

A meeting of the Management Committee will take place on **Wednesday 26 February 2020 at 7.00pm at Head Office, Haddington.**

Please advise staff if you are unable to attend.

Joyce Bolan
Secretary

B U S I N E S S

1.0 GENERAL

- 1.1 Apologies
- 1.2 Declaration of Interest by Management Committee Members
- 1.3 Minutes of 30 November 2019 – **for approval**
- 1.4 Action List – for information
- 1.5 Matters Arising

2.0 GOVERNANCE

- 2.1 Secretary's Report – **for homologation**
- 2.2 Key Performance Indicators 2019/20 – for information
- 2.3 Internal Audit Strategy and Annual Plan – **for approval**

3.0 PRIORITY ITEMS

- 3.1 Care & Repair Budget 2020/21 – **for approval**

4.0 POLICIES

- 4.1 Shared Ownership Policy Review – **for approval**
- 4.2 Governing Body Members Training Policy Review – **for approval**
- 4.3 Domestic Abuse Policy Review – **for approval**
- 4.4 Domestic Abuse and the Workplace Policy – **for approval**
- 4.5 Treasury Management Policy Review – **for approval**
- 4.6 Fraud and Theft Policy Review – **for approval**

5.0 BUSINESS MANAGEMENT

- 5.1 Financial Inclusion Service (Home Energy Advice) – for information

6.0 ANY OTHER BUSINESS

DATE OF NEXT MANAGEMENT COMMITTEE MEETING

Thursday 26 March 2020 at ELHA Head Office, Haddington, at 7.00pm

Action List

Report by Martin Pollhammer, Chief Executive – for information

The table below sets out the required actions agreed at the last meeting of the Management Committee on 30 November 2019, and confirms the actions taken as a result.

Minute Ref	Action Required	Action By	Action Taken
3.1	Report on Action Plan following the Large Scale Tenant Satisfaction Survey	KB	Reported to Audit & Assurance Committee on 25 February 2019
4.1	Update the Guide to Information with additional R3 background information	MP	Complete

Secretary's Report – for homologation

1.0 Membership:

No new applications for membership have been received

2.0 Use of Seal for Homologation:

Agreement with Level-Up-Consulting Limited for software development and consultancy services.

Deed of Conditions – BDW Trading and East Lothian Housing Association re Dovecot Yard, Haddington.

Deed of Conditions – BDW Trading & East Lothian Housing Association re Yew Gardens, Ormiston (Limeylands).

E A Renton & S R F Renton, East Lothian Council, The Scottish Minister & East Lothian Housing Association variation of Minute of Agreement relative to 14 The Glebe, east Saltoun EH34 5HG.

Occupancy Agreement between East Lothian Housing Association and Amy drivers, 21 Woodbush Place, Dunbar.

Recommendation

The Management Committee is asked to Homologate the use of the Seal.

Key Performance Indicators 2019/20

Report by Martin Pollhammer, Chief Executive – for Information

1.0 Introduction

The Association's Key Performance Indicators (KPI's) for the third quarter of 2019/20 are attached as **Appendix 1** to this report.

It should be noted that the current rent arrears position is the lowest for many years, and possibly the lowest figure ever recorded. It is 20% below the figure when Universal Credit was introduced in 2016 (at that time, arrears were 2.98%).

2.0 ELHA Performance

The Association has missed the following targets:

2.1 Unit Reactive Maintenance Costs

Unit Reactive Maintenance Costs are £825, compared to a target of £667. Included in reactive costs is an accrual of £76k to bring R3's gross profitability on ELHA jobs for the period up to 42%. Expenditure on voids is £43k over budget for the period due to both a higher number of voids than anticipated in the year and the repair costs for some of the voids being high due to the condition the properties were left in. Excluding the profitability adjustment and the exceptional void spend, Reactive / Void Maintenance Costs are £706 or £39 per unit more than the target.

2.2 Properties Allocated after 3 or more Refusals

One property in Whitecraig was refused seven times for a range of reasons such as the area is too remote, there is no storage for a motorbike, or it is too far from Musselburgh. None of the reasons give concern in terms of Asset Management; demand for this property was very high with 209 applicants applying for it.

2.2 Gold and Platinum Key Tenants

Figures have increased slightly on the last quarter but remain under target. During this quarter emphasis has been placed on getting tenants to sign up to their My Home account and go paper-free, with a view to encouraging take up of the Key Tenant Scheme thereafter. The rent increase letter (due to be sent at the end of February 2020) has been re-designed to attract attention to the Scheme and will hopefully improve take up.

2.3 Percentage of tenants using their My Home Account

Figures have substantially increased during the quarter following promotions in December 2019 and January 2020, with the figure now only 1% below the target for the year end.

2.4 Percentage of Tenants Paper-free

There has been further improvement, following a promotion during December 2019 and January 2020, with the figure now only 6% below the year end target, and for the first time the majority of tenants are now paper-free.

This figure is expected to increase further by year end, as all tenants who activate their My Home account are now automatically paper-free (although they can opt out of this by contacting Head Office), and as the number of tenants using the My New Home (which requires new tenants to go paper-free) service continues to increase. The Rent Increase letters will include further My Home promotions, and during Quarter 1 of 2020/21, all remaining My Home account users not using paper-free services will be switched to paper-free (although again an opt-out process will be offered).

Key Performance Indicators 2019/20

Performance Indicator	Quarterly Target	Q1	Q2	Q3	Q4	2019/20 Target	2018/19 Actual	Year to Date	Status
Rental Income									
Non-technical arrears as % of rental income	3.4%	3.01%	2.98%	2.39%		3.4%	3.28%	2.39%	😊
Bad debts written off as % rental income	1.75%	0.92%	0.92%	-1.44%		1.75%	-0.26%	0.14%	😊
Voids as % of rental income	0.75%	0.36%	0.29%	0.37%		0.75%	0.41%	0.34%	😊
Finance									
Interest cover (loan covenants)	110%	264%	297%	232%		110%	251%	264%	😊
Gearing (loan covenants FRS102 definition)	<37%	25%	25%	25%		<37%	26%	25%	😊
Current assets as a % of current liabilities	100%	128%	130%	156%		100%	124%	156%	😊
Unit management costs	£1,663	£1,526	£1,492	£1,619		£1,663	£1,545	£1,546	😊
Unit reactive maintenance costs	£667	£559	£769	£1,148		£667	£793	£825	😞
Asset Management									
Stock condition inspections completed	cumulative	20%	0%	0%		20%	20%	20%	😊
Gas services completed within timescale	cumulative	100%	100%	100%		100%	100%	100%	😊
Planned maintenance contracts with >5% overspend	0	0	0	0		0	0	0	😊
Average time taken to complete emergency repairs	< 2 hours	0.63	0.65	1.6		< 2 hours	1.01	0.64	😊
Average time taken to complete non-emergency repairs	< 6 days	2.97	6.1	6.60%		< 6 days	6.42	4.62	😊
Repairs completed right first time	85%	100%	99%	99%		85%	95%	100%	😊
Repair appointments kept	93%	96%	99%	95%		93%	95%	98%	😊
Housing Management									
Properties allocated after 3 or more refusals	0	0	1	1		0	0	2	😞
Number of evictions carried out	no target	0	1	2		no target	5	3	😊
Number of ASBO's in force against tenants	no target	1	2	2		no target	1	2	😊
Gold Key Tenants	35.0%	10.6%	10.6%	11.1%		35%	10.5%	11.1%	😞
Platinum Key Tenants	25.0%	13.3%	14.0%	15.7%		25%	11.3%	15.7%	😞
Corporate									
Number of accidents reportable to HSE	0	0	0			0	1	0	😊
% working days lost through long term sick leave	5%	0.4%	1.15%	0.85%		5%	2.29%	0.81%	😊
% working days lost through short term sick leave	2%	1.05%	0.92%	0.91%		2%	1.60%	0.96%	😊
Management Committee Attendance	75%	91%	62%	75%		75%	71%	76%	😊
Audit & Assurance Committee Attendance	75%	92%	54%	83%		75%	81%	76%	😊
% of Tenants using their My Home Account	75%	66%	69%	74%		75%	65%	74%	😊
% of Tenants Paper Free	60%	47%	49%	54%		60%	45%	54%	😞

😊 Performance Excellent 😊 Performance Satisfactory 😞 Performance Poor

Internal Audit 2020/21 – Group Annual Plan and Strategy

Report by The Internal Audit Association – for Approval

Attached, as **Appendix 1**, is a copy of the Annual Plan for 2020/21 proposed by TIAA and ELHA's Business Management Team.

