**MEETING OF THE OSPREY HOUSING BOARD**

**25 MAY 10:00 – WESTHILL OFFICE AND ZOOM**

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| Present: | Mike Scott, Director OH Board, (MS) |
|  | Les Allan, Director OH Board: Vice Chair (LA) Meeting Chair |
|  | Brian Topping, Director OH Board (BT) |
|  | Jonathan Young, Director OH Board |
|  | Rab Hepburn, Director OH Board (RH) |
|  | Brian Watson, Director OH Board (BW) |
|  | Alison Mitchell, Director OH Board (AM) |
|  | Raymond Edgar, Director OH Board (RE) |
|  | Claire Crawford, Director OH Board (CC) |
| Apologies: | Douglas Bodie, Director OH Board (DB) |
|  | Jim Milne, Director OH Board (JM) |
|  | Stuart Robertson, Director OH Board (SR) |
| Attending: | Stacy Angus, Chief Executive Officer, Osprey (CEO) |
|  | Gary Walker, Director of Finance, Osprey (DF) |
|  | Clare Ruxton, Director of Corporate Services, Osprey (DCS) |
|  | Dan Thompson, Director of Housing Services, Osprey (DHS) |
|  | Hugh Crothers, Director of Assets and Sustainability, Osprey (DA) |
|  | Sofia Redford, Corporate Services Officer, Osprey (CSO) (Minute) |
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| **Minute No** | **Subject** | **Action** |
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| **1** | **Welcome and Apologies**  **Apologies as noted above** | **Chair** |
| **2** | **Declarations of Interest**  BT – No longer an Aberdeenshire Councillor  There were no further changes to the standard Declarations. | **Chair** |
| **3** | **Minutes of meeting held on 23 February 2022**  Pg 4 HM Implementation – Change to 2022.  Subject to the above change the minute of the Board meeting held on 23 February 2022 was agreed as a correct and accurate record.  **Approval of the minute was proposed by RE and seconded by CC.** | **Chair** |
| **3.1** | **Matters Arising**  There were no matters arising not otherwise covered as separate agenda items. | **Chair** |
| **4** | **Minutes of meeting held on 5 April 2022**  The minute of the Board meeting held on 5 April 2022 was agreed as a correct and accurate record.  **Approval of the minute was proposed by BT and seconded by JY.** | **Chair** |
| **5** | **Matters Arising**  There were no matters arising not otherwise covered as separate agenda items. | **Chair** |

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|  | **Items for Decisions** |  |
| **6** | **Chief Executive’s Report**  The CEO presented a report providing the Board with an overarchingGovernance mechanism for:   * Being kept informed of progress against overall Business Strategy, identifying emerging strategic considerations and highlighting any specific exceptional strategic and operational matters that may influence Business Plan objectives (not otherwise covered by a separate report). * Approving and endorsing policies/strategies/new initiatives and noting key issues and outcomes from committees. * Highlighting any specific/new matters for assurance and risk consideration.   There had been no decisions taken during the period under delegated authority through the fast track process:  **Policy/Strategy Approvals**  The following policies had been reviewed by the relevant committee and recommended for approval:   * Anti-Money Laundering Policy * Mobile Devices Management Policy * IT Policy * Social Media Policy * Email Policy * Internet Usage Policy * Expenses Policy   **The Board:**   * **Unanimously approved the policies.**   It was agreed that review the Digital Strategy will be postponed until after the implementation of the HomeMaster IT system. | **CEO** |

