



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

- Present: Brian Watson, Director OH Board (BW) (Acting Chair)
Douglas Bodie, Director OH Board (DB)
Brian Topping, Director OH Board (BT)
Jonathan Young, Director OH Board (JY)
Alison Mitchell, Director OH Board (AM)
Rab Hepburn, Director OH Board (RH)
Stuart Robertson, Director OH Board (SR)
John Connelly, Director OH Board (JC) (via Teams)
Raymond Edgar, Director OH Board (RE)
Claire Crawford, Director OH Board (CC)
Colin Hawkins, Director OH Board (CH)
Niamh Johnstone, OH Board Apprentice (NJ)
Lauren Allan, OH Board Apprentice (LaA)
- Apologies: Mike Scott, Director OH Board, Chair (MS)
Les Allan, Director OH Board: Vice Chair (LA)
Simpson Buglass, Director OH Board (SB)
Kay Diack, Director OH Board (KD)
Clare Ruxton, Director of Corporate Services (DCS)
- Attending: Stacy Angus, Chief Executive Officer, Osprey (CEO)
Gary Walker, Director of Finance, Osprey (DOF)
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 Apologies as noted above.</p> <p>The CEO informed the Board members present that the Chair was unwell and couldn't attend today's meeting at short notice. Vice Chair had submitted apologies for the meeting. Therefore CEO invited the Board to select an acting Chair for the meeting.</p> <p>The Board members selected Brian Watson who confirmed he was happy to take the Chair for the meeting.</p>	CEO
2	<p>Declarations of Interest There were no changes to the standard declarations.</p>	Chair
3a	<p>Minutes of meeting held on 23 August 2023</p> <p>The minute of the Board meeting held on 23 August 2023 was agreed as a correct and accurate record.</p> <p>Approval of the minute was proposed by JY and seconded by RH.</p>	Chair
3b	<p>Minutes of meeting held on 13 September 2023</p> <p>The minute of the Board meeting held on 13 September 2023 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 Items noted below were discussed as matters arising;</p> <p>4.1 Pensions Update – There had been a delay in receiving the final exit figure from SHAPS and it was now expected mid-December.</p>	Chair

Minute No	Subject	Action
	Items for Decisions	
5	<p>Chief Executive’s Report</p> <p>The CEO presented her report to enable the Board to address the following:</p> <ul style="list-style-type: none"> • Being kept informed of progress against overall Business Strategy, identifying emerging strategic considerations and highlighting any specific 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"> • Safeguarding Policy • Estate Management Policy <p>The Board:</p> <ul style="list-style-type: none"> • Unanimously approved the policies. <p>Committee Outcomes</p> <p>The Housing and Corporate Services Committees met on 25 October and the R&G Committee met on 8 November.</p> <p>Corporate Services Committee – the following items were agreed and noted:</p> <ul style="list-style-type: none"> • Cyber security – item 14 on the agenda • IIP update – item 15 on the agenda • SoDA Review – item 17 on the agenda • Equality monitoring • Policy Approval – Disciplinary, Grievance, and Staff Development Policies were approved. • Fair Work First • Various organisational updated under the remit of the CS Committee. 	CEO

	<p>Housing Committee – the following items were agreed and noted:</p> <ul style="list-style-type: none"> • Rent Consultation – item 7 on the agenda. • Performance • Housing Management • Allocations • 30 years capital plans • Update on the Asset Management Strategy Action Plan <p>Resource and Governance Committee – The following items were agreed and noted:</p> <ul style="list-style-type: none"> • Treasury Management Policy – item 9 on the agenda • Exception report – Reactive and Void repairs – item 6 on the agenda • Internal Audit – Outcome and timeline – item 16 on the agenda • Development Report – item 8 on the agenda • Financial Performance – item 11 on the agenda • SHR Consultation – item 19 on the agenda 	
	<p>Performance</p> <p>Overall Performance has remained consistent regarding the key income management indicators with a stability of arrears level and an improvement in void management.</p> <p>The DHS informed the Board that Osprey had received £123K in Scottish Government grants. This will be distributed as follows:</p> <ul style="list-style-type: none"> • 540 tenants to receive £150 in fuel vouchers • 10 tenants in debt with energy bills to receive up to £2000 each • Oil refills for 36 households <p>The tenant application process will commence shortly.</p> <p>Strategic / Business Planning Issues</p> <p>Appointment of DAS</p> <p>Following a robust recruitment process where response to the advert had been positive with a number of strong candidates, Ryan Swan had been appointed to the DAS role. A phased start has been planned from January with him taking up the post full time from 1 March 2024.</p> <p>Strategy Day outcomes</p> <p>The Board noted the key decisions and outcomes from the Strategy Day held on 11 October:</p> <ul style="list-style-type: none"> • Asset Management Strategy – Reviewed our current Asset and stock portfolio with detail of our energy performance, property types and current performance. 	