The document also includes the Annual Plan for R3 Repairs, which was tabled for approval by the R3 Board at its meeting on 19 February 2020. A verbal update will be provided at the meeting.

Recommendation

The Management Committee is asked to approve the proposed Group Internal Audit Annual Plan and Strategy for 2020/21



East Lothian Housing Association

Audit Strategy and Annual Internal Audit Plan

2020/21

February 2020

Overview

Introduction

The Audit Plan for 2020/21 has been informed by an analysis of the key risks facing the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

This year will be another challenging year for housing organisations in terms of income, regulation and also the pressures on service delivery. We have identified a number of key areas which require consideration when planning internal audit coverage.

Regulation: RSLs must ensure compliance with the latest Regulatory Standards. They also need to ensure they have appropriate arrangements in place for self-assessment and to make their annual assurance statement to the Regulator.

Stock condition and asset management: Ensuring that stock meets high standards for health and safety, EESSH and SHQS has been increasingly identified as an important issue for many RSLs. RSLs should understand the overall condition of their stock, the improvements required to meet the standards and the necessary investment should be reflected in the organisations’ long-term business plans.

Fraud and cyber security: As ever-present risks, RSLs must ensure that they have robust controls that operate effectively and continually which are underpinned by organisational awareness and appropriate behaviours.

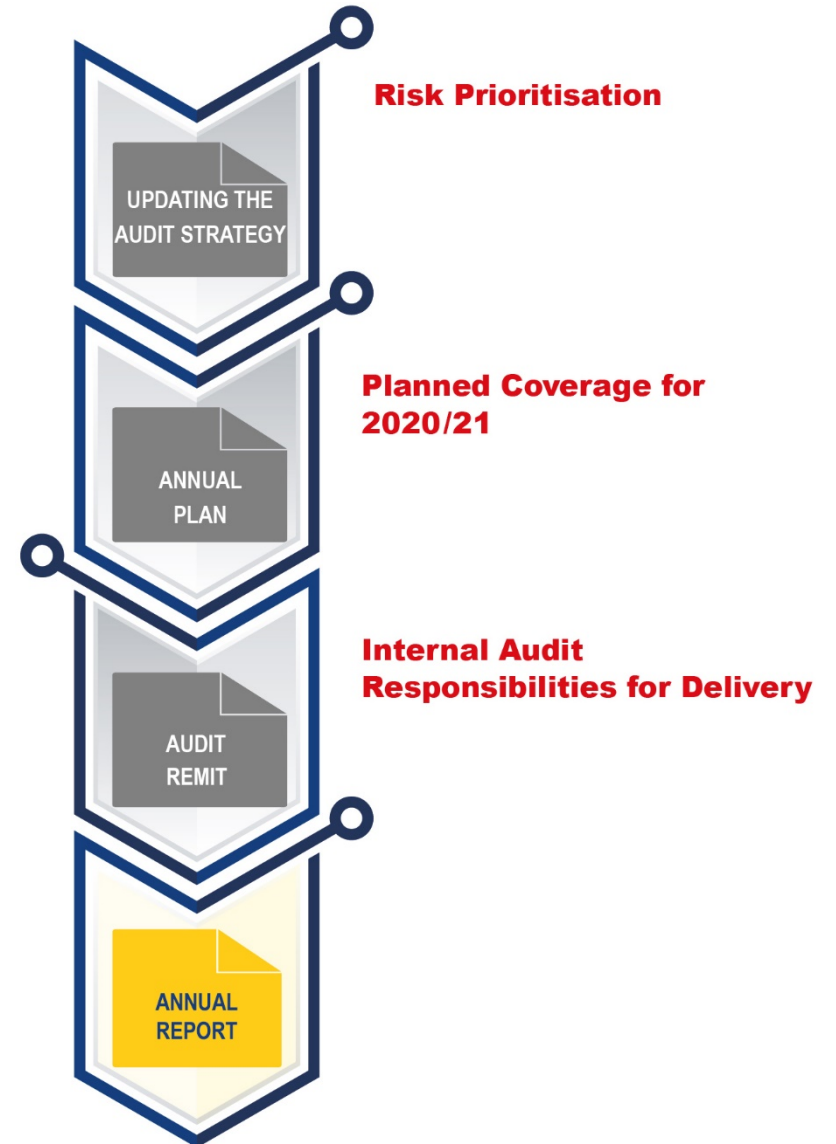
Brexit: The practical implications of the United Kingdom’s position on Brexit will continue to play out throughout the coming year, particularly in relation to direct (e.g. care and support) and indirect (e.g. regeneration) labour and the availability of materials.

Reputational risk: Such risks are inextricably linked to all risks of an organisation. As organisations with a social purpose and charitable status, RSLs’ actions will continue to be scrutinised by a range of stakeholders such as Government, SHR, tenants, lenders etc.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2020/21 support the Head of Internal Audit’s annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control as required by TIAA’s charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

2020/21 Audit planning process



Internal Audit Plan

Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2020/21 we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing East Lothian Housing Association (ELHA) and those within the sector and has been developed with senior management and Committee. We adopt a proprietary risk based approach (GUARD) to determining your audit needs each year which includes reviewing your risk register and risk management framework, the Regulatory Framework and assessment of ELHA. The Audit Strategy is based predominantly on our understanding of the inherent risks facing ELHA and those within the sector and has been developed with senior management and Committee. Our approach is based on the guidance stipulated in the IIA UK & Ireland standards.

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing ELHA. Annex A contains the GUARD assessment of key risks in the sector and which has been used to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed.

Internal Audit Strategy Plan

Following the risk prioritisation review, the Audit Strategy has been updated (Annex B) and the Annual Plan (Annex C) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Audit and Assurance Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research, preparation and issue of terms of reference, site work, production and review of working papers and reports.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and ELHA. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where ELHA agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Director and will be clearly set out in the terms of reference for the additional review(s).

Audit Remit/Charter for Housing

The Audit Remit/Charter (Housing) (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within ELHA and defines the scope of internal audit activities.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and the IIA UK & Ireland standards.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and the IIA UK & Ireland standards. The Annual Report will include a summary opinion of the effectiveness of ELHA's governance, risk management and operational control processes based on the work completed during the year.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Providing Assurance

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance assessment process is set out in Annex E.

Liaison with the External Auditor

We will liaise with ELHA’s External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Performance

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with TIAA’s audit charter and the IIA UK & Ireland Standards.	100%

Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA’s audit charter and the IIA UK & Ireland standards, ELHA’s requirements and TIAA’s internal policies.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing ‘limited’ or ‘no’ assurance with the prior approval of ELHA and additional time will be required to carry out such testing. ELHA is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management’s use and are not prepared for any other purpose.