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|  | **Committee Outcomes**  **The Housing and Corporate Services Committee met on 27 April and R&G Committee on 11 May.**  **Corporate Services Committee – the following items were agreed and noted:**   * Board Members Appraisal – An update on how the appraisals are progressing this year. * Sickness/Attendance Monitoring - Reviewed the position in relation to the sickness, attendance and hours worked of colleagues during the 2021/22 year * Operational Update **-** Committee advised on the current position in relation to various operational and staffing issues. * PR/Media Update – Noted the position with regard to PR activity over the last three months.   **Housing Committee – The following items were agreed and noted:**   * It was reported that performance was still within the top quartile, however arrears have increased from the same period last year. Current rent arrears performance across the Group remains stable despite the impact factors from Covid-19. * We now have over 1200 live applications on These Homes and three properties have been advertised on the system. Procedures have been created to enable a consistent approach to the allocation of properties through These Homes. * The ongoing difficulties with the Kitchen and Bathroom Framework agreement were discussed. The performance of the selected Contractor (McGill’s) has been very poor, with many Kitchens still requiring work after 8 weeks. They don’t appear to have sufficient resources, either on site or back office, to carry out the works effectively. It was agreed not to offer then any more work, and to retender the works in smaller lots, to attract local SMEs. This has been progressed. * It was noted that support grant of £210k in relation to the current Air Source Heat Pump installation program, had been applied for. This has now been received. A further £110k will be applied for upon completion of the works. |  |

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|  | * The tenant scrutiny report was completed by the David and Doreen of the OTRA Scrutiny group. DoAS advised that there was nothing unexpected in the report. * It was reported that there would be a difficult two years ahead of us with the rise of costs, but that we were on the ball with arrears and tenancy sustainment. It was acknowledged that there will be a significant impact on our most vulnerable tenants and the working poor. CEO advised that the tenancy sustainment working group would be getting back together again but Mike McLafferty would need to be replaced as he had stood down. The Committee noted the support report and requested that staffing be kept under review and provision of cost of post to be provided.   BT noted that being able to freeze rents for the year was excellent in view of the current cost of living increases.  The DF recommended that due to the current market situation the Board should look at remuneration and rent levels as early as possible.  The Board further noted that all maintenance contracts are due for tender in the coming year. The DAS will determine if a postponement is possible.  **Resource and Governance Committee – The following items were agreed and noted:**   * The committee received a presentation from David Davidson along with a report from the CEO advocating that a Deferred Debt proposal, on a cost neutral basis, should be submitted to NESPF. The Committee agreed to recommend this to the Board. A comprehensive report is provided under agenda item 8.1 * External Audit Plan approval * Internal Audit Plan for 2022-23 approval * Financial Performance scrutiny and discussion |  |

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|  | **The Board expressed their thanks to the staff for their work during another successful year for Osprey.**  **OIL Board – The following items were noted and agreed**  Performance report to be aligned with Osprey reporting structure.  Noted that the hand-back of the Hillcrest stock had been completed on 31 Marcy 2022  **Performance** – The year end performance outcomes were positive.  Void performance continue to be impacted by external factors, in particular energy supplies. However, the Board noted that the void performance compared well to the sector averages.  **ESG, Sustainability and the refreshed Strategic Plan** The Strategic Plan now has a new priority embedded relating to ESG. Carbon Literacy training for Staff and Board training with a commitment to achieving accreditation through the Carbon Literacy Project planned.  Key aspects to deliver ESG are:   * Producing an annual statement/report incorporating business performance through the ESG lens. * Reporting on the Social Rented Sector framework   **Inflation and Cost of Living**  The Board noted that although the current Business Plan is based on a long term annual CPI rate of 2%, there is some scope to mitigate rent increases for our tenants over the short term, should inflation continue at the unprecedented levels currently being recorded. However, the BP could not withstand that level of inflation long term without major changes being implemented.  The DoF informed the Board that Gillian Houston is leaving Arneil Johnston. The Board requested that a letter of thanks be sent GH. |  |

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|  | **Osprey Initiatives review**  The Board noted that the OI review had been completed and the affected staff left Osprey on 31 March. A discussion had been held by the OI Board on the long term strategic plan for the MMR stock considering the impact on the OIL Business Plan as a result of now rent increase being made for several years.  **Wider Sector Influence/Involvement**  The CEO informed the Board that she had been invited by the SFHA to be the RSL representative speaker at a recent party conference. She had also been invited by the SHR to take part in a leadership lunch at the CIH Housing Conference.  **Organisational Development**  All staff are taking part in Insights profiling and team session facilitated by Pro Futura. The outcomes of these sessions along with the Board session will be factored into a joint staff and Board event later in the year.  **Organisational Structure**  An interim resource review will be held before the end of the calendar year ahead of a full review to be undertaken in the next financial year. This will allow HomeMaster to be fully implemented and its impact effectively measured and form a key part of an informed decision making process.  **Transfer of Engagements – Update on Progress**  SHR has formally approved the deregistration of OHM and TC Young is progressing with the final step with OSCR and FCA.  The deregistration of ASHS will be considered by the SHR Board at its meeting in August.  **Muir of Ord Project**  Following meetings between the Osprey and Triple Points legal teams to resolve the legal issue relating to the issuing of SSTs it was concluded that the model they were offering did not align with Osprey in terms of potential risk and social purpose. As a result, Osprey amicably withdrew from the project. |  |

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| **7** | **Performance** | |  |
| **7.1** | **ARC submission – 2021/22 outcomes**  The CEO presented the proposed Annual Return on the Charter submission for the 2022/22 year.  The Board noted the data and congratulated the staff of on another good year.  **The Board:**   * **Approved the Annual Return on the Charter data for submission to the SHR.** | | **CEO** |
| **7.2** | | **Development Programme Update**  The DF presented a report providing the Board with information regarding the progress at the current and potential New Build developments. Key points were:   * Kincardine O’Neil – All properties completed and let. Turfing remains outstanding. * Kinneddar Meadows – Initial handover anticipated in July 2022. * Inchmarlo – Work commenced in December 2021. Issues relating to ‘Roads Department’ approval paused work for several weeks but has recently commenced again. * Sauchen – Work commenced in November 2021 and is progressing well. Handovers are anticipated in June 2022. * Johnshaven – Work commenced in March 2022. * Portlethen – The contract has been finalised and construction has started. A higher level of HAG (Housing Association Grant) has been sought and approved. * Hamilton Drive, Elgin – Work commenced in January 2022. * Alford – Planning approval has been received. HAG has been approved and a first claim made. * Bridge of Don – Outlined planning permission received. Request for additional HAG funding to be submitted when detailed costs are provided.   **The Board:**   * **Noted the contents of the report.** | **DF** |
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| **8** | **Strategy/Policy** | |  |
| **8.1** | **Pension Fund Evaluation Process Update**  The CEO presented a report inviting the Board to consider the financial risk implications of managing the current NESPF LGPS and to recommend in principle the best route for Osprey to exit the scheme following decision to explore alternative options for dealing with the long term financial impact.  The Board noted that consultant David Davison of Spence and Partners had presented the options in relation to a formal proposal to NESPF. The options were:  1 – Gilts based exit funding agreement  2 – Deferred debt agreement  3 – Local Authority guarantor agreement  The R&G Committee agreed in principle to recommend option 2 as its preferred route and to support on-going discussion with the LAs regarding option 3.  The DF informed the Board that a positive meeting had been held with Moray Council in relation to option 3 and that contact had also been made from Aberdeenshire Council.  **The Board:**   * **Considered and endorsed the actions taken to date** * **Agreed in principle that the preferred route for Osprey to propose to NESPF as part of exit negotiations is Option 2** * **To approve the letter to be issued to NESPF formally commencing the negotiation stage** * **Endorsed and supported the ongoing discussions with the Local Authorities in relation to exploring the option to work collaboratively to mitigate the impact of pension debt detailed as option 3** | | **CEO/DF** |