- **Affordability and Rent consultation** – The affordability outcomes and benchmarking were shared in context of the 2024-25 rent consultation options. The three options proposed and content of the consultation were discussed at length and were amended to 5.7%, 6.2% and 6.7% as approved for tenant engagement with the feedback being taken to the Board alongside the draft budget.
- **Rent restructure** – It was agreed that we should continue with the timeline to implement this for April 2025. A full proposed brief and impact assessment to be taken to the February 2024 Board.
- **Development commitments** – It was agreed that Osprey remains committed to growth and that we shall continue to aim to develop ~60 homes per year projected to 2028 on the assumption that grant will continue during this period.
- **Net Zero and EESSH2** – Outlined the estimated needs and costs for the delivery of the key Net Zero impacts for our stock. Discussed the impact of the changed Government targets in relation to use of Gas Boilers. Business plan model was demonstrated with uplifted costs and also the potential costs of replacing Gas heating systems with ASHPs.
- **Uplifted costs** – the uplifted forecast costs in relation to expenditure predicted during 2023-24 for reactive and capital expenditure incorporated into the life of the Business plan. This included reviewed Life Cycle Costings (LCC) assumptions.
- **Adaptations** – It was agreed that we were committed to supporting our tenants and enabling adaptations within our stock, and going forward will include the capital investment into our LCC and relevant budgets. It was also agreed that we should do a one off exercise to clear the rolling over of the accrual due to the very unlikely event of this being paid by grant. CEO had since raised this issue with the SFHA again to continue to raise awareness of the lack of funding and the potential negative impact on tenants and best use of social stock.
- **Funding/Borrowing Strategy** – It was agreed that in the context of all of the above points and, in particular the cost of decarbonisation of our stock, that our future funding strategy to deliver this if there are no grant available would be to extend borrowing to allow us to smooth these costs over the life of the replacement components to protect affordability for our current tenants.

North East RSL Network – new concept

The CEO informed the Board of a proposal to form network for North East RSLs to facilitate and enable joint working on community projects, shared training opportunities and a collaborative approach to sector issues.

	<p>The Board was further informed of the agenda for the 6 December staff and Board session and the plans for holding a 25th anniversary ceilidh on 20 April 2024.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Approved the suite of policies highlighted above. • Considered and supported other key recommendations/proposals/actions highlighted in the report including the outcomes from each of the Committees. • Noted the report. 	
<p>6.</p>	<p>Exceptions Report: Reactive Repairs Budget</p> <p>The DAS presented a report outlining the cost overruns for both Reactive and Void Repairs.</p> <p>The Board noted that this report had previously been considered by the R&G Committee at their meeting on 8 November and had recommended an increase in the budget provision for Reactive and Void Repair to align with the new forecast spend.</p> <p>The Board noted that the budget overruns were as a result of increased numbers of works order and higher costs per works order caused by a combination of the effects of the pandemic and high material and labour inflation.</p> <p>It was recognised that higher costs were a sector wide issue which is not expected to improve and provision should be made for this through effective forecasting and budgeting.</p> <p>The R&G Committee felt that Osprey would likely continue to incur expenditure on repairs and should seek approval for an increase in budget provision as per the year-end forecast.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report • Approved the recommendation to uplift the budget head for Reactive and Void repairs for the 2023/24 year in accordance with forecast figures. 	<p>DAS/DOF</p>
<p>7.</p>	<p>Rent Consultation & Presentation of Outcome</p> <p>The DAS presented a report providing the Board with assurance on the process around rent consultation and the timeline involved followed by a presentation on the consultation outcome.</p>	<p>DHS</p>

