



**JOINT STRATEGY MEETING OF THE GOVERNING BODIES
OSPREY HOUSING AND OSPREY HOUSING MORAY
7 JULY 2020 AT 10:00 VIA ZOOM**

- 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)
Douglas Bodie, Director OH Board (DB)
Marian Reid, Director OH Board (MR)
Brian Watson, Member OHM CoM (BW)
Simpson Buglass, Director OH Board (SB)
Mike McClafferty, Member OHM CoM (MMcC)
Raymond Edgar, Director OH Board (RE)
Jim Milne, Member OHM CoM (JM)
- Apologies: Kate Darbyshire, Member OHM CoM (KD)
- 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)
Gillian Houston, Arneil-Johnston (GA)
Robin Parkinson, Potential new OH Board co-optee
Sofia Redford, Corporate Services Officer Osprey Group (CSO)
(Minute)

Minute No	Subject	Action
1	Administration	
1.1	<p>Welcome and Apologies</p> <p>Apologies are noted above.</p>	Chair
1.2	<p>Declarations of Interest</p> <p>There were no changes to the standard declarations of interest.</p>	Chair
1.3	<p>Introduction of potential new Board member</p> <p>MS introduced Robin Parkinson as a potential new co-optee to the OH Board.</p> <p>Robin gave the Board a brief summary of his professional experience in the IT business and the knowledge that he would bring. This knowledge is considered especially valuable as the organisation reviews its Digital Strategy.</p> <p>The OH Board:</p> <ul style="list-style-type: none"> i. Considered the proposal to co-opt Robin Parkinson on to the OH Board. Following proposal by MS seconded by JY it was unanimously agreed to co-opt RP. ii. Agreed with RP this arrangement would be until the AGM in September and should it work well RP could stand to become a full OH member at the AGM. 	Chair
1.4 and 1.6	<p>Minutes of Emergency Cabinet Board (ECB) meeting held 27 May 2020</p> <p>The minute of 27 May was agreed as a correct and accurate record of the meeting by those members of the ECB present.</p> <p>Approval of the minute was proposed by JY and seconded by SR.</p> <p>The Minute was signed electronically by the OH and OHM Chairs.</p>	Chair

Minute No	Subject	Action
1.5 and 1.7	<p>Matters Arising</p> <p>There were no matters arising that were not otherwise covered on the agenda.</p>	Chair
2	<p>Revised Financial Business Plan</p>	
2.1 and 2.2	<p>Presentation and discussion of Revised Financial Business Plans</p> <p>Gillian Houston from Arneil-Johnston, the Groups Finance Consultants gave a detailed presentation to the Governing Bodies on the annual review carried out on the 30 Year Financial Business Plans. The presentation supported a report previously circulated with the papers.</p> <p>It was explained the purpose of the review was to:</p> <ul style="list-style-type: none"> • Test the continued robustness and financial sustainability of the business plans. • Perform detailed scrutiny of the current and future business plan assumptions and 30-year projected cashflows for OH, OHM and the Group. • Review the impact of COVID-19 on the financial health of the business plans. • Review the extent to which a merged business plan proposal would provide a more resilient organisation (particularly in light of the impact of COVID-19). <p>The plans have been comprehensively stress tested taking into consideration a number of assumptions and scenarios. This confirms that:</p> <p>The 30-year financial projections provide evidence that the business plans underpin fundable associations capable of executing core business activities whilst maintaining the ability to withstand likely risks. However this is predicated on the following key business plan assumptions:</p> <ul style="list-style-type: none"> • Rent strategy: CPI +0.5% for years 20/21 – 23/24 and CPI only thereafter. • Investment & Maintenance: 30 year investment spend of £57-£59K per unit (real terms). • Management Costs: No increases beyond CPI applied to management costs unless efficiencies are delivered. • Voids & Bad Debts: Set at 3% over the life of the plan. 	CEO/ GH/ All

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	<ul style="list-style-type: none"> • OH Borrowing Strategy – Revolving facility: £7.5M. Year 4 facility reduced to £3.5M until year 7. • OH Borrowing Strategy – Refinance £11M revolving facility from year 16, repaid year 20. • OHM Borrowing Strategy – Revolving facility: £4M at year 4, £3M to year 7, £2.5M to year 10 and £1.5M to year 13. • New build investment: Investment in up to 50 new units per annum. <p>The review also highlighted and emphasised key financial benefits of the proposed Transfer of Engagements with a merged plan able to deliver:</p> <ul style="list-style-type: none"> • CPI only rent increases and the potential for below CPI rent increases including a rent freeze for up to 2 years • Enhanced investment potential in new build, existing stock and services. • An enhanced balance sheet position. • Earlier debt repayment. • Cost savings and enhancements to staff capacity. <p>During subsequent discussion the Governing Bodies noted, challenged and were assured as follows:</p> <ul style="list-style-type: none"> • A budget of £250K for the potential Transfer of Engagements is included in the plan. Costs for legal support, TPAS and IT requirements are currently coming in less than anticipated. • A caveat to prevent rent reductions to be added to the plan to mitigate against impact of possible negative inflation. • Until funding availability for ESSH 2 has been determined, no provision will be added to the plan for this. Current estimated cost is £3M but this is speculative in terms of the sum, timescale for implementation and whether funding will be available. • The provision of up to 150 new units in the medium term development programme is based on a best-case scenario of current costs and subsidy remaining stable and available. In the absence of any Government guidance on future HAG levels, initial assumptions anticipate Scottish Government grant levels will not change. The Governing Bodies noted there is at least a risk the overall pot available may be reduced. 	