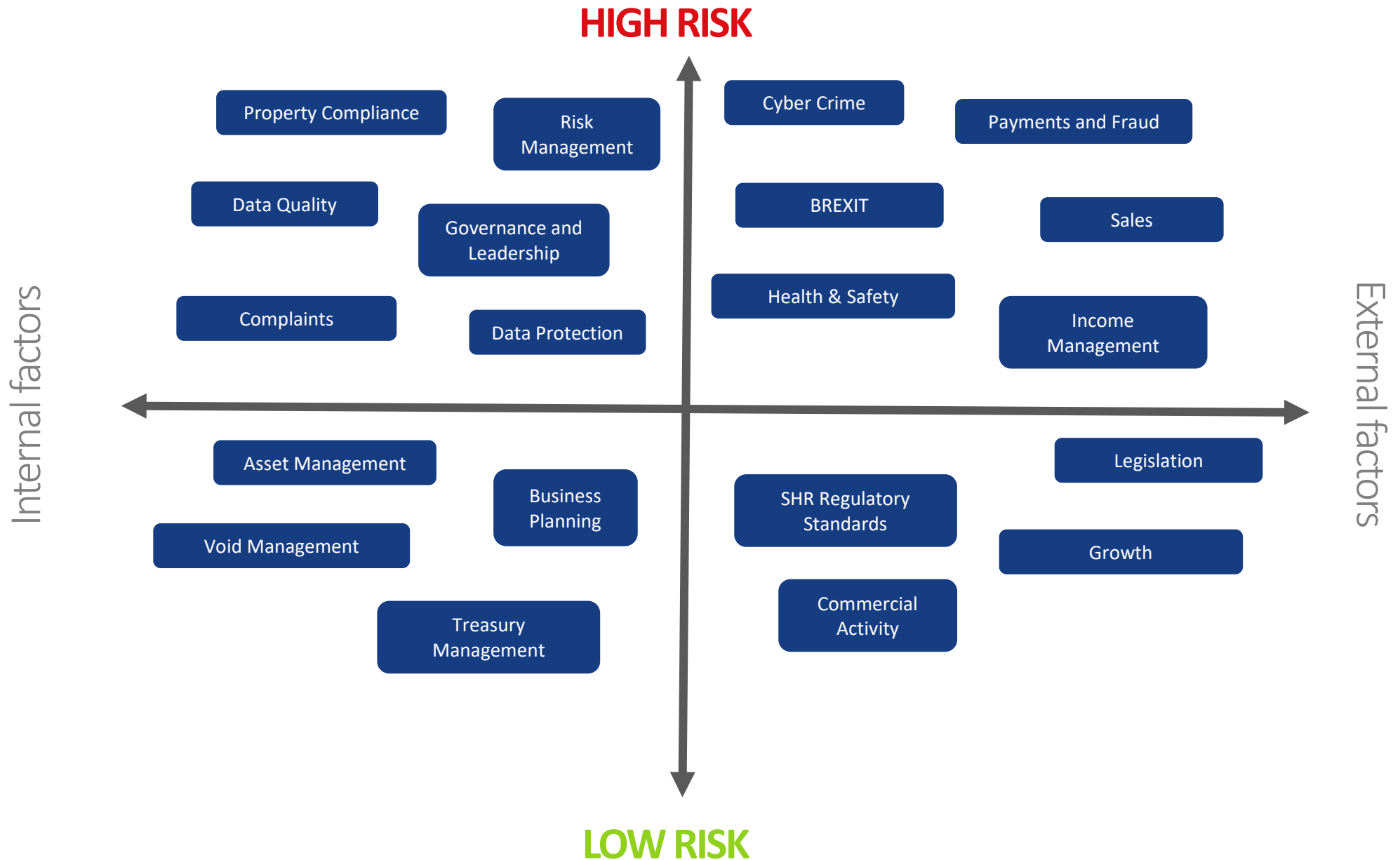
Audit and Assurance Committee Responsibility

It is the responsibility of the Audit and Assurance Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee’s requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

Release of Report

The table below sets out the history of this plan.

Date plan issued:	29 th January 2020
Date final plan issued:	13 th February 2020



Review Area	Type	2019/20	2020/21	2021/22
Group				
Corporate Governance – Regulatory Standards	Assurance		4	
Sickness Absence Management and Monitoring	Assurance	3		
Value for Money	Assurance			3
East Lothian Housing Association				
Procurement and Purchasing	Assurance		3	
Tenant Participation	Assurance	2		
Tenancy Sustainment including Rent Arrears	Assurance	4		
My New Home (Tenancy Start)	Assurance		2	
Allocations	Assurance			3
Freedom of Information (Scotland) Act Compliance	Compliance			3
Budgetary Control	Assurance		3	
Care and Repair Adaptations Service	Assurance	3		
Planned and Cyclical Maintenance	Assurance			3
R3 Repairs Limited				
Profitability Management & Reporting	Assurance			3
Material Costing and Usage	Assurance	3		
Marketing	Assurance		3	
Management & Planning				
Follow Up	Follow Up	1	1	1
Audit Needs Assessment and Annual Plan	-	1	1	1
Annual Report	-	1	1	1
Management including planning, liaison and attendance at audit committees	-	2	2	2
Total Days		20	20	20

Quarter	Review	Type	Days	Rationale and Scope
1	Corporate Governance – Regulatory Standards	Assurance	4	<p><u>Rationale</u></p> <p>With the implementation of the revised Regulatory Standards in April 2019, RSLs are required to make an annual assurance statement to the Regulator. It is imperative that RSLs put in place effective processes and controls to ensure that the assurance statement is compiled and submitted in a timely manner and that the statement is accurate and adequately supported by appropriate documentation.</p> <p><u>Scope</u></p> <p>This review examines arrangements to ensure compliance with the new Regulatory Standards. It will also cover controls over the compilation and validation of information contained within the annual assurance statement.</p>
3	Procurement and Purchasing	Assurance	3	<p><u>Rationale</u></p> <p>The Association needs to ensure that there are effective controls over the procurement of goods and services in order to minimise financial loss and ensure that the Association complies with relevant procurement regulations and obtains value for money.</p> <p><u>Scope</u></p> <p>The review considers compliance with procurement regulations, arrangements to ensure that goods and services are obtained at the most economical and fair price, verification of suppliers as stable and reliable; arrangements to ensure all purchase orders are justified, appropriately authorised and accounted for; arrangements for tendering of contracts; arrangements for receipt of goods/services; and management information and reporting arrangements on procurement activity.</p>
2	My New Home (Tenancy Start)	Assurance	2	<p><u>Rationale</u></p> <p>My New Home is a recently implemented process that has not yet been reviewed. A positive start to a tenancy is essential to facilitate tenancy sustainment.</p> <p><u>Scope</u></p> <p>This review considers the processes from the beginning of the tenancy at sign up through to settling in visits, where applicable. This will cover policies and procedures; communication with tenants; online sign up and introduction to the Key Tenant Scheme; information provided to tenants including on elha.com; and monitoring arrangements.</p>

Quarter	Review	Type	Days	Rationale and Scope
3	Budgetary Control	Assurance	3	<p><u>Rationale</u></p> <p>ELHA needs to ensure that it has sufficiently robust budget setting and monitoring arrangements in place to manage its finances effectively and to deliver business plan objectives.</p> <p><u>Scope</u></p> <p>The review considers the budget preparation process, the monitoring arrangements, and reporting to the board. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.</p>
3	R3 Marketing	Assurance	3	<p><u>Rationale</u></p> <p>Effective marketing is required to achieve business growth and achievement of objectives. Ineffective marketing practices can result in loss of market share.</p> <p><u>Scope</u></p> <p>This review covers marketing strategy, policy and procedures; roles and responsibilities; communication mechanisms used; arrangements for maintaining awareness of trends, consumer needs and competitor activities; marketing methods used and their approval; controls over expenditure; and arrangements to monitor and evaluate the effectiveness of marketing.</p>
4	Follow-up	Follow up	1	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the organisation is implementing recommendations, and providing reports to the Audit and Assurance Committee.
1	Annual Planning	Management	1	Assessing the organisation's annual audit needs – requirement of Internal Audit Standards.
4	Annual Report	Management	1	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Assurance Statement.
1-4	Management, Planning & Audit and Assurance Committee Reporting/Support	Management	2	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit and Assurance Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			20	

Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the ELHA framework of governance, risk management and control. TIAA is responsible for giving assurance to ELHA "Governing Body" (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of ELHA risk management, control and governance processes.

Scope

All ELHA activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that ELHA management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit and Assurance Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of ELHA and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the Chartered Institute of Internal Auditors – UK & Ireland standards.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within ELHA and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Audit and Assurance Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with ELHA management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the type of audit accordingly. For all types of audit we also taken into account value for money considerations and any linkages to the organisational Assurance Framework. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

Assurance Assessment Gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

LEVELS OF ASSURANCE PROVIDED

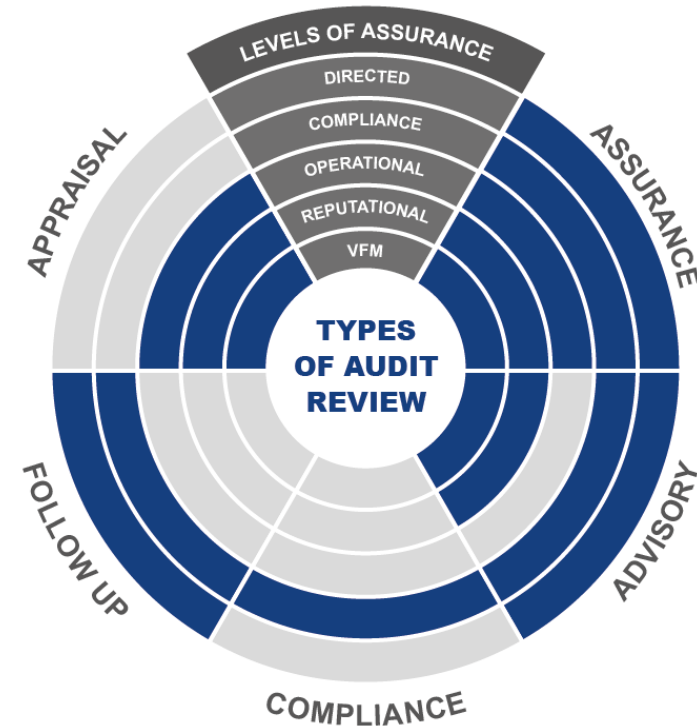


Benchmarking

Where a similar review is carried out at a number of our clients we will subsequent to the completion of the review at each of the clients we will where relevant provide a benchmarking and lessons learned digest. This digest will include Operational Effectiveness Matters for the ELHA to consider.

