



**MEETING OF THE OSPREY HOUSING BOARD
24 MAY 2023 10:00 – WESTHILL OFFICE AND TEAMS**

Present: Mike Scott, Director OH Board, Chair (MS)
Les Allan, Director OH Board: Vice Chair (LA)
Brian Topping, Director OH Board (BT)
Jonathan Young, Director OH Board (JY)
Alison Mitchell, Director OH Board (AM)
Douglas Bodie, Director OH Board (DB)
Simpson Buglass, Director OH Board (SB)
Claire Crawford, Director OH Board (CC)
Brian Watson, Director OH Board (BW)
Stuart Robertson, Director OH Board (SR)
Rab Hepburn, Director OH Board (RH)
John Connelly, Director OH Board (JC) (via Teams)
Lauren Allan, OH Board Apprentice (LaA)

Apologies: Raymond Edgar, Director OH Board (RE)
Jim Milne, Director OH Board (JM)
Niamh Johnston, OH Board Apprentice (NJ)

Attending: Stacy Angus, Chief Executive Officer, Osprey (CEO)
Gary Walker, Director of Finance, Osprey (DOF)
Clare Ruxton, Director of Corporate Services, Osprey (DCS)
Hugh Crothers, Director of Assets and Sustainability, Osprey (DAS)
Dan Thompson, Director of Housing Services, Osprey (DHS)
Sofia Redford, Corporate Services Officer, Osprey (CSO) (Minute)

Minute No	Subject	Action
1	<p>Welcome and Apologies</p> <p>Apologies as noted above.</p>	Chair
2	<p>Declarations of Interest</p> <p>There were no changes to the standard declarations.</p>	Chair
3	<p>Minutes of meeting held on 27 February 2023</p> <p>The minute of the Board meeting held on 27 February 2022 was agreed as a correct and accurate record.</p> <p>Approval of the minute was proposed by BT and seconded by JY.</p>	Chair
4	<p>Matters Arising</p> <p>Item 6 – Loan Extension: The extension to loan agreement was formally approved at the last meeting. The legal paperwork for the first extension of the RCF loan agreement is now produced and is due to be signed imminently. Hard copy available to be signed at end of meeting by each Board member.</p> <p>Item 7.2b – Ballater land proposition: No further update</p> <p>Item 9.2 – Ideas Sub Group – No meeting had been held since the last Board meeting. Next meeting scheduled for June where the necessity and future of the Group as a vehicle for new ideas will be discussed.</p> <p>There were no further matters arising that were not otherwise covered on the agenda.</p>	Chair

Minute No	Subject	Action
	Items for Decisions	
5	<p>Chief Executive's Report</p> <p>The CEO presented a report providing the Board with an overarching Governance mechanism for:</p> <ul style="list-style-type: none"> • 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. <p>There had been no decisions taken during the period under delegated authority through the fast-track process.</p> <p>Policy/Strategy Approvals</p> <p>The following policies had been reviewed by the relevant committee and recommended for approval:</p> <ul style="list-style-type: none"> • Shared Parental Leave • Staff Code of Conduct • Board Members Code of Conduct <p>The Board:</p> <ul style="list-style-type: none"> • Unanimously approved the policies. 	CEO