	<ul style="list-style-type: none">• Voids and Bad Debt assumptions are similar to those of other RSLs and have been stress tested against the plan.• The approved plans will be submitted to all lenders and the SHR.	
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	<p>The OH Board:</p> <p>i. Approved the revised Financial Business Plan for OH and endorsed progression of the Transfer of Engagements of OHM into OH. This was proposed by RH and seconded by SB.</p> <p>The OHM CoM:</p> <p>i. Approved the revised Financial Business Plan and endorsed progression of the Transfer of Engagement of OHM into OH. This was proposed by MMcC and seconded by JM.</p>	
3	Digital Strategy and Innovation	
3.1 and 3.2	<p>Presentation and discussion of Digital Strategy - Diagnostic Interim Review</p> <p>A report prepared by an independent consultant was circulated with the papers prior to the meeting.</p> <p>The CSM presented this and her report providing opportunity for the Governing Bodies to review and approve the work currently being progressed and proposed through the Digital Strategy review.</p> <p>The initial systems review has examined what systems are in place now, how this can be enhanced and how Osprey can move forward with operational/systems improvements. In addition, key strategic considerations emerge from the report</p> <p>4 QL modules have been recommended for implementation: Asset Management/Components set up Planned maintenance Component accounting EDRMS document management</p> <p>The first three modules are already within existing software packages. However, they require resource and expertise for implementation purposes.</p> <p>After comprehensive explanation by RP and subsequent discussion, RP recommended that in addition Office 365, including Sharepoint, should be implemented immediately; although licence cost implications should be considered.</p>	CEO/CSM

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	<p>The Governing Bodies:</p> <p>i. Noted and endorsed the proposals/actions outlined in the report that support the further digitalisation of processes to ensure a more efficient, more sustainable and modern organisation.</p> <p>ii. Requested that a business case and route map of priorities for the IT strategy is produced and presented through the next governance cycle.</p>	
4	<p>Update on Recovery Planning</p> <p>The CEO presented an overview of updated plans for the Governing Bodies to review and approve for the orderly and safe return to the Osprey office in Westhill of a skeleton team and gradual recommencement of services temporarily suspended due to the coronavirus lockdown.</p> <p>The following was highlighted:</p> <p>The recovery planning is not just about when we can return to the office but what changes we need to make for the service, tenants and organisation going forward and, how we envisage the 'new normal'.</p> <p>Full engagement with staff has included a number of surveys covering homeworking and wellbeing.</p> <p>Homeworking risk assessments (incorporating self-assessment) have been carried out for staff. Guidelines for return to the office and service delivery to tenants have also been produced.</p> <p>Blended and flexible working will continue long term and staff will be provided with the equipment required and individually risk assessed to ensure they have what they need to work effectively at home, out on front line duties, in a reconfigured office and other environments.</p> <p>Subject to Scottish Government guidelines, the Westhill office is planned to re-open for a skeleton team on 27 July with compliant COVID-19 prevention measures in place. CEO asked the meeting to note this target date may change. The Lossiemouth office will remain closed to staff for the time being. The option appraisal in relation to Lossiemouth is continuing. However, it is now considered we should keep</p>	CEO/CSM

an office base in Moray with Elgin being the preferred location. The GB's endorsed this.

The Governing Bodies:

- i. Noted the position and endorsed the proposal/actions outlined for gradual recovery from the lockdown and restrictions on service delivery/operations.**
- ii. Agreed an office presence is kept in Moray for at least the medium term with Elgin the best location.**
- iii. Asked their appreciation/ thanks be conveyed to the staff for their continued hard work during the lockdown period and in the way they have coped with change and the difficult circumstances.**

Minute No	Subject	Action
5	<p>Review of Governance Information</p> <p>Following a number of comments raised during GBM appraisals concerning the quantity of information provided for all GB meetings and the number of meetings at which the same reports were presented The CEO sought guidance on where GBM's think this can be reduced. He advised that in his view this has already been reduced to a level below which it may not be sufficient for Governance purposes.</p> <p>A full discussion took place and it was concluded that part of the problem is the process for amendments/revisions where it is felt that when a report is presented at several meetings this can lead to difficulties in determining if and what amendments have been made.</p> <p>It was recognised that the CEO's report and the section for 'items previously circulated' has cut down on the amount of reports presented at the Governing Bodies meeting.</p> <p>The Governing Bodies:</p> <ul style="list-style-type: none"> i. Agreed that each member of the SMT speak to their section of the CEO's Report ii. Recommended that where appropriate more clarity on outcomes of discussions at each of the sub-committee meetings be incorporated into reports as they progress through the governance cycle. iii. Continue to maximise the "reports previously circulated" option 	CEO
5	<p>AOCB</p> <p>There were no items.</p>	
6	<p>Date of next meeting</p> <p>The next meeting is scheduled for Wednesday 26 August 2020 at 10:00 – format of meeting likely to be a hybrid format of virtual and physical attendance at Westhill. TBA subject to guidance and preferences of individual GBM's.</p>	

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

Date:26 August 2020.....

Signed:

Date: