



**JOINT MEETING OF THE EMERGENCY CABINET BOARD OF
OSPREY HOUSING AND OSPREY HOUSING MORAY
27 MAY 2020 AT 10:00 VIA TEAMS**

Present: Mike Scott, Director OH Board, Member OHM CoM (MS)
Les Allan, Member OHM CoM (LA)
Stuart Robertson, Director OH Board (SR)
Brian Topping, Director OH Board, Member OHM CoM (BT)
Jonathan Young, Director OH Board
Rab Hepburn, Director OH Board, Member OHM CoM (RH)

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)
Hugh Crothers, Asset Manager Osprey Group (AM)
Sofia Redford, Corporate Services Officer Osprey Group (CSO)
(Minute)

Minute No	Subject	Action
1.1	Welcome and Apologies There were no apologies.	Chair
1.2	Declarations of Interest There were no changes to the standard declarations of interest.	Chair
1.3	Minutes of Joint Meeting of the Governing Bodies 19 February 2020. The minute of 19 February was agreed as a correct and accurate record of the meeting. ECB approval of the minute was proposed by BT and seconded by LA. The Minute was signed electronically by the OH and OHM Chairs.	Chair

Minute No	Subject	Action
1.4	<p>Matters Arising</p> <p>Item 3.1 The CEO confirmed that the final report on the internal audit on voids and allocations had been received. One minor recommendation had been highlighted and this has already been dealt with.</p> <p>The Governing Bodies had approved the proposal to change the annual leave year to April - March to mirror FRS102 reporting. It is now proposed that this change will be incorporated into the mitigation of the effects of the Coronavirus lockdown on annual leave. The new proposal is for one annual leave period lasting from 1 Jan 2020 to 31 March 2022 to allow staff to spread their annual leave while still taking into account the needs of service delivery. The further option of buying and selling annual leave will not be pursued at this time and there will be no consideration of payment for accrued leave not taken at the end of this period.</p> <p>Item 3.2.3 As the majority of VE Day commemoration events were postponed due to the Coronavirus lockdown the additional Public Holiday on 8 May was cancelled. It is currently unclear when alternative arrangements will take place. The situation is being monitored.</p> <p>Item 3.4.2 Due to the Coronavirus lockdown, the deadline for submitting the ARC data has been extended by the SHR until 31 July 2020. However, Osprey has worked to the original deadline and a meeting on 3 June at 15:00 was agreed for GBM review and approval of submission.</p>	Chair
2	Items for Decision	
2.1 2.1a 2.1.1	<p>Emergency Governance Arrangements – Temporary Change to Cabinet Style Board (Formal Ratification of papers previously circulated incl Terms of Reference)</p> <p>The Emergency Governance Arrangement and Terms of Reference documents had previously been circulated to all GBMs for review and comment.</p>	CEO

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	<p>Formal Changes to Standing Orders and Schedule of Delegated Authority</p> <p>The CEO presented a report informing the ECB of the amendments proposed to the Standing Orders and Schedule of Delegated Authority required to allow for the emergency governance measures because of the coronavirus legislation.</p> <p>The ECB:</p> <ul style="list-style-type: none"> i. Endorsed the Emergency Governance Arrangement ii. Endorsed the ECB Terms of Reference iii. Approved the proposed amendments to the Standing Orders and Schedule of Delegated Authority as outlined in the report. <p>Important Note: Relevant reports/information pertaining to decisions i and ii above had been previously circulated and approved by all members of the OH Board and OHM CoM prior to coming to the ECB for formal endorsement.</p>	CEO
2.1.2	<p>Review period and Potential Future Change – Verbal</p> <p>The ECB reviewed the current emergency Governing Body arrangements. The option to re-instate the normal governing body meeting cycle utilising a hybrid format of part personal attendance and part attendance through video link was discussed. This would entail meetings taking place in the Westhill office with a small number of the Governing Body Members present allowing for social distancing whilst remaining Governing Body Members would join the meetings via MS Teams. The next cycle of meetings is due to commence on 29 July when it is expected that the current restrictions will have been further lifted.</p> <p>The CEO confirmed that Risk Assessments are being carried out in preparation of a return to the office of staff and Governing Body Members</p> <p>The ECB agreed to re-instate the normal meeting cycle in a hybrid format taking into consideration restrictions that are in place at the time.</p>	CEO

