</b>	<p><b>Minutes of Meeting on 12 August 2020</b></p> <p>The minutes of 12 August 2020 were reviewed. The following amendment was agreed:</p> <p>Item 3.1.4 – The Internal Audit Plan for 2020/21 was approved.</p> <p><b>Subject to the above amendment the Minute was unanimously approved.</b></p>	
<b>1.4 Joint</b>	<p><b>Matters Arising</b></p> <p><b>There were no matters arising not otherwise covered under separate agenda items.</b></p>	<b>Chair</b>

Minute No	Subject	Action
<b>2.</b>	<b>ITEMS FOR DECISION</b>	
<b>2.1</b>	<b>Performance</b>	
<b>2.1.1 Joint Item</b>	<p data-bbox="379 405 1094 439"><b>Rent Consultation 2021/22 – Verbal Update</b></p> <p data-bbox="379 481 1182 591">The HSM gave a verbal update on the Rent Consultation process for 2021/22. The process will depend on the outcome of the proposed Transfer of Engagements.</p> <p data-bbox="379 633 1233 707">If the ToE goes ahead there will be a rent freeze for the whole organisation as per the OH offer to the OHM tenants.</p> <p data-bbox="379 750 1209 824">If the ToE does not go ahead the rent consultation for the whole organisation will be based on CPI + 0.5%.</p> <p data-bbox="379 866 1230 976">The CEO confirmed that following discussion with the local RSLs the option, should the merger not go ahead, is similar to those being considered by our peer Associations.</p> <p data-bbox="379 1019 639 1052"><b>The Committee:</b></p> <ul data-bbox="427 1095 1241 1249" style="list-style-type: none"> <li data-bbox="427 1095 1241 1249">• <b>Noted the position and approved the proposed options for rent consultations based on the outcome of the ToE and agreed to recommend to the full Governing Bodies accordingly.</b></li> </ul>	<b>HSM</b>
<b>2.2</b>	<b>Strategy/Policy</b>	
<b>2.2.1 Joint Item</b>	<p data-bbox="379 1332 1241 1406"><b>Development Programme Update (Including Financial Report)</b></p> <p data-bbox="379 1449 1241 1597">The CEO presented a report updating the Committee on the progress of the current development programme (including associated financial profile) and potential pipeline opportunities.</p> <p data-bbox="379 1639 1241 1749">The first phase of the development in Kincardine O’Neil was handed over in September, including a wheelchair adapted property.</p> <p data-bbox="379 1792 1241 1865">The contract for the Marykirk development is due to be signed soon.</p> <p data-bbox="379 1908 1241 2018">The developer at Alba Place has experienced an unexpected increase in the cost of materials. The Scottish Government has been approached to establish if the project may qualify</p>	<b>CEO/ CFO</b>

Minute No	Subject	Action
	<p>for additional grant under the Covid 19 evaluation process. Osprey have not agreed to the price increase and an update will be brought to the full GB meeting at the end of November.</p> <p>Stewart Milne Homes have indicated that Osprey are their preferred partner for the project at Portlethen. No progress is currently being made and completion is not estimated until Sep/Oct 2022.</p> <p>Osprey has been approached by a land agent for a potential development in Kintore. The project is at an early stage of evaluation. Preferred option would be for a developer to acquire the land with Osprey to join on a design and build package.</p> <p>Osprey has been approached by several developers during the last few months in relation to potential opportunities in Aberdeen City. In conversation with the City Council the CEO has been informed that a recommendation is being put forward to members to fully commit to supporting RSLs where projects can be included in the SHIP.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Noted the progress/position relating to the projects and opportunities itemised in the report (including the financial report).</b></li> <li>• <b>Supported the pursuance of development opportunities that will contribute to maintaining a viable development pipeline – including potential options in Aberdeen City.</b></li> </ul>	
<p><b>2.2.2 OH Item</b></p>	<p><b>Ground Floor, Westhill Office – verbal update</b></p> <p>The CFO informed the Committee that Infinity Oil had vacated the ground floor office space on 31 October.</p> <p>The office suite will be marketed immediately at a similar rent level and with a negotiable lease term. If the marketing is unsuccessful an alternative will be presented to the Committee.</p>	<p><b>CFO</b></p>