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| **8.2** | **Strategic Business Plan – Approval**  The CEO presented a report providing the Board with the opportunity to review, approve, and endorse the refreshed Strategic Business Plan.  The Board noted that due to the significant change in working practices and a new CEO, it had been deemed appropriate to undertake an early review of the Plan. The key changes proposed were:   * Update of the Core Values * Update of the Guiding Principles * Update of the Environment context * Retained Strategic Ambitions * Embedded Sustainability and ESG (Environmental, Social and Governance) * Updated SWOT analysis   **The Board:**   * **Noted the contents of the report** * **Reviewed, endorsed, and approved the revised Strategic Business Plan.** |  |
| **8.3** | **Equalities Monitoring**  The DCS presented a report updating the Board on how work is progressing to address the equalities agenda.  Following discussions at SLT and the R&G Committee the following recommendations were proposed for discussion and agreement by the Board:   * For equality monitoring purposes all data collection and storage should be anonymised. * A separate process should be developed to address how we collect and store data affecting service delivery. This process will be subject to data protection legislation and will be based on informed, explicit consent. | **DCS** |

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|  | **The Board:**   * **Considered the contents of the report** * **Agreed the recommendation above regarding how Osprey delivers a robust and meaningful Equality Monitoring process.** |  |
| **9** | **Governance** |  |
| **9.1** | **OIL Articles of Association – Approval**  The DCS presented a report outlining the final stages of approval and adoption of the new OIL Articles of Association.  The Board noted that the Articles had been approved and adopted by the OIL Board at meetings held in June and November 2022.  **The Board:**   * **Noted the process undertaken to date** * **Approved and adopted the new Articles of Association of OIL via written resolution** | **CEO/ DCS** |
| **9.2** | **Strategic Risk Register**  The CEO presented a report providing the Board with the opportunity to update the Osprey Risk Register.  Following a review by the SLT (Senior Leadership Team) in April 2022 where several significant and relevant changes were proposed it was prudent to undertake an additional review during this governance cycle. The relevant sections of the Register had been reviewed and recommended for approval by the Committee’s during this governance cycle.  Changes to be noted were:   * **Strategic Risks**   + SR02 – Reduced likelihood on basis of updated evidence from staff and tenant satisfaction   + SR03 – updated comment in relation to external and internal mitigations |  |

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|  | * + SR04 – Sector guidance on increased threat of cyber attacks – updated mitigating actions and awareness. No change to scoring. * **Financial Viability**   + FV4 – Updated as a result of the RCF (Revolving Credit Facilities) review   + FV5 – next steps of pension review   + FV7 – treasury management commentary updated following updated/implemented policy in place   + edit facilities review. * **Asset Management**   + AM1 and 3 – both updated commentary relating to void performance * **Housing Management**   + HM1 & HM 4 - commentary has been updated in relation to void performance   + HM 2 – commentary updated to refer to TSS outcomes as evidence base * **Corporate and Governance Failure**   + C6 – updated to refer to current GB appraisal and self assessment process underway   + **Covid 19 -** SLT propose that the Covid 19 Risk will remain as an independent risk until the pandemic had been declared endemic but have downgraded risks that are no longer directly linked to Covid 19. * **Leasing Services -** Following the OIL review and the departure of the Leasing Services Manager all OIL Risks have been re-allocated to the CEO and SLT.   **The Board:**   * **Noted the contents of the report.** * **Reviewed and agreed the proposed changes to the Risk Register.** |  |

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| **9.3** | | **Ideas Sub-Group – Verbal update**  The DSC gave a verbal update on the Ideas Sub-Group.  Key points were:   * The Terms of Reference had been approved at its last meeting. * The group will meet every 3 months – next meeting due to take place on 30 June. * The Chair of the Colleague Council to be invited to join the group. * Ideas for a specific topic to be discussed at each meeting. * Ideas for Communications and Social Media to be discussed at the next meeting.   **The Board:**   * **Noted the updated.** | | **DCS** |
|  | **Items for Assurance/Challenge** | |  | |
| **10** | **Performance** | |  | |
| **10.1** | **Performance Report (Quarter 4 2021/22) OH**  The CEO presented the Q4 and year end KPI (Key Performance Indicators) figures for OH.  It had been another good quarter resulting in excellent year end figures which had been highlighted under item 7.1. There had been an increase in the number of tenants with rent arrears of more than £1500 which was due to the regulation for serving NOPs (Notice of proceedings) reverting to its pre-Covid rules which meant that a number of NOPs were not served until April.  **The Board:**   * **Noted the results for Q4.** | | **CEO** | |