Minute No	Subject	Action
	<p>Committee Outcomes</p> <p>The Housing and Corporate Services Committee met on 26 April and R&G Committee on 10 May.</p> <p>Corporate Services Committee – the following items were agreed and noted:</p> <ul style="list-style-type: none"> • Succession Plan update – Including the Internal Audit Report on Succession Planning, revised Succession Plan and actions and the progress being made on the Board Apprenticeship scheme. • Staff Development Programme – Outlining the recent development opportunities provided for staff. • Osprey Governance Plan – The Committee noted the progress made. <p>Housing Committee – the following items were agreed and noted:</p> <ul style="list-style-type: none"> • Income Management – Including the increase in rent arrears by 0.82% over the last 12 months and the efforts to re-evaluate all arrears cases and the implementation of the Income Maximisation Module in HomeMaster. • These Homes annual review – Including the success of the CBL system in its first year of use. Although it was highlighted that the target for allocations to homeless applicants is lower than agreement with LA however remains higher percentage of lets than other local RSL’s. Ongoing positive relationship with LA to manage this proactively. • Grant funding – The receipt and distribution of £85,784 from the Scottish Housing Fund. <p>Resource and Governance Committee – The following items were agreed and noted:</p> <ul style="list-style-type: none"> • OIL – An update on the timeline for dissolving the company and the engagement of RSM for guidance and administration of the process. • Treasury Management – An update on the Treasury Management position in particular noting the extension of the RCF. • Supplementary budget request – See item 6.3 on this meeting’s agenda. • Pension update – See item 7.3 of this meeting’s agenda. • Internal Audit reports – Reviewed the outcome reports on Budget Setting & Monitoring, Succession Planning, and Tenancy Files. • 	

Minute No	Subject	Action
	<p>Strategic Day – Proposed agenda</p> <p>The Board noted the strategic day planned for October with a review of the Business Plan against the Strategic Ambitions the main item for discussions.</p> <p>It had been expected that the ESSH2 guidance would have been published but this has now been postponed until 2024. Therefore any long term asset planning will not be reviewed until the publication of the guidance.</p> <p>The Board further noted that a joint Board and staff session is being planned for 6 December.</p> <p>Development contractor – contractual issue</p> <p>The Board received an update on an issue faced with [REDACTED] in relation to the Samsung heating systems at [REDACTED]. Following a refusal by the developer to carry out any further defect repairs and on site inspections by Samsung had highlighted several installation faults Air Source Heating systems. This has resulted in Osprey having incurred costs in excess of £14K. To offset this cost WSD on behalf of Osprey have informed the developers that the outstanding ~£11K retention will not be paid. The developer is very unhappy and has responded both aggressively and accusatory towards Osprey and Heatcare.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Approved the suite of policies in section 2.2 • Considered and supported other key recommendations / proposals / actions highlighted in the report including those outcomes from each of the Committees. • Noted the report. 	
6.	Performance	
6.1	<p>Development Report</p> <p>The CEO presented a report providing the Board with information regarding the progress at our current and potential New Build Programs.</p>	CEO

Minute No	Subject	Action
	<p>The proposed new format report is a more comprehensive framework containing more performance and financial information. In addition, an updated Feasibility Report, to more accurately reflect the reporting framework was reviewed.</p> <p>Development projects currently on site:</p> <ul style="list-style-type: none"> • Kinneddar Meadows – Construction was delayed for several weeks due to issues with Roads Department permission. 9 properties currently handed over. Expected completion in June 2023. • Johnshaven – 6 properties handed over in Oct 2022. Remaining handed over in April 2023. • Alford – Work on site started in September 2022 with good progress. Handovers expected end of May and end of June 2023. • St Fergus – Work commenced January 2023 with expected completion in September 2023. <p>Imminent Development Projects:</p> <ul style="list-style-type: none"> • Bridge of Don – A HAG offer has been received and accepted. Planning approval has not yet been received as further changes to the layout has been requested. A revised HAG application will be made. Waiting for finalisations of consents. Lease extension with commercial tenant to be signed. Expect on site by end of June <p>Potential Development Projects:</p> <ul style="list-style-type: none"> • Echt – Kirkwood Homes – 6No. Planning permission received. • Pitmedden – Kirkwood Homes – 16No. • Oldmeldrum – Kirkwood Homes – 41No. • Inch, Drumrossie – Kirkwood Homes – 6/7No. • Laurencekirk – Fotheringham – 2No. • St Cyrus – Snowdrop Developments – 15No. • Millbank • Gourdon <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Approved the proposed reporting framework for adoption at the next Board meeting. 	