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	<p>The Committee noted that although there are a significant number of offices suits for lease in the area, the Westhill market remains one of the strongest in the Aberdeen area.</p> <p>The Lossiemouth office will be marketed for sale by the end of November.</p> <p>The final prospectuses will be circulated to all GBMs for information.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>The Committee noted the current position and endorsed the plan to progress as presented.</b></li> </ul>	
<p><b>2.2.3 Joint Item</b></p>	<p><b>Policy Review and Approval</b></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. They were being reviewed at this meeting from a financial and governance point of view.</p> <p>The policies considered were:</p> <ul style="list-style-type: none"> <li>• Training and Development – Non-Scheduled review – updated financial support to 100% given to team members completing qualifications that are deemed as essential to their role. This brings Osprey in line with other local RSLs. To be backdated to fully refund anyone who is undertaking studies from or at 1 April 2020.</li> <li>• Out of Hours – New policy to formalise protocol for Out of Hours Service.</li> </ul> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Noted the report and recommended the policies for approval by the Governing Bodies.</b></li> </ul>	<p><b>CEO</b></p>

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<b>2.3</b>	<b>Governance</b>	
<b>2.3.1</b>	<p><b>OHG Assurance Statement 2020 – Draft</b></p> <p>The CEO presented the Committee with the draft Annual Assurance Statement.</p> <p>The Committee noted that the SHR is expecting assurance from the Governing Body that they have taken into consideration Covid 19 and the effect that has had on the organisation and service delivery.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Reviewed the statement and recommended it for approval by the Governing Bodies.</b></li> </ul>	<b>CEO</b>
<b>3.</b>	<b>ITEMS FOR ASSURANCE / CHALLENGE</b>	
<b>3.1</b>	<b>Performance</b>	
<b>3.1.1a Joint Item</b>	<p><b>Performance Result (Quarter 2 2020/21) – OH &amp; OHM</b></p> <p>The CEO presented the Q2 KPI figures for OH and OHM.</p> <p>It had been a good quarter where performance had held up well. It was noted that, thanks to Osprey’s tenant profile, the effects of Covid-19 have so far been less than feared. Current tenant arrears are performing well with the number of tenants in high arrears having reduced. The Void loss figure is less than the adjusted budget for the quarter. The HSM informed the Committee that results are in the top quartile of RSLs.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Noted the results</b></li> <li>• <b>Congratulated the staff on the excellent performance figures.</b></li> </ul>	<b>SMT</b>

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3.1.1b OH Item	<p><b>Performance Result (Quarter 2 2020/21) – OIL</b></p> <p>The CEO presented the Q2 KPI figures for OIL.</p> <p>The OIL owned stock is performing well. There are some issues with the managed stock that require attention.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Noted the results for Q2</b></li> </ul>	<b>CEO</b>
3.1.2 Joint Item	<p><b>Financial Performance (Quarter 2 2020/21) – Group</b></p> <p>The CFO presented a report detailing the financial outcomes for the quarter ending 30 September 2020.</p> <p>OHM</p> <p>The results for the period to 30 September 2020 are excellent with most budget heads exceeding expectations.</p> <ul style="list-style-type: none"> <li>• Gross rental income is slightly lower than expected due to the delay in the commencement of Alba Place development.</li> <li>• Void Rental Loss is ahead of budget.</li> <li>• Bad debt write offs remain low.</li> <li>• The results are covenant compliant.</li> </ul> <p>OIL</p> <p>The results for the period to 30 September 2020 are encouraging and exceed budget.</p> <p>Arrears are starting to rise as a result of OIL’s client group being vulnerable to job losses due to the pandemic. However, the process to assist tenants to claim Universal Credit has been improved.</p> <p>A potential risk to be aware of is that the notice period for evictions has been extended to 6 months.</p> <p>The additional units from Hillcrest are 9 months behind schedule and therefore management income has been removed from the year end forecast.</p> <p>The organisation currently has in excess of £400K in cash</p>	<b>CFO</b>

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	<p>reserves so will not require cash from the parent body.</p> <p>OH</p> <p>The results for the period to 30 September 2020 are excellent with most budget heads exceeding expectations.</p> <ul style="list-style-type: none"> <li>• Gross rental income forecast is lower than expected due to the delay in the St Cyrus and Marykirk developments.</li> <li>• Void loss figure is better than expected.</li> <li>• A one-year lease extension has been agreed with Aberdeenshire Council for the Highfield facility.</li> <li>• Reactive repairs reported remains low but there is a slight concern that tenants are still sitting on repairs and are not reporting them. However, significant savings are expected.</li> <li>• The results are covenant compliant.</li> </ul> <p>The Committee noted that the performance for the first 6 months of the year has been strong with significant margins of comfort in relation to covenant compliance.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Considered, discussed and noted the contents of the report</b></li> </ul>	
<b>3.2</b>	<b>Strategy/Policy</b>	
<b>3.2.1 Joint Item</b>	<p><b>Transfer of Engagements – Verbal Update</b></p> <p>The CEO provided a verbal update on the current status of the transfer of engagements.</p> <p>Following a review of the Business Proposal and the Tenant Offer the SHR had agreed that the tenant ballot could proceed. It will commence on the 16<sup>th</sup> of November and run for 28 days.</p> <p>A communications strategy has been devised to keep in contact with the tenants during the ballot period to ensure they understand the importance of casting their vote.</p> <p>The Committee noted that it is for the Governing Bodies to determine whether turnout has been at an acceptable level.</p>	<b>CEO</b>