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| **10.2** | **Performance Report (Quarter 4 2021/22) OIL**  The CEO presented the Q4 KPI figures for OIL.  The number of voids and re-let days during the year have been higher than expected. It is expected that the intention to use These Homes CBL system will improve this going forward.  Jamie Brown is reviewing and putting new working processes in place.  Going forward the KPI reporting will follow a similar format to that of OH. This will contain management information not currently shared and provide the Board with additional data to allow for more effective scrutiny and assurance.  **The Board**   * **Noted the results.** | **CEO** |
| **10.3** | **Financial Performance (Quarter 4 2021/22) OH**  The DF presented a report detailing the financial outcomes for OH for the year ended 31 March 2022.  The results for the period to 31 March 2022 are excellent with many budget heads exceeding expectations.  Turnover is broadly in line with budget with delays in the handover of new build properties being partially offset by rental from the ASHS (Aberdeen Soroptimist Housing Society) properties.  Other income includes provision for OIL intercompany charges, Office lease income, Insurance claim income and Wider action grant funding.  It should be noted that accrued within Insurance claim income is an outstanding claim in excess of £100k relating to Storm Arwen that has still to be ratified by the Insurer.  Expenditure is a mixed picture with increased staff costs being offset by savings on loan interest and repair maintenance. | **DF** |

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|  | Area’s worthy of consideration were:   * Staff costs increased significantly in the final quarter as a result of staff redundancy costs of £41k. This increased cost was recovered from OIL through additional intercompany charges. * As expected, Office costs exceeded budget with savings in most budget heads being offset by significant additional IT costs. There were also additional professional fees in relation to the recently completed financing activity. * Loss on asset disposal has been positively impacted by the sale of the Lossiemouth office. * The level of disabled adaptations increased during the final quarter and with reciprocal grant accrued within income. It should be noted that the level of accrued grant now exceeds the expected grant allocation for 2022-23 and 2023-24. * Bad Debt provision continued to be lower than expected reflecting an excellent performance in arrears management. However, the major tenant recharge catch up exercise resulted in a significant increase in the level of provision. * Loan interest continued to benefit from lower variable interest rates than expected. However, interest rates have risen again and are expected to continue an upward trajectory during the forthcoming year. * Wider role expenditure relates to the extension/introduction of the Co-wheels projects. This has been offset by an increase in other income. * As predicted, Capital expenditure on component renewals accelerated during the quarter to a cumulative annual value of £1.135M. * An adjustment in relation to the NESPF/SHAPS DB pension scheme’s will be required prior to finalisation of the statutory accounts. This information is not yet available. * An adjustment for the fair value of assets in relation to the OHM and ASHS Transfer of Engagements has still be posted due to the distorting impact it will have on the management accounts. This will increase the surplus by a further c£8M. This is an accounting transaction and will have no impact on the cash position. |  | |
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|  | All quarter end results were covenant compliant.  **The Board**   * **Noted and accepted the contents of the report.** |  | |
| **11.4** | **Financial Performance (Quarter 3 2021/22) OIL**  The DF presented a report detailing the financial outcomes for the year ending 31 March 2022.  The results for the period to 31 March 2022 were disappointing, although expected.  Rental income and void loss were marginally less than budget, although the void loss was less than forecast.  Management fee income from third party landlords was less due to the handover of Hillcrest Enterprises development at St Machar in Aberdeen being cancelled and was further impacted by the TOE (transfer of engagements) of ASHS to Osprey Housing effective from 1st November 2021.  Non maintenance expenditure rose during the quarter as staff costs increased significantly as a result of redundancy costs totalling £41k.  Reactive maintenance and void maintenance costs both surged during the quarter as the stock ages and requires minor refurbishments.  Cyclical Maintenance had also increased significantly as extensive EICR and PAT activity had been instructed to ensure compliance with legal requirements.  Total rent arrears further decreased during the quarter resulting in a reciprocal decrease in Bad Debt Provision.  The year end position highlights a loss of £96K. However, the measures taken to re-structure the provision of services to OIL should lead to a return to profitability next year.  **The Board**   * **Noted the contents of the report.** | **DF** | |
| **Minute No** | **Subject** | **Action** | |
| **11** | **Strategy/Policy** | |  |
| **11.1** | **Policy/Strategy Register – Review planning 2022**  The CEO presented the Policy/Strategy Register for information outlining the review programme for the year.  The Board noted that the review of the Asset Strategy has been postponed until the updated guidance has been released.  **The Board:**   * **Noted the update.** | | **CEO** |
| **11.2** | **Digital Strategy – progress update**  The DCS presented a report providing opportunity for the Board to note the work currently being undertaken and proposed through the Digital Strategy.  The Committee noted that the following actions had been completed:   * MS Office 365 implementation * Decision Time implementation * Digitalisation of paper files * Hybrid working roll out   The following actions are on-going:   * HomeMaster Housing System implementation * These Homes CBL System implementation * Sage payroll implementation * Cyber Security continuation work   **The Board:**   * **Noted the content outlined in the report** * **Noted the progress that has been made in improving Osprey digital systems** * **Agreed that the Digital Strategy should be reviewed once all this work is completed.** | | **DCS** |