Types of Audit Review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



Care & Repair Business Plan 2020/21

Report by Gary Fortune, Finance Manager – for Information

The table below is an extract from the current Care & Repair Business Plan, showing the projected income and expenditure for the service for remaining years of the five-year plan (1 April 2017 to 31 March 2022). The figures for 2020/21 comprise the proposed budget for the year.

During 2017/18 the service received a five-year funding agreement from East Lothian Council, which is fixed at £329,891 per year until 2021/22. The deficits in the later years will be partly funded from surpluses carried forward from earlier years. The service is projected to generate a cumulative deficit of £19,530 at the end of 2021/22 with all prior years' surpluses being utilised.

The 2020/21 figures, which show a net deficit of £27,683, have been included within the overall ELHA budget for 2020/21.

CARE AND REPAIR SERVICE BUSINESS PLAN 2018/19 TO 2021/22 INCOME AND EXPENDITURE ACCOUNT	BUDGET 2019/20	PROJECTED 2020/21	PROJECTED 2021/22
Inflation rate assumed- general	2.70%	2.20%	3.00%
Inflation rate assumed- salaries	2.70%	1.60%	3.00%
INCOME:-	£	£	£
ELC	329,891	329,891	329,891
Medical Adaptations Administration Fees	2,820	3,168	3,168
TOTAL INCOME	332,711	333,059	333,059
EXPENDITURE:-			
DIRECT COSTS:-			
Salaries	148,497	146,374	143,660
Employers N I	13,518	12,716	12,909
Employers Pension Contributions	32,994	41,979	42,087
Employers Pension Deficit Payment	29,381	30,133	31,037
Training/Conferences	1,485	1,464	1,437
Electrical Safety Service	13,345	13,639	14,048
TOTAL DIRECT STAFF	239,220	246,305	245,177
INDIRECT COSTS:-			
ADMIN & MGMT SERVICES	19,420	19,731	20,323
TRAVEL/SUBSISTENCE			
Essntial Car User Allow.	2,773	2,823	2,907
Vehicle Leasing, Fuel and Maintenance	10,214	10,577	10,894
Vehicle Insurance	1,553	1,622	1,671
Travel/Subsistence	2,609	1,974	2,034
TOTAL TRAVEL/SUBSIST	17,149	16,996	17,506
OFFICE OVERHEADS			
DIRECT COSTS			
IT Systems	24,665	25,204	25,960
Materials, Tools & Equipment	1,000	1,000	1,000
Telephone & Fax	996	819	843
Print/Publicity/Adverts	546	1,169	1,204
Postage	715	697	718
Office Equipment	257	256	263
SHQM Accreditation	0	1,800	0
Professional Indemnity	594	644	663
TOTAL DIRECT O/HEADS	28,773	31,588	30,652
INDIRECT COSTS			
General Overheads	37,859	37,701	38,410
Stationery/Office Materials	8,492	7,298	7,516
Audit	1,100	1,124	1,158
TOTAL INDIRECT O/HEADS	47,451	46,123	47,084
TOTAL EXPENDITURE	352,013	360,742	360,741
SURPLUS/DEFICIT	(19,302)	(27,683)	(27,682)

Surplus/Deficit

Brought forward at 01/04/20 (projected)	35,834
2020/21	(27,683)
2021/22	(27,682)

Cumulative at 31 March 2022 (19,530)

Shared Ownership Policy Review

Report by Karen Barry, Director of Housing - for approval

1.0 Introduction

The five yearly review of the Shared Ownership Policy has been carried out and recommended changes are highlighted in the **Policy Document** attached to this report.

2.0 Summary of changes

There have been two key legislative changes which affects this policy, otherwise all other changes are minimal and should be self-explanatory.

Section 5.2 - The introduction of the Housing (Amendment) Scotland Act 2018 reversed the decision to reclassify RSL's as public non-financial corporations. As a result, it removed the Scottish Housing Regulators consent regime and an entirely new Standard 7 was added to the Regulatory Standards of Governance and Financial Management outlining the new requirements around disposal, making any such disposal a Notifiable Event.

Section 7.3.1 – Private Residential Tenancies were introduced by the Private Housing (Tenancies) (Scotland) Act 2016 on 1 December 2017. The purpose is to improve security, stability and predictability for tenants and provide safeguards for landlords, lenders and investors. This replaced Assured and Short Assured Tenancies.

Recommendation

The Management Committee is asked to approve the revised Shared Ownership Policy.

Date Issued	February 2015
Department	Housing
Title	Shared Ownership
Objective	To set out our policy in relation to the management, allocation and sale of Shared Ownership properties
Responsible	Director of Housing
Next Review Date	February 2025 0

1.0 Introduction

- 1.1 We have a small stock of Shared Ownership properties developed between 1990 and 1997 representing ~~less than 5~~around 3% of our Housing stock. We have in the past sought to maintain this stock by facilitating the sale of shares between Sharing Owners wishing to move on and people on our list for whom Shared Ownership is an option.
- 1.2 The rapid increase in property values coupled with the tightening of lending criteria, the requirement for deposits of up to 20% and the availability of other Ownership options such as Shared Equity and Help to Buy has made Shared Ownership less attractive and we have found it increasingly difficult to facilitate onward sales.
- 1.3 In addition, although the management of Shared Ownership is governed by several legal agreements including an Occupancy Agreement between us and the Sharing Owners; an Agreement between the Sharing Owner and their lender (if applicable); a Co-operation Agreement between us and the lender and in many cases a Deed of Conditions for the development, management issues have emerged that have led us to conclude that in many cases retaining the Shared Ownership properties may not be in the best interests of the Association.
- 1.4 Grant subsidy for Shared Ownership is available in only very limited circumstances and it is therefore highly unlikely that we will develop any new Shared Ownership homes. This policy does not therefore cover the allocation of Shared Ownership but only the criteria to be applied when shares change hand.
- 1.5 We will not actively seek to dispose of Shared Ownership units but equally may not seek to retain them when a Sharing Owner chooses to move on.

2.0 Shared Ownership Sales

2.1 The Occupancy Agreement provides for two options when a Sharing Owner wishes to sell their share;

- We can buy back the share and sell it on
- We can join with the owner in a sale on the open market

2.2 If a Ssharing Owner wishes to sell their interest in the property, they must inform us in writing.

2.3 We will not normally buy back shares of the property.

2.4 Sharing Owners at Tyne Park, Pencaitland, Hardgate Court, Haddington, Quality Street, North Berwick; Woodbush Place, Dunbar, Miners Terrace, Wallyford and Crown Court, Tranent will be encouraged to sell their share to a qualifying buyer as outlined at paragraph 3 below.

2.5 Sharing Owners at Fowlers Court, Prestonpans; Creel Court, North Berwick; Market Street, Rosehall and Princess Mary Road, Haddington will be advised that we will join with them in a sale on the open market.

2.6 We will provide Sharing Owners with a Handbook summarising the content of this policy.

3.0 Qualifying Applicants

3.1 Our target groups for Shared Ownership properties are:

- First time buyers
- Owners in financial difficulties or who have had a relationship breakdown and been forced to sell
- Public sector tenants
- People with particular needs
- Older people
- Applicants leaving or having left the armed forces within the past year including widows, widowers and other partners of service personnel
- Applicants who have previously jointly owned a property and have been forced to sell due to relationship breakdown will be treated as first time buyers
- We will accept applications from those who have previously or currently own a property, but they will only be considered in the event that no first time buyers have applied and meet the eligibility criteria

3.2 We will not normally consider an application where the applicant's income is such that they can afford to purchase outright on the open market. We will carry out a 'mortgage ability' calculation to ensure that they can afford to meet mortgage costs as well as the occupancy charge and council tax (See **Appendix 2**).