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	<p>A further update will be presented at the Joint Meeting of the Governing Bodies in November.</p> <p><b>The Committee noted the update</b></p>	
<p><b>3.2.2 OH Item</b></p>	<p><b>ASHS – Transfer of Engagement – Verbal Update</b></p> <p>The CEO informed the Committee that the Board of ASHS had formally asked OH to prepare a proposal for a transfer of engagements of the Society’s 15 properties into OH.</p> <p><b>The Committee noted the position</b></p>	<p><b>CEO</b></p>
<p><b>3.3</b></p>	<p><b>Governance</b></p>	
<p><b>3.3.1 Joint Item</b></p>	<p><b>Conference/Training Events &amp; Feedback – Verbal Update</b></p> <p>A successful Finance training session had been run by the CFO/FO for the GBMs. The session will be repeated for GBMs who were unable to attend and staff who may benefit from the training.</p> <p><b>The Committee noted the position.</b></p>	<p><b>CFO</b></p>
<p><b>3.4</b></p>	<p><b>Health and Safety</b></p>	
<p><b>3.4.1 Joint Item</b></p>	<p><b>Health and Safety Update</b></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 due to Covid-19 restrictions, the skeleton team had not yet been able to return to the office. However, the office is being utilised as and when required.</p> <p><b>The Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Noted the actions taken during the Covid-19 restrictions.</b></li> <li>• <b>Noted the Contents of the report</b></li> </ul>	<p><b>CSM</b></p>

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4.	<p><b>AOB</b></p> <p><b>1. Inflation – Implications</b></p> <p>The Committee noted that the Remuneration Committee was due to meet later that day to discuss a potential cost of living award. Such an award is normally based on CPI which currently stands at 0.5%. In the current climate it was felt that an increase of this level would be difficult to offer to staff, especially given the performance during such difficult times. It was also felt by some on the Committee, that inflation could rise steeply in 2021.</p> <p><b>The Committee recommended that a 1% increase should be considered by the Remuneration Committee.</b></p> <p><b>2. Future membership of LGPS</b></p> <p>David Davison will present on the available options to the OH Governing Body on the continued (or not) membership of the LGPS in February. In particular, the potential to exit the scheme without crystallising the debt. It was recognised that this is a significant decision.</p> <p><b>The Committee recommended that this should be part of a larger review of Terms and Conditions following the ToE.</b></p> <p><b>3. Apply4Homes</b></p> <p>The winding up of the Apply4Homes venture has been postponed. OH/OHM had the option to pay a lumpsum to leave or sign up for another year. The second option pursued as it was less costly. Both social housing and MMR properties can continue to be marketed through the website.</p> <p><b>The Committee noted the position.</b></p> <p><b>4. Reserves – Policy Statement</b></p> <p>A policy statement on the levels of reserves is required to be re-written. It is expected that the SHR will take a keen interest in the reasoning for the level of reserves held in relation to rent increases being applied. It was noted that the upcoming capital upgrade programme will reduce the level of current reserves. The Governing Bodies must give serious consideration to their decision. In the current climate, the Committee believed that reserves representing 6-12 months</p>	CEO and CFO

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	<p>of operating costs was prudent. A draft statement will be presented at the next cycle of meetings with the intention for the policy to be in place by the end of the financial year.</p> <p><b>The Committee noted the position.</b></p> <p><b>5. Tabled Item – Budget for Unplanned Works.</b> A 30m retaining wall, built by MHP in 2002, between OHM owned properties and privately owned properties at Logan Court was cracking and failing so requires urgent attention. The lowest quote received for undertaking the work from Scotia Preservation and Maintenance Ltd is £33,410 + VAT.</p> <p><b>The Committee reviewed the proposal and recommended approval for the additional budget to the OHM CoM.</b></p>	
5.	<p><b>ITEMS PREVIOUSLY CIRCULATED TO MEMBERS FOR INFORMATION</b></p> <p>None</p>	
6.	<p><b>DATE OF NEXT MEETING</b></p> <p>Wednesday 3 February 2021 at 10:00 at Osprey Housing Office, Westhill – Format TBC</p>	

The meeting closed at 11:45

Date: \_\_\_3/2/21\_\_\_\_\_

Signed:\_\_\_Robert Hepburn\_\_\_\_\_