Minute No	Subject	Action
6.2	<p>Annual Return on the Charter – Presentation</p> <p>The CSO presented the Board with Osprey 2022/23 ARC figures.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the excellent figures for the reporting year. • Approved the figures for submission to the SHR. 	CSO
6.3	<p>Supplementary Budget Proposal 2023/24</p> <p>The DoF and DAS presented a report providing the Board information regarding the requirement for a budget uplift.</p> <p>The Board noted that the proposal had been reviewed and recommended for approval by the R&G Committee at its meeting on 10 May.</p> <p>Door renewal – Increase is due to a larger percentage of doors with side screens than previous programmes, and an oversight from the appointed contractor in the 22/23 programme resulting in the replacement of 26 rear doors being rescheduled until 23/24.</p> <p>Kitchens – Increase is due to significantly higher costs than anticipated.</p> <p>Bathrooms – Increase is due to significantly higher costs than anticipated.</p> <p>Insurance – Increase is due to significant changes to the insurance market for RSLs and Osprey’s recent claims history.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted and discussed the content of the report. • Approved of the following additional budgets: <ul style="list-style-type: none"> 2.1 Capital – Door renewal - £103,886 2.2 Capital – Kitchens - £169,772 2.3 Capital – Bathrooms - £75,929 2.4 Revenue – Insurance - £58,513 <p>This was proposed by LA and seconded by RH.</p>	CEO

Minute No	Subject	Action
6.4	<p>Five Year Financial Plan/Business Plan – presentation update</p> <p>The DOF presented the Board with an update on the FYFP. The main points noted were:</p> <ul style="list-style-type: none"> • Rent assumptions remain as previously agreed. • The cost of component renewals to be reviewed as recent tendering figures suggest they might be understated. • All new builds have been included in the plan. • The base rate assumption is prudent. <p>The Board recognised that the plan is strong and will ensure that resources can be directed to areas of preference.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Unanimously approved the Plan for submission to the Regulator. 	DOF
7	Strategy/Policy	
7.1	<p>Strategic Business Plan – Annual Review</p> <p>The CEO presented a report providing the Board with the opportunity to review, approve and endorse the refreshed Strategic Plan and annual review of the SWOT.</p> <p>The key proposed changes were:</p> <ul style="list-style-type: none"> • Change following Osprey Initiatives changes – the Group structure description has been updated along with removing the Mid Market rents as a strategic risk. • Refresh delivery and measurement of Strategic Ambitions - No change to the 4 strategic ambitions – refresh the delivery of the ambitions to reflect new working practices and take into account post pandemic conditions. • Embed Sustainability and ESG – updating the reference that we are now adopted to SRS and committed to ESG. • Updated organisational SWOT analysis – external factors continue to change, some significantly in addition to new internal working practises. Propose this becomes an annual review to ensure it remains current and relevant. 	CEO

Minute No	Subject	Action
	<p>The Board further noted that the following Strategy documents had been updated following the approval of the Strategic Plan in May 2022:</p> <ul style="list-style-type: none"> • Sustainability Strategy - Renamed the Environmental Sustainability Strategy refocusing on organisational commitment and culture. • Asset Management Strategy – First draft to be reviewed at this meeting under item 7.2. • Development Strategy – Refocusing on delivering future proof sustainable properties. <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Reviewed, endorsed and approved the revised Strategic Plan and SWOT. 	
7.2	<p>Asset Management Strategy</p> <p>The DAS presented a report updating the Board of the current progress of the Asset Management Strategy and seek its endorsement and approval of the interim Strategy.</p> <p>The Board was reminded that the completion of the revised Strategy had initially been postponed pending the release of the SHR’s Integrated Asset Management guidance. This was published in February 2023. This is to be considered an interim Strategy which will be due for further review following the publication of the SHR ESSH2 guidance which has been postponed until 2024.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the context regarding the development of the Strategy. • Approved the interim Strategy. 	DAS
7.3	<p>Pension Fund Recommendation</p> <p>The CEO presented a report informing the Board of the progress to implement the proposed changes to the Osprey pension provision arrangements.</p>	CEO/ DCS