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2.2	<p>SHR/Scottish Government/SFHA Guidance – Compliance and assurance report (previously circulated)</p> <p>The ECB reviewed the arrangements put in place by the Osprey Group in comparison with the SHR/Scottish Government/SFHA guidance.</p> <p>It was felt that a partnership arrangement with another RSL in the event that both the CEO and CFO are unavailable is not necessary due to the resilience and expertise within the current Leadership Team. Changes to the SoDA also covers such a situation.</p> <p>The arrangements for the upcoming AGMs were reviewed. The current Rules and Articles do not allow for a virtual meeting to take place. The SFHA is due to publish recommendations on the options available. It is expected that one option will be to make use of proxy votes, which would be the favoured option for the Osprey Companies. It was suggested that a video link could be set up for Governing Body members who are not able to attend in person to listen to the meeting remotely.</p> <p>Recommendations from the SHR and SFHA state that Governing Body member appraisals should go ahead despite the current lockdown. The Osprey GBMs had previously taken the decision to postpone the appraisals until it was possible for them to be carried out face to face. Arrangements for virtual appraisals will be made. The ECB agreed that support from Linda Ewart would not be required on this occasion due to the lockdown circumstances and the potential difficulty in co-ordinating calendars. This arrangement will be reviewed next year.</p> <p>The ECB:</p> <ul style="list-style-type: none"> i. Reviewed the current emergency governance arrangements in comparison with guidance. ii. Agreed not to enter into a governance partnership arrangement with a peer RSL. iii. Confirm AGM arrangements after guidance from the SFHA has been published. iv. Agreed to carry out virtual GBM appraisals. 	CEO

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2.3	<p data-bbox="379 275 1189 309">Chief Executive's Report: Business Critical Update</p> <p data-bbox="379 353 1241 465">The CEO presented a report providing the Governing Bodies, and in particular the Emergency Cabinet Board, with the governance mechanism for:</p> <ul data-bbox="391 510 1225 891" style="list-style-type: none"> - Being kept informed about overall business resilience and service delivery arrangements in response to the COVID-19 pandemic restrictions. - Considering business critical issues, emerging risks and mitigation measures. - Highlighting any strategic and operational matters that may be seriously impacted. - Considering the opportunities and recovery actions in the context of existing business plan objectives, future business planning and strategic direction. <p data-bbox="379 936 758 969">The items discussed were:</p> <p data-bbox="379 1014 1241 1697">Rent Arrears: The ECB was informed that work to pursue rent arrears had continued during lockdown. While being sensitive to their situation, tenants have been supported and offered guidance on the benefit system. HSM prepared a revised interim arrears management procedure at the beginning of lockdown taking legal advice from TC Young. The interim procedure has been shared with and supported by the Chair/Vice Chair of Housing Committee and, the Chairs of both OH/OHM. This procedure will be reviewed 3 monthly consistent with progress through the recovery stages. Although current rent arrears have marginally increased along with income levels they remain stable, controlled and within budget. At this stage they do not pose any imminent risk although remain subject to intense management and monitoring. The early intervention strategy and tenant communications are working effectively and there is good feedback from tenants to indicate they appreciate the engagement from the Osprey Team.</p> <p data-bbox="379 1742 1088 1776">The ECB fully endorsed the approach taken.</p> <p data-bbox="379 1821 1232 1960">Financial Management: The ECB noted that the Group was able to mitigate the effects of the lockdown from a position of financial strength. Payments to contractors have been fully expedited as have HMRC liabilities.</p>	CEO