	<p>The Board noted that consultation with tenants was currently under way and rent increases of 5.7%, 6.2% and 6.7% were being consulted on. At the time of this meeting, with one week of the consultation period remaining, 200 responses had been received and it was hoped that by the end of the process 15% of tenants would have responded. To date 80% of responses were in favour of a 5.7% rent increase.</p> <p>The Board noted that a 5.7% rent increase for 2024/25 would require a CPI + 0.5% rent increase the following 2 years.</p> <p>Having reviewed the outcome of the consultation to date the Board felt it would be difficult to ignore the wishes of the tenants but recognised that rent levels must be set based on financial sustainability and could not be agreed until the 2024-25 Budget prepared. OTRA had endorsed the rent consultation documentation prior to the consultation. At the OTRA meeting where this was discussed all but one member were in favour of a 6.7% increase.</p> <p>Tenant priorities remained consistent that they deemed repairs and property improvements most important.</p> <p>The R&G Committee will undertake full scrutiny of the proposed budget at its meeting in February ahead of final approval by the Board.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted and discussed contents of the report and presentation. • Thanked the staff for their work resulting in a high response rate to the consultation. • Recommended that the 2024/25 budget should be based on a 5.7% rent increase. 	
8.	<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 developments with full detail of timelines and financial performance of each development.</p> <p>The Development programme is progressing as expected and overall performance was positive. The Board noted:</p> <ul style="list-style-type: none"> • Bridge of Don – Final issue in relation to access to rear carpark is being resolved. Work expected to start imminently. • Oldmeldrum – An infrastructure issue relating to electricity supply has delayed the project significantly • Cullen – Issues relating to the sale of the land to the developer 	CEO

	<p>has delayed the project.</p> <ul style="list-style-type: none"> • Countesswells - Osprey has been approached by Kirkwood Homes to purchase 6 x 3 bedroom homes (5 units yet to be built). Cost and feasibility details likely to require a fast-track decision by the Chairs Group. • Fair Isle, Peterhead – Osprey were in process of submitting a grant application for this development. Due to timing between meetings, the cost and feasibility appraisal is likely to require a fast-track decision by the Chairs Group. <p>The Board further noted that from 1 July 2023 additional requirements were implemented for applications for Scottish Government Grant Funding:</p> <ul style="list-style-type: none"> • Demonstrate value for money • Commit to 'Fair Work First' • Carry out procurement training <p>Actions have been taken to ensure that Osprey continue to meet the requirements for HAG applications.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report • Endorsed and approved the delegated authority to the Chairs Group to progress the potential development at Countesswells and Fair Isle once all information has been received for the appraisal document. 	
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<p>9.</p>	<p>Treasury Management Policy</p> <p>The DoF presented a report informing the Board of the proposed changes to the Treasury Management Policy.</p> <p>The Board noted that the policy had been re-written to take account of the recently published SFHA Guidance and to ensure compliance with best practice as set out in the Chartered Institute of Public Finance and Accountancy code and in line with the expectations of the Scottish Housing Regulator as set out in the Standards of Governance and Management.</p> <p>The major additions to the previous policy are the inclusion of:</p> <ul style="list-style-type: none"> • An Annual Treasury Management Strategy, to be presented at the same reporting cycle as the annual budget. • The production of an Annual Treasury Report, to be presented at the first reporting cycle post financial year end. <p>The Board noted that the work involved in the additional reporting is already being done although to date it is not being formally reported to the R&G Committee or the Board. Reporting will strengthen governance against the Regulatory Framework.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Considered and discussed the contents of the report • Reviewed and approved the updated Treasury Management Policy including the reporting requirements. 	<p>DOF</p>
	<p>Items for Discussion/Consideration</p>	
<p>10</p>	<p>Performance Results (Q2 2023/24)</p> <p>The CEO presented the Q2 KPI performance figures.</p> <p>The Board noted that the Q2 figures had been reviewed in detail by the relevant Committees with exceptions being reported to the Board.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the Q2 results. 	<p>CEO</p>