3.3 To try to prevent applicants from over committing and running into financial difficulties, we will not normally agree to the sale to a purchaser for whom the estimated cost of shared ownership exceeds 30% of net income. In view of the need to sell properties quickly, this figure will be regarded as a target which it must be recognised will not always be met.

4.0 Approval to Sell a Share

4.1 The sharing owner is responsible for ensuring the property is marketed, that a Home Report is produced, and for all of their legal and marketing costs.

4.2 If the Sharing Owner is selling only their share in the property, they require our permission to complete the sale. Any interested applicants must complete our application form and meet our criteria as detailed at paragraph 3 above.

4.3 We will invite the Sharing Owner to market the property then refer prospective purchasers to us for assessment to ensure that, as far as possible, they meet our criteria for allocating Shared Ownership properties.

4.4 We will offer to advertise the property on Homehunt but will simply provide a Shared Ownership application form to any applicants and refer them direct to the Sharing Owner to arrange viewing. If the applicant wishes to proceed they will agree a price with the seller then apply to us to assess their eligibility before submitting a formal offer and incurring legal costs.

4.5 Applicants will be assessed on a first come first served basis replicating the realities of the market, i.e. if only one offer to purchase is submitted then we will assess that applicant and only if they do not qualify will any other applicants be considered.

4.6 We will not agree to the sale of a share to an applicant who does not qualify for shared ownership. The result of this may be that the Sharing Owner opts for joint open market sale.

4.7 We will maintain an audit trail to ensure that we can demonstrate that the process has been carried out fairly.

4.8 Staff will refer to regulatory guidance and best practice if the Sharing Owner proposes to sell to a member of staff, ex member of staff, Management Committee member, ex Management Committee member or their relatives.

5.0 Joint Open Market Sale

- 5.1 If an owner is unable to sell their share in the property, or the property is at Fowlers Court, Prestonpans; Creel Court, North Berwick; Market Street, Rosehall and Princess Mary Road, Haddington we will join with them in a sale on the open market with the proceeds being split according to the ownership ratio.
- 5.2 Because joint open market sale is the default position if we do not buy back and sell on the share, the disposal of the property is ~~covered by general consent from a Notifiable Event and will be reported to~~ the Scottish Housing Regulator. We do however, have to repay grant and the loan on the property (see **Appendix 2**) and are required to achieve the best possible price.
- 5.3 We will therefore require a copy of the Home Report and to be aware of the marketing strategy so that if the property is sold for less than the Home Report valuation we are able to justify the price. In order to ensure that this is available (and in the interests of fairness) we will pay a share of the Home Report and Marketing costs equal to our share in the property.
- 5.4 The Sharing Owner will meet their own legal costs and we will meet ours.

6.0 Staircasing Sales

- 6.1 Sharing Owners may increase their share of the property after one year of occupancy. Although it is now possible to purchase in increments of 10%, we will continue to offer tranches of 25% only. No more than one staircasing transaction can be carried out in each year.
- 6.2 -We will write to Sharing Owners after the first year and then every 5 years reminding them that they have the option of increasing their stake in the property.
- 6.3 The Sharing owner will be required to meet the costs of valuing the property and their own legal costs.
- 6.4 We will amend the occupancy payments according to the new percentage owned.

7.0 Management of Shared Ownership Properties

The Occupancy Agreement and, if applicable, Deed of Conditions set out the rights and responsibilities of the sharing owner and the Association. The following policy statements do not in any way alter the information contained within the Occupancy Agreement or Deed of Conditions and are for guidance only:

7.1 Occupancy Charges & Service Charges

- 7.1.1 We charge the occupancy & service charges on the first day of the month. These charges are subject to an annual review and we will give sharing owners four weeks' notice in advance of any changes to the charges.
- 7.1.2 If a Sharing Owner is unhappy with the level of Occupancy Payment, they have the right to appeal to a Chartered Surveyor nominated by the Chairman of the Royal Institution of Chartered Surveyors (RICS).
- 7.1.3 We will encourage Ssharing Owners to pay their charges by direct debit and will insist that this is paid monthly in advance, in line with the Occupancy Agreement.
- 7.1.4 If a Ssharing Owner falls behind with payments we will provide advice and be happy to enter into an arrangement to repay the debt. If more than two months arrears accrue we will inform the Ssharing Owner's lender.
- 7.1.5 If we incur any costs in pursuing Occupancy Charge arrears (for example searches to determine the identity of the sharing owners' lender) we will seek to pass these on to the Sharing Owner.
- 7.1.6 We will not instruct legal action to recover any debt before offering debt counselling, including advice about benefits.
- 7.1.7 Repossession action will be taken as a last resort when all other action has failed. All such actions will be carried out jointly with the lender wherever possible.
- 7.1.8 The Audit & Assurance Committee will monitor occupancy and service charge arrears and any legal action taken through the submission of quarterly reports.

7.2 Anti Social Behaviour

- 7.2.1 Our ability to manage issues which affect more than one household such as neighbour disputes and antisocial behaviour is very limited. There is nothing in the Occupancy Agreement to allow us to consider court action or repossession action, nor would we wish to.
- 7.2.2 We will assist in trying to resolve issues that may arise in accordance with our Anti Social Behaviour Policy, such as referrals to mediation, liaison with the police or joint working through East Lothian Antisocial Behaviour Partnership.

7.3 Subletting

- 7.3.1 In terms of the Occupancy Agreement, the Sharing Owner agrees to use the property as their only or principle home. If a Sharing Owner wishes to sublet they should put their request in writing to us. We may agree to this for a

period of up to 12 months, but this period may be extended dependant upon the circumstances and provided the Sharing Owner:

- has written agreement from their lender
- has registered as a Private Landlord
- gives their sub-tenant a ~~Short Assured Tenancy~~ Private Residential Tenancy

7.3.2 If it is clear that the Sharing Owner is unlikely to return to the property we will encourage them to sell their share.

7.3.3 During the sublet period, the Sharing Owner remains responsible for ensuring that the occupancy charges are paid and that the sub tenant keeps to the conditions of the Occupancy Agreement.

7.4 Lodgers

7.4.1 The Sharing Owner requires our permission to take in a lodger. Our main aim will be to ensure that overcrowding does not occur.

7.4.2 All requests must be made in writing and the Sharing Owner will have to provide written confirmation that their lender agrees.

7.4.3 If the request is approved and Housing Benefit or Universal Credit Housing Costs are in payment, then the Sharing Owner must inform East Lothian Council or the Department of Works and Pensions (whichever is applicable) of their change in circumstances.

7.5 Transfer of Title

7.5.1 A Transfer of Title is a legal way of signing over all the interests in the Sharing Owners property, i.e. their ownership, rights and responsibilities, to someone else. A Sharing Owner cannot legally do this without our permission and that of their lender.

7.5.2 The most common reason for a Transfer of Title is relationship breakdown and in these circumstances we will normally consent on condition that the new or remaining Sharing Owner enters into an Occupancy Agreement.

7.5.3 If we receive a request to Transfer Title in other circumstances and there are people in that area who wish to become Sharing Owners, we will encourage the Sharing Owner to sell their share rather than consent to the Transfer of Title.

7.6 Running a Business from Home

7.6.1 Requests to run a business from home should be made in writing. We will normally grant permission provided that:

- The running of the business will not cause nuisance, annoyance or danger to neighbours or damage to property

- There will be no breach of the Occupancy Agreement or Deed of Conditions
- The business does not require a change of use in respect of the building or lead to objections from statutory authorities

7.6.2 It is the Sharing Owner's responsibility to ensure that any necessary statutory consents, e.g. Planning Permission, are granted and that any conditions applying to such consents are fulfilled.

8.0 Expiry of Exclusive Occupancy Agreement

8.1 Shared Ownership Exclusive Occupancy Agreements usually last for 20 Years from their commencement.

8.2 We will write out to Sharing Owners at the 1st, 5th, 10th, 15th and 20th year anniversary of the start of their Occupancy Agreement to remind them that they have the option to tranche up their share of the property. Further shares, in multiples of 25%, can be purchased at a cost based on the market value. Only one transaction per year is allowed.