Minute No	Subject	Action
	<p>The Committee was reminded of the Board’s request to explore the closure of the legacy OHM DB scheme. An indicative termination valuation cost of £221K had been received from SHAPS. In addition, SHAPS had revealed that termination of the DB scheme would trigger the simultaneous termination of the current DC scheme.</p> <p>Subsequently Osprey’s Pension Consultant David Davison of Spence and Partners was commissioned to undertake a market review of the SHAPS scheme to ensure it provide the best value for money. The results suggest that an alternative scheme with Smart Pension could be available which would offer staff improvements over the SHAPS scheme.</p> <p>Staff communication on the proposal ended on 18 May and had resulted in limited response from the staff team.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the report and actions taken to date including the outcome of the staff engagement exercise. • Agreed and approved the closure of the legacy OHM Defined Benefit scheme and the current Defined Contribution scheme. • Agreed and approved to commence a new pension scheme with the recommended provider, Smart Pensions. 	
7.4	<p>Osprey Initiatives – Verbal update</p> <p>The CEO gave a verbal update on the current position of Osprey Initiatives.</p> <p>The Board was reminded that the OIL MMR properties were sold to Hillcrest on 1 February. At its meeting on 15 February the OIL Board took the decision to collapse the subsidiary. This process cannot commence until 3 months following it has ceased trading and RSM had been engaged for guidance through this process.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the position. 	CEO

Minute No	Subject	Action
7.5	<p>Digital Strategy</p> <p>The DCS presented a report informing the Board on the progress being made to review and update the Digital Strategy.</p> <p>The Board reviewed the updated Strategy and action plan.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Supported the recommendation to approve the updated Digital Strategy. 	DCS
8	Governance	
8.1	<p>Board Members Appraisal outcomes</p> <p>The Chair and Vice Chair informed the Board that all appraisals had now been completed.</p> <p>The Board noted that it had been a useful exercise highlighting an effective Board with members all moving forward in unison. Priorities highlighted were:</p> <ul style="list-style-type: none"> • Consider ways of hearing more from and about staff members • Look again at succession planning for Board Membership • Consider the reintroduction of Board Briefings • Respond to training needs and encourage attendance at conferences. • Look at sound quality when using Zoom and Teams for meetings. <p>The Chair recommended that all members who wish to continue to serve Osprey be supported in doing so, including those members covered by the 9-year rule.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the position. • Extended thanks to the Chair and Vice Chair for their commitment in undertaking this exercise. 	Chair

Minute No	Subject	Action
8.2	<p>SHR Engagement Plan</p> <p>The CEO presented a report providing the Board with the opportunity to review the refreshed SHR Engagement Plan.</p> <p>The Board noted that the SHR’s Engagement Plan with Osprey had been published and the SHR will engage with Osprey about our development plans.</p> <p>As a result, the following key alignment and improvements of current reporting are proposed:</p> <ul style="list-style-type: none"> • Development reporting framework (presented under item 6.1 on today’s agenda) • New Development Proposal Appraisal document (Proposed under item 6.1 on today’s agenda) • Asset Management reporting framework (will be proposed at the next governance cycle) <p>The Board further noted that the SHR’s annual Risk Focus had been published in November 2022 with the areas of focus being:</p> <ul style="list-style-type: none"> • Homelessness • Performance in delivering services • Stock quality • Tenant and residents’ safety • Development • Financial health and RSLs • Good governance of RSLs <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Reviewed the SHR Engagement Plan and endorsed the action taken to improve and align reporting needs. 	CEO