Minute No	Subject	Action
11.	<p data-bbox="320 277 1114 309">Financial Performance (Quarter 2 2023/24) – OH</p> <p data-bbox="320 353 1318 427">The DoF presented his report detailing the financial outcomes for OH for the quarter ended 30 September 2023.</p> <p data-bbox="320 472 916 504">The results for the period are satisfactory.</p> <p data-bbox="320 548 1318 658">Rental income is broadly in line with budget with delays to new build developments and void properties being brought out of debit being offset by lower levels of void rent loss.</p> <p data-bbox="320 703 1318 813">Other income includes the dividend due from OIL of £340k. The Committee noted that this will be partially offset by settling any outstanding creditors that may arise.</p> <p data-bbox="320 857 1318 967">Interest Receivable is lower than anticipated due to lower levels of cash balances being maintained through active treasury management to enable the further delaying of loan drawdowns.</p> <p data-bbox="320 1012 1098 1043">Overall expenditure is in line with budget expectations.</p> <p data-bbox="320 1088 815 1120">Area's worthy of consideration are:</p> <ul data-bbox="368 1164 1318 2040" style="list-style-type: none"> <li data-bbox="368 1164 1318 1350">• Reactive maintenance costs are £146k above budget, continuing the trend set in the previous five quarters. However, this has only increased £19k during the quarter which represents the smallest quarterly increase in 18 months. An exception report was provided under agenda item 6. <li data-bbox="368 1357 1318 1543">• Void maintenance costs are £59k above budget. This activity has also been impacted by material and labour inflation as well as a run of properties being returned in poor condition. Again, more detail is provided within the exception report under agenda item 9. <li data-bbox="368 1550 1318 1736">• Loss on disposal of assets costs exceed budget due to the high volume of component renewals being undertaken. The renewals are for items that are not fully depreciated due to the policy adopted during the introduction of component accounting in 2010. This is a non-cash item. <li data-bbox="368 1742 1318 1816">• Other costs relate to the funds lost during the recent phishing/cyber scam. <li data-bbox="368 1823 1318 2040">• Bad Debt provision remains lower than expected reflecting the ongoing excellent performance in arrears management. However, there is a considerable volume of rechargeable repair invoices to be issued in the next quarter that will require significant bad debt provision. Therefore, the year-end forecast remains unchanged from budget. 	DOF

Minute No	Subject	Action
	<ul style="list-style-type: none"> • Loan interest remains well ahead of budget due to active treasury management as previously stated. • The BoE base rate remained at 5.25% in September, halting a run of 14 consecutive monthly increases. It is now widely believed to have peaked but is expected to remain highly elevated for longer than previously thought. • Inflation has fallen to 4.6% in the year to October 2023. <p>£1.5M was drawn from the Revolving Credit Facility in October, leaving a balance of £22M to fund future development activities.</p> <p>The balance sheet continues to strengthen with net reserves of £32M and cash balances of £1.1M.</p> <p>The quarter end results are covenant compliant.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Considered and discussed the contents of the report 	
12	<p>OIL Financial Update – Close of Accounts</p> <p>The DOF presented a report outlining the final financial position of OIL as at the 30th of September 2023.</p> <p>The Board noted that this was the final accounts for OIL with a dividend paid to OH equal to the value of the remaining cash balance.</p> <p>Progress is being made in the winding up of OIL and the process, with the assistance of RSM, is expected to be completed in the next few months.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted and discussed the content of the report. 	DOF

Minute No	Subject	Action
13	<p>Asset Management Report</p> <p>The DAS presented a report updating the Board of the current progress in various major items of work that the Asset Department 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 2023/24 • Painter work 2023/24 • Insulation works 2022/23 and 2023/24 <p>The Board noted that the Reactive Repairs Tender Opening is due to take place on 13 December at 10:00. BT and BW to attend along with the CEO and DAS.</p> <p>A meeting is to be held with Everwarm to discuss a way forward and to ensure improved quality of work for the contracts they have been awarded. A current pause has been put in place until these discussions are concluded.</p> <p>The DAS further presented a report outlining the process taken and the results and agreed outcomes and actions damp and mould surveys carried out affected properties.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the position. 	DAS
14	<p>Cyber Security</p> <p>The CEO presented a report informing and assuring the Board on the progress being made to address cyber security and delivery of the Cyber Security Action Plan.</p> <p>The CEO gave an insight into the recent sophisticated vishing scam which had resulted in a sum of money being taken via Osprey's Commercial Online Banking on 12 September. The bank and Mother Technologies were very quick to act thereby limiting the impact of the attack. A full report from the bank is still pending however due.</p> <p>A long-term action plan has been developed to provide ongoing strength to our approach to cyber security which includes the implementation of a cyber security training platform, system access restrictions, an updated password policy, a further layer of authentication and a system of mobile application management for</p>	CEO