8.3 At the end of the 20 year Occupancy Agreement, Ssharing Owners must decide to either:

- Tranche up to full ownership
- Sell the property
- Extend the Exclusive Occupancy Agreement for a further period of time

We will write to Ssharing Owners one year prior to their 20 year occupancy expiring.

8.4 A procedure for producing these letters is attached at **Appendix 1**.

9.0 Information, Consultation and Participation

9.1 We will inform Sharing Owners of any changes to our policy or the law that affects them.

9.2 We will provide information and advice on the Sharing Owner's rights and obligations under the occupancy agreement.

9.3 We will not provide legal advice or information on financial services. Applicants will have to obtain independent legal or financial advice themselves.

10.0 Equal Opportunities

- 10.1 We will not discriminate in the operation of this policy on the basis of age, disability, gender reassignment, marriage and civil partnership, race, religion or belief, sex, or sexual orientation.
- 10.2 We aim to promote equal opportunities and comply with the requirements of the Equality Act 2010.

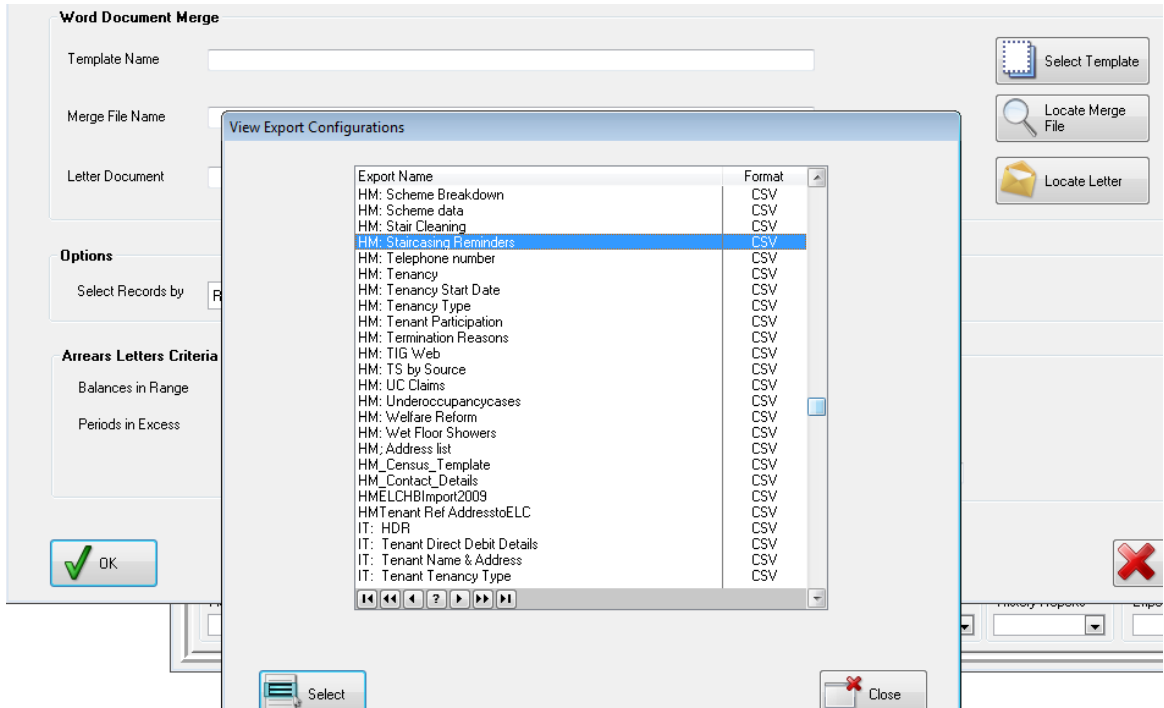
11.0 Policy Review

- 11.1 This policy complies with all relevant law, Government Guidance and good practice and will be reviewed if changes necessitate an early review.
- 11.2 The policy and supporting procedures have also been checked to ensure that opportunities for bribery or corruption in terms of the Bribery Act 2010 have been minimised.
- 11.3 The Director of Housing will ensure that this policy is reviewed at least every five years and that any amendments required are submitted to the ~~Housing & Property Services Sub-Management~~ Committee for approval.

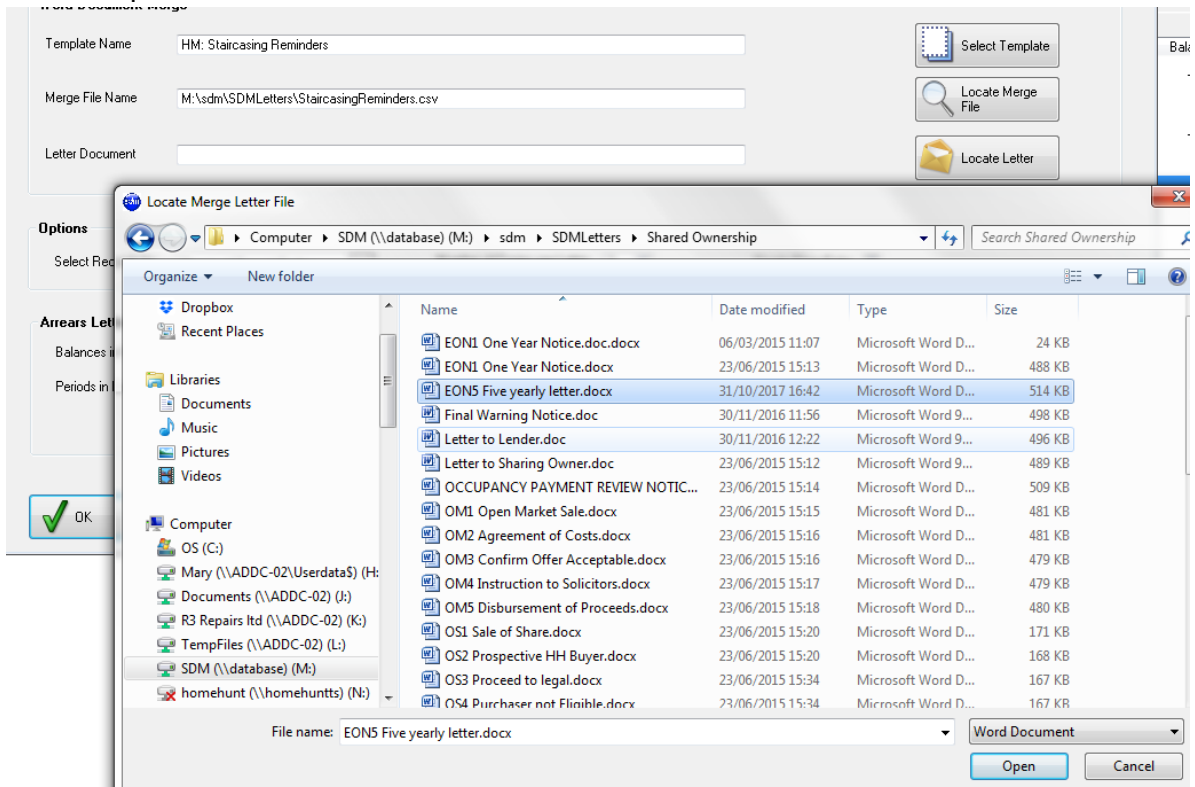
Procedure for Running the Staircasing Letters:

APPENDIX 1

- Go to Reports / Standard Letters / via Word
- Click Select Template and choose HM: Staircasing Reminders Template



Click Locate Letter and select the relevant letter from: M:\sdm\SDMLetters\Shared Ownership



- Choose either Range of Tenant Codes or List of Tenant Codes (only choose the list option if you already know exactly which sharing owners are to receive the letter, i.e. you have their name and reference number – for List procedure, see below)

The screenshot shows the 'ReportWriter' application window. It has several sections:

- ReportWriter:** Fields for 'Library Name' and 'Report Title', with 'Change Library' and 'Change Report' buttons.
- Word Document Merge:** Fields for 'Template Name' (HM: Staircasing Reminders), 'Merge File Name' (M:\sdr\SDMLetters\StaircasingReminders.csv), and 'Letter Document' (M:\sdr\SDMLetters\Shared Ownership\EONT1 One Year Notice.docx), with 'Select Template', 'Locate Merge File', and 'Locate Letter' buttons.
- Options:** A dropdown menu for 'Select Records by' is open, showing 'Range of Tenant Codes' (selected), 'Range of Tenant Codes', and 'List of Tenant Codes'. Other options include 'Number of Copies per Letter' (1) and 'Create Diary Entry' (checked).
- Arrears Letters Criteria:** Fields for 'Balances in Range' and 'Periods in Excess' (Months and Weeks).
- Follow-on Selection Criteria:** Fields for 'Previous Letter', 'Diary Category', 'Action Code', and 'Action Required by Date'.