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	<p>The AM has been liaising with all major contractors and although some have furloughed staff, they are financially stable. A full budget review will be carried out imminently to identify savings to counteract additional costs relating to the effects of the lockdown. The Financial Business Plan is due to be stress tested in light of the expected financial downturn.</p> <p>Infinity Oil has been granted a 6 month rent holiday to assist them in counteracting the effects of the lockdown on the oil and gas industry. The ECB noted that the company would however continue to pay their share of service costs.</p> <p>The ECB:</p> <ul style="list-style-type: none"> i. Endorsed the approach taken to continue payment of contractors invoices. ii. Recommended that due to possible political influence Financial Business Plan stress testing should include the potential of rent freezes of up to three years. iii. Endorsed the approach taken in relation to the rent holiday for Infinity Oil. <p>Asset and Housing Management: The timescale for void properties and allocations has increased although is being managed well at present with no serious risk of rent loss identified. Following agreement with the local authorities, all voids are currently being offered to homeless applicants in the first instance to support the issues being faced locally by the respective councils dealing with homelessness at this time. The ECB noted that normal assessment and profiling of applicants were still being carried out following homeless assessment by the local authorities. There are currently three voids that have been vacant longer term and unlikely to be let before July. Two voids are in Jarvis Court, which is currently in full lockdown to protect existing tenants. The third is a bungalow and the ingoing applicant is a disabled person shielding. This has resulted in longer void periods than normal however being only 3 properties the risk remains low in terms of void loss.</p> <p>Notification has been received from one of our primary repairs contractors (Maskame and Tate) that they will resume a full service from 1 June, whilst following guidelines from the Scottish Government. The number of emergency repairs reported during the lockdown has remained normal whereas level of non-emergency repairs</p>	

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	<p>reported has dropped significantly. The AM is expecting a rebound following the ease of the lockdown restrictions and is planning accordingly. The gas servicing arrangements remain compliant at 100%.</p> <p>The ECB endorsed and supported the approaches taken.</p> <p>Development programme: In accordance with Scottish Government guidance, contractors may be able gradually to return on site for preparation purposes w/c 1 June although this remains under review. CEO highlighted actual restart on site may well be later</p> <p>The ECB noted the position.</p> <p>Staff welfare: Since the start of the lockdown, Osprey has provided a wide range of information and sign posting on coronavirus and mental health to ensure the wellbeing of the staff team. Service delivery although restricted has continued well with the full staff team working from home. The CEO highlighted that an important operational was made not to furlough any staff. The ECB fully supported and commended this decision. ECB also noted that the Group has received recognition from Aberdeenshire Council for this decision.</p> <p>The ECB endorsed the approaches taken.</p> <p>Internal Audit – Governance: The internal audit on governance was carried out remotely by Scott-Moncrieff in March. The auditors outcome report was clean with no issues highlighted and no further actions required.</p> <p>The ECB noted the position and commended the outcome.</p>	

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	<p>Osprey Initiatives: OIL has been impacted by the lockdown with rent arrears increasing due to economic impact on tenants and voids being slower to process due to restrictions.</p> <p>The Aberdeen LLP is preparing an exit strategy for the 54 NHT properties currently managed by OIL. The CEO has enquired whether they would be interested in disposing of the properties in smaller tranches as Osprey may be interested in a limited number – such as Froghall. A reply is awaited.</p> <p>The ECB noted the position and endorsed the actions taken.</p> <p>Transfer of Engagement: Due to the lockdown, this has now been delayed and the revised estimated target date is 1 April 2021. The Short Life Working Group (SLWG) is to re-convene to agree a proposed offer to OHM tenants. TPAS has been engaged to act as Independent Tenant Advisor and consulted in relation to the tenant engagement process/ communications plan. Linda Ewart is to produce an initial outline draft of a second stage business plan.</p> <p>The SLWG to look at the market volatility and how that may affect OHM pension liabilities. Risks will be continuously reviewed.</p> <p>The ECB noted the position, endorsed actions taken and emphasised a desire to progress the ToE as quickly as possible.</p> <p>This was proposed by RH and seconded by SR.</p>	