Minute No	Subject	Action
8.3	<p>Contractor Management Report</p> <p>The CEO presented a report providing the Board with the information required to make a recommendation in relation to aspects of contractor management.</p> <p>The report presented details of [REDACTED], a sole trader who had carried out minor property services work for Osprey since 2021. The Contractor is part of the household of a current staff member of the Housing Team who has no direct link/responsibility to issue works orders. At the time of the contractor appointment relevant declarations were made by the staff member.</p> <p>On recent review of this arrangement and the EPB Policy had highlighted that the appointment should have received Board approval which is now sought retrospectively. A review of the supplier approval process and a Contractor Management Policy had been created to ensure consistency going forward.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Endorsed and approved the action proposed as a way forward. • Approved the Contractor Management Policy. 	CEO
	Items for Assurance/Challenge	
9	Performance	
9.1	<p>Performance Result (Quarter 4 2022/23) – OH</p> <p>The CEO presented the year-end KPI performance figures.</p> <p>The Board noted that the KPI year-end figures had been reviewed in detail by the relevant Committees with exceptions being reported to the Board.</p> <p>The current tenant arrears figures were higher than target and the Board noted that its reduction is the focus of the Housing Team.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the year end results. 	CEO

Minute No	Subject	Action
9.2	<p data-bbox="320 271 1114 309">Financial Performance (Quarter 4 2022/23) – OH</p> <p data-bbox="320 349 1299 427">The DOF presented a report detailing the financial outcomes for OH for the year ended 31 March 2023.</p> <p data-bbox="320 468 1299 546">The results for the period to 31 March 2023 are satisfactory but with a number of budget heads under pressure.</p> <p data-bbox="320 586 1299 665">Rental income is broadly in line with budget, but lease income is less following the sale of the MMR units.</p> <p data-bbox="320 705 1299 851">Other income includes provision for OIL intercompany charges, Office lease income and wider action grant funding. The latter was boosted by the receipt of SG support for poverty redress which has been offset by reciprocal expenditure.</p> <p data-bbox="320 891 1299 1014">Grant release has been re-calculated following the late accounting adjustment made in the prior year in relation to business combination (TOE).</p> <p data-bbox="320 1055 1299 1133">Bank interest was higher than anticipated due to further base rate increases and stronger than expected cash balances.</p> <p data-bbox="320 1173 1299 1252">Excluding property maintenance and exceptional items, expenditure on the whole is in line with budget.</p> <p data-bbox="320 1292 759 1330">Area’s worthy of consideration:</p> <ul data-bbox="368 1370 1299 1897" style="list-style-type: none"> <li data-bbox="368 1370 1299 1727">• Reactive maintenance costs are £253k above budget, accelerating the trend set in the previous three quarters. Investigations show that the number of repairs remains in line with predictions and figures supplied by the DAS indicate that the actual costs for this year are in line with budgets. However, the move to Homemaster has triggered a major catch up in billing from our main suppliers/contractors which has been far in excess of the previous year end accruals. We remain confident that this will not be an issue in future periods. <li data-bbox="368 1744 1299 1897">• Void maintenance costs are £109k over budget and have been similarly impacted. However, we have had some extraordinarily high void property costs, particularly in the trickle transfer category. 	DOF

Minute No	Subject	Action
	<ul style="list-style-type: none"> • IT Costs continue to exceed budget due to the acceleration of our digital strategy, the extensive roll out of Office 365 and increased cyber security costs. This represents nearly all of the office costs budget overrun. • Housing depreciation has been re-calculated following the late accounting adjustment made in the prior year in relation to business combination (TOE). • Bad Debt provision remains lower than expected reflecting the ongoing excellent performance in arrears management. • The sale of our MMR Units was completed on 1 February 2023 generating a capital receipt of £8M and a gain on asset disposal of c£1M. • Loan interest is ahead of budget due to dramatically escalating interest rate rises. • Inflation is currently 10.1% and is likely to remain highly elevated for the next 6 – 12 months. • As expected, capital expenditure on component renewals accelerated during the final quarter of the year. <p>There are currently four developments on site, and they are in line with cost expectations. A detailed analysis of all projects is provided under agenda item 9.1.</p> <p>There remains £23.5M available from the Revolving Credit Facility to fund further development activities.</p> <p>The balance sheet continues to strengthen with net reserves of £33.5M and cash balances exceeding £3M.</p> <p>The quarter end results are covenant compliant.</p> <p>The DOF further requested flexibility on the level of cash in bank to reduce interest incurred. As cash is available through the RCF the DOF requested flexibility to ensure interest payable is minimised.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Considered, discussed and noted the contents of the report. • Approved the flexibility to the level of cash held. 	