 At the bottom are 'OK' and 'Cancel' buttons.

To use the Tenant Range filter

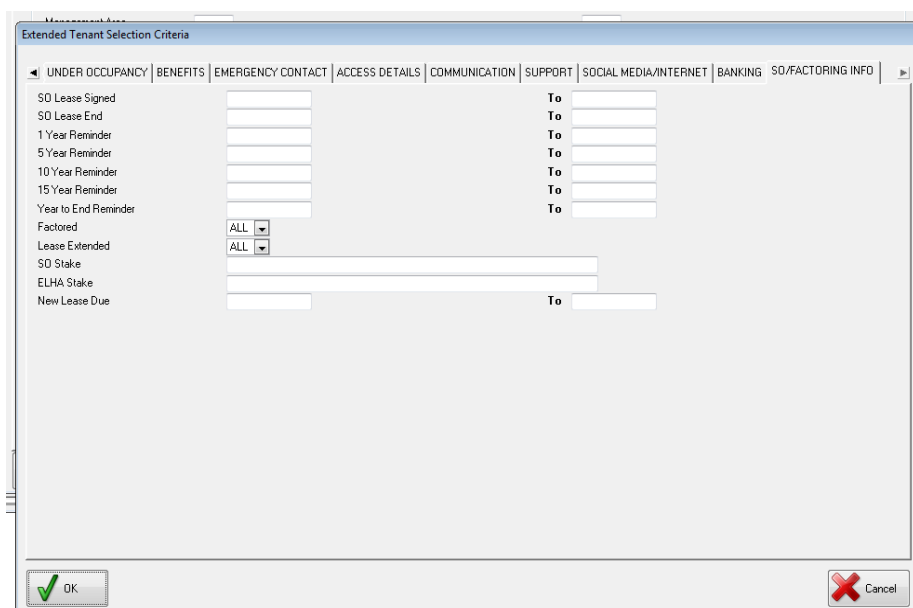
- Choose Tenancy Type shared owner 25% to shared owner 75%
- Choose tenant status Current (tick the exclude tenants terminated in the current period)

The screenshot shows the 'Tenant Reports Selection' dialog box, 'Main Criteria' tab. It includes:

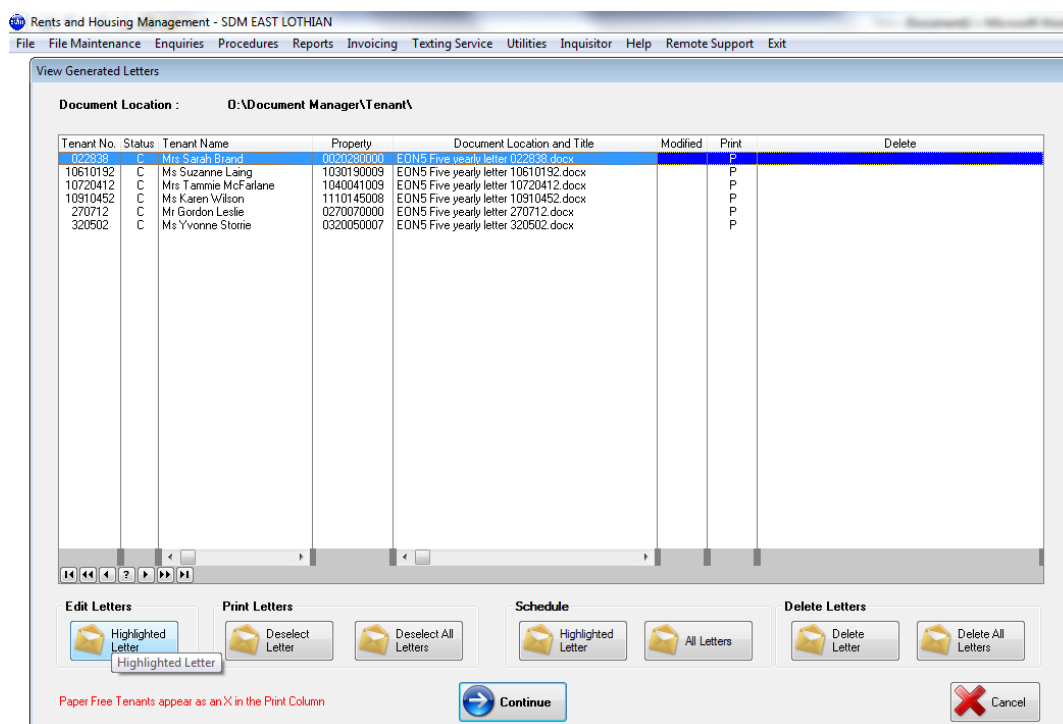
- Range Criteria:** A table with 'From' and 'To' columns. 'Tenancy Type' is set to '0701 shared owner 25%' and '0703 shared owner 75%'. Other fields like 'Tenant Number', 'Society', 'Management Area', etc., are empty.
- Tenant Status:** Set to 'Current' with 'Exclude Tenants Terminated in the Current Period' checked.
- Inclusion/Exclusion:** 'Include Blocked Tenants', 'Include Paper-Free Tenants', 'Include Participating Tenant', and 'Include HB Excluded Tenants' are all set to 'Include'.
- Status Selection:** A grid for including/excluding tenants based on Box (1-4).
- Report Sequence:** A list of fields to include in the report: Management Area, Manager Number, and Scheme Number.
- Order of Detail:** Set to 'Tenant Number'.

 At the bottom are 'OK', 'Extended Data Criteria', and 'Cancel' buttons.

- Click the extended data and go to the last tab (you will have to hit the arrows)
- Type in the relevant filters, e.g. if you selected the 1 year reminder letter, select a date range which will select sharing owners who have reached the 1 year point of their tenancy



5. Click OK, then OK again
6. The system will ask if you want to overwrite the previous records, click Yes
7. Click Create Letter
8. All the letters will show up on the SDM screen.



9. You can delete a letter by highlighting in and clicking Delete Letter
10. You can edit a letter by highlighting it and clicking Edit Letter
 - The letter will open in Word, once you have edited the letter, close Word and when prompted, save the document.
 - Only one letter can be edited at a time
11. Click Continue to print the letter yourself, or Schedule to schedule the letters to be printed by Reception staff.

12. The Diary entry page will load

13. The Dairy Entry details are:

- Diary Category – SOM
- Action Code – this will be relevant to the letter, e.g. RE5 (5 year reminder)
- Summary Sharing Owner Reminder letter (5 year, 1 year, etc, as required)
- Attach letter to diary entry must be ticked

14. Click OK – SDM will ask you if you want to print the letters, select Yes to print immediately (or schedule letters to print later if you selected schedule at #11).

To use the List filter

1. The screen will show a list of all current and former tenants
2. Uncheck the former tenant box to remove all former tenant records
3. Use the search option to search for either the reference number or surname of the sharing owners who are to receive the letter
4. Once you have found the name, highlight it and click the Select arrow to add them to the list
5. When all recipients have been added, click OK
6. Follow the same procedure as the Tenant Range filter from #6

Once you have completed your mail merge, if you need to keep a note of which tenants have received a letter, you can save the HM: Staircasing Reminders csv file to J:\Housing Services\Housing Management\Tenancy Management\Shared Ownership Requirements\Year

APPENDIX 2

ASSESSING AFFORDABILITY

1. To qualify for Shared Ownership an applicant will normally have a total household income such that they are not able to buy on the open market. Household income will be assessed for mortgage purposes as 3 times income for a single applicant or 2.5 times income for a couple.
2. In an attempt to prevent applicants over committing and running into financial difficulties, we will try not to approve applicants for whom the estimated cost of shared ownership exceeds 30% of net income. However, in view of the need to sell properties quickly, this figure will be regarded as a target which it must be recognised will not always be met.
3. To work out the percentage of net household costs, calculate the monthly shared ownership housing costs then divide by the monthly net income and multiply by 100 to get the percentage.