| **Minute No** | **Subject** | **Action** |
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| **12** | **Governance** |  |
| **12.1** | **SHR Cyber Security Guidance**  The CEO presented a report to provide the opportunity for the Board to note the Guidance shared by the SHR in relation to key sector and organisation risk identified.  The guidance had been issued by Michael Cameron, CEO of the SHR on 28 February following a heightened risk of cyber attacks to organisations following the events in Ukraine.  **The Board:**   * **Noted the guidance** | **CEO** |
| **12.2** | **Succession Plan**  The DCS presented a report providing the Board with an update the issues surrounding the succession plan for both Board members and senior members of staff.  The Board noted that the recent Board appraisals had highlighted that no Board members had indicated their intention to retire at the next AGM. Therefore, a recruitment campaign can be postponed until next year when 3 members have indicated their intention to retire.  The appraisals had also highlighted a skills gap on the Board in the following areas which will be addressed:   * Welfare Benefit System and impact of political change on tenants * Housing Management   Further opportunity to attend sector conferences had also been requested.  **The Board:**   * **Noted and discussed the contents of the report.** * **Checked that their own entries were correct.** * **Discussed and agreed that a Board member recruitment campaign can be postponed until 2022/23.** | **DCS** |
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|  | * **Noted and agreed the actions required to address the Board skills gap.** * **Noted the position with regard to the SLT.** * **Agreed to the proposal that a similar succession plan will be developed for the whole Osprey staff team.** |  |
| **12.3** | **Health and Safety Update**  The CSO presented the progress in the following topics:   * Meetings of the H&S Committee * The outcomes of the HSLM and HSCM audits * The delayed re-start of the Health Working Lives programme   **The Board:**   * **Noted the contents of the report** | **DCS** |
| **12.4** | **Conference/Training Events Feedback – Verbal Update**  The CEO, DoHS, MS and BT had attended the CIH Housing Festival which had focused on the current cost of living / poverty position of tenants.  **The Board noted the position.** | **All** |
| **13** | **AOCB**  None. |  |
| **14** | **Items Previously Circulated to Members/Placed on the Portal for assurance: None** |  |
| **6** | **Date of next meeting**  **Wednesday 24 August 2022 – Hybrid: In Office / Zoom** |  |

The meeting closed at 12:25

Signed: Mike Scott

Date: 24 August 2022