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2.4	<p>Recovery Planning – Recovery Strategy & Implementation</p> <p>The CEO presented the Osprey Recovery Strategy following the COVID-19 pandemic. The document outlines key objectives as a guide for moving out of the current lockdown situation. Following a review by all Governing Body members, a small number of changes had been suggested and these will be included in the updated document that will be circulated to all GBMS. It was noted that this is an evolving document that will be updated as new guidance is received.</p> <p>The ECB unanimously endorsed the approach and agreed the Recovery Plan subject to the proposed minor amendments.</p>	SLT
3	Items for Assurance/Challenge Previously circulated to members	
3.1	Performance	
3.1.1	<p>Performance Report (Quarter 4 2019/20) – OH/OHM/Group</p> <p>The CEO presented the KPI year-end figures for OH and OHM for review.</p> <p>The ECB reviewed, noted the report and expressed satisfaction with the outcomes.</p>	SLT
3.1.2	<p>Performance Report (Quarter 4 2019/20) – OIL</p> <p>The CEO presented the KPI year-end figures for OIL for review.</p> <p>The ECB reviewed the report and noted the outcomes.</p>	CEO/CFO

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3.1.3	<p>Financial Performance (Quarter 4 2019/20) – Group</p> <p>The CFO presented a report on the Financial Performance for Quarter 4, ending 31 March 2020.</p> <p>The ECB noted that it had been an excellent year for the Group, with the only exception being Bad Debts, which have increased due to the number of tenants with significant arrears.</p> <p>Loan covenants have been met with ample margins of comfort.</p> <p>The downward trend in the number of reactive repairs reported started prior to lockdown and continues to date. The ECB discussed whether this is the result of recent increased expenditure on maintenance resulting in properties being in a better condition and/or the number of new builds within the stock portfolio. Position to be monitored.</p> <p>OHM are slightly ahead of schedule with the upgrade to the smoke detector systems whereas OH are slightly behind and work will need to accelerate to meet the December 2020 target.</p> <p>The ECB considered, discussed and noted the report.</p>	CFO
3.2	Governance	
3.2.1	<p>Covid-19 Risk Register</p> <p>The CEO advised a dedicated additional section to the risk register has been drawn up. He presented the new COVID-19 addition to the Risk Register for review.</p> <p>After discussion and scrutiny, the ECB noted the risks identified the mitigations in place and agreed it as an addition to the Risk Register.</p>	CEO

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4	Any Other Business	
4.1	<p>Painterwork Programme</p> <p>The AM presented a report updating the ECB on the current progress of the Painterwork Contract that has recently progressed and to seek approval for the proposed Contract.</p> <p>The AM informed the ECB that the Fusion 21 national framework had been used in the procurement process and resultant appointment of a contractor for the painterwork programme. The Fusion 21 framework has assessed Bell Group as the highest performing contractor participating in the framework.</p> <p>The basis of the agreement is 60 months with an annual budget for the Group of ~£100k.</p> <p>It was noted a GB member had challenged the use of framework contracts and had asked for the fee to the Framework supplier to be specified.</p> <p>AM advised of the principal benefits of using a Framework and confirmed the fee payable to Fusion 21 is 2% of contract value.</p> <p>RH noted that provision for Framework tendering should be added to the SoDA.</p> <p>The ECB:</p> <ul style="list-style-type: none"> i. Considered and fully scrutinised the contents of the report ii. Supported the recommendation to appoint The Bell Group as detailed in the report. iii. While agreeing use of Frameworks is appropriate for Osprey asked that the SODA is revised to accommodate this. 	AM
4.2	<p>Development at Alba Place, Elgin</p> <p>The CFO presented the business case for a development of 10 terraced affordable homes at Alba Place in Elgin by Morlich Homes.</p>	CFO

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	<p>This would be OHM's first development in Elgin, a high demand area, for some time. The financial projections for the development meet all of Osprey's red lines.</p> <p>The CFO confirmed that Morlich Homes remain financially strong and expect to be back on track by Christmas, following the lockdown.</p> <p>The OHM members of the ECB:</p> <p>i. Reviewed the business case and approved progression of the project.</p> <p>ii. Approval proposed by LA and seconded by RH.</p>	
5	<p>Date of Next Meeting</p> <p>There being no other business the meeting closed with consensus that a virtual meeting had worked well and, the format can be continued fully or as a hybrid.</p> <p>The next meeting is scheduled for Wednesday 26 August 2020 at 10:00 – format of meeting subject to restrictions.</p>	

Signed: ...Mike Scott.....

Date: ...07/07/20.....

Signed: ...Les Allan.....

Date: ...07/07/20.....