	<p>staff who use their own devices for Osprey business.</p> <p>The Board noted that although the cyber incident did not meet the criteria for a Notifiable Event, in consultation with the SHR and for transparency a NE had been raised. This has subsequently been closed immediately by the SHR as they were satisfied Osprey has taken all necessary actions to limit the impact of the attack and put plans in place to prevent a reoccurrence.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted and discussed the contents of the report 	
<p>15</p>	<p>IIP Assessment</p> <p>The CEO gave the Board a verbal update on the IIP assessment which had recently been undertaken.</p> <p>The assessment has consisted of a full staff survey in addition to 18 members of staff had been interview by the assessor. Although the final report had not been received in time for this meeting the DCS had been verbally informed that Osprey had retained its gold accreditation.</p> <p>The Board noted that although it was disappointing not to receive Platinum, the overall score was an improvement and that Osprey is on a journey to platinum and all staff had engaged positively in the process.</p> <p>The outcomes will form part of the agenda at the 6 December sessions.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the outcome of the IIP assessment. 	<p>DCS</p>

Minute No	Subject	Action
16	<p>Internal Audit – Outcome and timeline</p> <p>The CEO presented a report updating the Board on the outcome from the Internal Audit tender exercise.</p> <p>The Board noted that the decision for the appointment of internal audit services is fully delegated to the R&G Committee. A tender had been conducted in line with best practice however due to the value the PCS framework had not been used.</p> <p>Four submissions had been received by the tender closure date. All submissions were of a high quality from well-established organisations active in the Scottish Social Housing Sector.</p> <p>Following the quality assessment and the cost analysis scoring, Wylie & Bisset were found to have the highest ranking and was therefore appointment by the R&G Committee at its meeting on 8 November.</p> <p>2 internal audits will be carried out during Q4:</p> <ul style="list-style-type: none"> • Allocations • Works Orders <p>The Board:</p> <ul style="list-style-type: none"> • Noted the change of Internal Auditor with effect from 1 January 2023 following the outcome of the Internal Audit tender process. 	CEO
17	<p>Interim Schedule of Delegated Authority (SoDA)</p> <p>The CEO presented a report on behalf of the DCS providing the Board with the opportunity to review the proposed changes to the SoDA.</p> <p>The Board noted that following external advice it was agreed that as the process to wind up OIL is still ongoing, the proposed non-OIL related changes, which had been scrutinised during the Q1 governance cycle, should be approved now with OIL details be removed after the winding up has been completed.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Approved the proposed changes to the SoDA. 	CEO

<p>18</p>	<p>Scottish Government Letter</p> <p>The CEO presented a letter from the SG to all RSLs in Scotland outlining the key commitment from the Scottish Housing Minister.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the letter. 	<p>CEO</p>
<p>19</p>	<p>SHR Consultation</p> <p>The CEO presented the SHR consultation document on their regulation of social housing. CEO advised Osprey had engaged in events with SFHA and SHN in relation to sector wide responses. The Board noted that Osprey will submit a response by the deadline of 15 December.</p> <p>The Board</p> <ul style="list-style-type: none"> • Noted the position. 	<p>CEO</p>
<p>20</p>	<p>Health & Safety Update</p> <p>The CSO provided a full overview of current Health and Safety arrangements.</p> <p>The Board noted:</p> <ul style="list-style-type: none"> • The follow up to the accident at Jubilee Gardens reported during Q1 • The meetings of the H&S Committee • Mental Health First Aider training – Successfully completed by 7 members of staff • Landlord H&S Manual update – The annual update had been received including new guidance on the management of reports of damp and mould <p>The Board further noted that a member of staff had been involved in an RTC (not during work related driving) recently and asked for their best wishes to be forwarded.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the contents of the report. 	<p>CSO</p>
<p>21</p>	<p>Conference / Training Events</p> <p>RIHAF – It had been a good conference. Main observation to take away from the conference was that if all available support and</p>	<p>All</p>

	<p>services are in place people will be able to stay in their homes longer.</p> <p>SFHA Finance Conference – This had again been a good conference outlining the key challenges to the sector. Noted that the Regulator’s input had been especially useful for Board members to cross reference with Assurance needs.</p> <p>The Board:</p> <ul style="list-style-type: none"> • Noted the position. 	
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22	AOCB	
	None	
23	Date of next meeting	
	Wednesday 21 February 2023 at 10:00 – Hybrid: In Office / Teams	

The meeting closed at 12:30

Signed: Mike Scott Date: 21st February 2024