Minute No	Subject	Action
9.3	<p>Financial Performance (Quarter 4 2022/23) – OIL</p> <p>The DOF presented a report detailing the financial outcomes for OIL for the year ended 31 March 2023.</p> <p>The results for the period to 31 March 2023 reflect the cessation of trading on 1st February 2023 following the sale of the MMR units to Hillcrest HA on 1 February 2023.</p> <p>The Board noted that the £300K surplus had not been included in the OH Business Plan and that the OIL Board had suggested the possibility of this funding the Echt project.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Considered and discussed the contents of the report. 	DOF
9.4	<p>Asset Management Report</p> <p>The DAS presented a report updating the Board of the current progress in various major item of work that the Asset Departments is progressing.</p> <p>Planned works noted were:</p> <ul style="list-style-type: none"> • Kitchens and Bathrooms 2022/23 and 2023/24 • Windows and Doors 2022/23 and 2023/24 • Painterwork 2022/23 and 2023/24 • Air Source Heat pump installations 2021/22 and 2022/23 • Insulation works 2022/23 and 2023/24 • Sprinkler storage tank upgrades – following the water damage at a number of properties in Inchmarlo and Sauchen in December 2022 <p>The Board noted that the works have been effective in maintaining the properties in good overall condition and supports the work towards EESSH2.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the position. 	DAS

Minute No	Subject	Action
9.5	<p>People Report</p> <p>The DCS presented a report providing the Board with assurance on the current HR performance.</p> <p>The Board noted that this was a new report that will be presented quarterly to the Corporate Services Committee who had recommended that it also be presented to Board on an annual basis.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. • Commented that any volunteer work carried out by the Osprey staff could be recorded in the report going forward. 	DCS
10	Strategy/Policy	
10.1	<p>Tenancy Sustainment</p> <p>The DAS presented a report providing the Board with an update on activities of the Tenancy Support a& Sustainment working group and the associated action plan.</p> <p>Items highlighted were:</p> <ul style="list-style-type: none"> • The work carried out on finance and funding support to help our tenants struggling during the cost of living crisis. • The ongoing work to update procedures to support the Tenancy Sustainment Policy • Advice and information • Partnership working with national and local organisations. • 2 case studies outlining support provided. <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. 	DHS
11	Governance	
11.1	<p>Health & Safety Update</p> <p>The DCS presented a report providing the Board with a full overview of current Health and Safety arrangements and particularly in relation to the following topics.</p>	DCS

Minute No	Subject	Action
	<ul style="list-style-type: none"> • Meetings of the H&S Committee • PeopleSafe Lone working devices • Resilience Training programme • Walkathon • Mental health first aiders <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. 	
11.2	<p>Cyber Security</p> <p>The DCS informed the Board on the progress being made to address cyber security issues.</p> <p>The Board reviewed the ongoing action undertaken to bolster Osprey's ability to deal with cyber security including the work to be re-accredited with the Cyber Essentials Standard and Cyber Essentials Plus.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted and discussed the contents of the report. 	DCS
11.3	<p>Conference/Training Events</p> <p>The SFHA Finance conference is due to take place in November and Board members were asked to express their interest in attending.</p>	CEO
12	<p>AOCB</p> <p>None</p>	
13	<p>Items Previously Circulated to Members for assurance:</p>	
14	<p>Date of next meeting</p> <p>Wednesday 23 August 2023 at 10:00 – Hybrid: In Office / Teams</p>	

The meeting closed at 12:50

Signed: Mike Scott Date: 23 August 2023