Example

Monthly housing costs, based on a 25% share of a property valued at £44,000 =

Occupancy Charge £140

Mortgage £ 70

Council Tax £ 90

Total monthly
housing cost = £300

Monthly income = £1200

Percentage of net household cost =

$£300 \div £1200 \times 100 = 25\%$

APPENDIX 2

Property (Address)

Valuation at (date) = £

ELHA % %

ELHA Proceeds £

HAG Received

For scheme £

For property £

Loan Repayable to Lender

For scheme at (date) £

For property (3) £

Cost of sales allowance per SG £

Sales Costs

Legal Fees £

Advertising £

Restricted per SG **£500**

HAG Abatement

Selling price £

Less loan £

Less CoS allowance £

Less allowable legal fees £

Net Proceeds to SG **£**

HAG Abatement £

ELHA Costs

Legal Fees £

Less allowed £500

Net cost to ELHA £

NPV of future cashflows £

Total costs £

Governing Body Members Training Policy

Report by Martin Pollhammer, Chief Executive - for approval

The Management Committee / R3 Board Members Training Policy is due for scheduled review. The revised **Policy Document** is attached to this report.

There are only two minor changes proposed which are tracked within the document:

- The addition of Appendix 1 – Training Feedback Form. This form had been mentioned with the policy document but no formal form was available. This has now been drafted and is attached as Appendix 1 to the policy document.
- The Induction process for Governing Body Members does not include the provision of a handbook but includes an Induction Pack.

Recommendation

The Management Committee is asked to approve the revised Management Committee / R3 Board Members Training Policy.

Date Issued December 1997

Last Review Date February 2020

Department Management

Title Management Committee / R3 Board Members' Training

Objective To ensure our Management Committee and R3 Board members have the skills, knowledge and experience to enable them to effectively manage our business

Responsible Chief Executive

Next Review Date February 2025

1.0 INTRODUCTION

We believe that the training of our Management Committee and R3 Board Members is an essential part in achieving our Aims and Objectives and, in the Management Committee's and R3 Board's role as employer, ensuring our employees remain well motivated.

We aim to make available appropriate resources to enable our Management Committee and R3 Board Members to carry out their duties and responsibilities effectively.

This policy applies to all Management Committee and R3 Board Members and potential Members.

2.0 POLICY OBJECTIVES

- 2.1 To ensure that we have a good mix of skills & experience on our Management Committee and R3 Board to carry out our Aims and Objectives.
- 2.2 To provide the necessary training to enable Management Committee and Board Members to perform their duties effectively and to a high standard.
- 2.3 To ensure that there is equal opportunity for Management Committee and R3 Board Members to obtain systematic training in accordance with our policy.
- 2.4 To meet the training needs of Management Committee and R3 Board Members in the most effective way by using a range of internal and external training facilities.

2.5 To optimise the personal development of Management Committee and R3 Board Members to enable them to develop their full potential

2.6 To ensure the process of succession planning is undertaken to enable preparation for future changes of leadership within the Management Committee / R3 Board.

3.0 RESPONSIBILITIES OF MANAGEMENT COMMITTEE / R3 BOARD MEMBERS

We expect our Management Committee and R3 Board Members to share the following responsibilities:

- To set our strategic aims and objectives
- To exercise control and set excellent standards of governance
- To formulate policies and plans to achieve these objectives
- To ensure our tenants and customers receive the highest standards of service and full opportunities to participate
- To ensure that there are clear delegated authorities to staff
- To ensure there are sound financial and other Risk Management controls in place
- To approve and monitor our performance in relation to plans, budgets and other key decisions
- To direct our employment and training practices to ensure an efficient and effective workforce
- To ensure that our affairs are conducted lawfully in accordance with accepted standards of performance and propriety

Management Committee and R3 Board Members are expected to participate in training and development activities relevant to our business to enable them to fulfil their responsibilities.

4.0 TRAINING PRIORITIES

We will endeavour to meet the training needs of individual Management Committee and R3 Board Members as far as possible. Priority will however be given to ensure that:

- Members have the skills required to carry out their duties
- Good practice is followed in managing and developing our staff
- Our legal obligations are met

5.0 TRAINING NEEDS ASSESSMENT AND ANNUAL TRAINING PLAN

We will, on an annual basis, carry out an audit of our existing skills and experience to:

- Identify any imbalance or lack of particular skills or expertise which can assist and inform recruitment and succession planning for the Management Committee and R3 Board
- Compare existing skills and experience against the basic skills / experience required for being on the Management Committee or R3 Board, to help identify relevant training for incorporation into the Training Plan

Following completion of the training needs assessment, an annual Training Plan will be developed identifying individual and group priority training requirements.

6.0 TRAINING RESPONSIBILITIES

- 6.1 Our Chief Executive has overall responsibility for co-ordinating our training requirements and for identifying training budget requirements for incorporation into our annual budgets.
- 6.2 Management Committee and R3 Board Members are responsible for identifying and liaising with the Chief Executive and Chair regarding their individual training requirements.
- 6.3 Our Chief Executive and Chair are responsible for ensuring that the content and quality of the Members' training plan enables us to meet our objectives and to ensure a high standard of conduct by our Members.
- 6.4 Our Chief Executive will ensure that appropriate training information is routinely circulated to Management Committee and R3 Board Members, and is authorised to approve training requests from Members.

7.0 MONITORING AND EVALUATION OF TRAINING

- 7.1 The responsibility of monitoring and evaluating training lies jointly with our Chief Executive and Management Committee / R3 Board Members.

7.2 Our administration staff are responsible for issuing course booking / appraisal forms for completion by Management Committee and R3 Board Members and recording the training outcomes into the relevant training plan.

7.3 Following the completion of a training activity, the Management Committee or R3 Board Member will be responsible for completing and returning training feedback forms ([Appendix 1](#)) on the effectiveness of the training undertaken; i.e. were the learning objectives achieved; has the knowledge and/or skills acquired improved performance or enhanced personal development. The Member should also consider how best to pass on the knowledge and/or skills to other relevant Members. This may take the form of a written or verbal report to Members.

8.0 TRAINING PROVISION

8.1 The most common forms of training available to all Management Committee and R3 Board Members are as follows:

- An Induction process for all new members (including provision of an [Management Committee / R3 Board Members Handbook Induction Pack](#))
- In-house Training
- External Training
- On The Job Training (with other Members or shadowing staff)
- Pairing (where an existing Management Committee or R3 Board Member will work closely with a new or inexperienced Member to build up their skills and knowledge)
- External Networking through attending external training sessions, conferences and seminars
- Further Education

9.0 POLICY REVIEW

9.1 Our Chief Executive will ensure that this Policy is reviewed at least every five years. The absence of such a review will not cause this policy to lapse.

Appendix 1

**Management Committee/R3 Board
Training Evaluation Form**

This form must be completed after each training session attended. Please discuss any aspects of the training with the Chair prior to sending the form to the Executive Support Officer/Assistant.

<u>Name:</u>	
<u>Title of Training Course/Conference</u>	
<u>Date & Venue</u>	
<u>Training Organisation</u>	
<u>Was this identified at your Appraisal</u>	<u>Yes/No</u>
<u>What were the 3 main learning outcomes from this training:</u>	<u>1.</u> <u>2.</u> <u>3.</u>
<u>Describe how you can apply these outcomes to your role</u>	
<u>On a scale from 1-5 (1 being poor – 5 being excellent) how satisfied were you with the training?</u>	<u>1 2 3 4 5</u> <small>(please circle)</small>
<u>Would you recommend this training to another Management Committee / R3 Board Member</u>	<u>Yes/No</u>
<u>Any other relevant comments</u>	
<u>Signed by Management Committee/R3 Board Member</u>	<u>.....</u>

Domestic Abuse Policy Review

Report by Karen Barry, Director of Housing for approval

1.0 Introduction

In early 2019, the Association signed up to the Chartered Institute of Housing's national campaign 'Make A Stand' to tackle domestic abuse, and pledged to deliver four key commitments:

- To put in place and embed a policy to support residents who are affected by domestic abuse
- Make information about national and local domestic abuse support services available
- To put in place an HR Policy to support staff who may be experiencing domestic abuse
- Appoint a champion at a senior level to own the activity

Further to this, the Domestic Abuse (Scotland) Act 2018 was introduced and became effective on 1 April 2019 and the 'Domestic Abuse: a good practice guide for social landlords' was launched in August 2019, a joint publication developed by ALACHO, CIH, SFHA, Shelter and Scottish Women's Aid. As a result this has prompted an early review of ELHA's Domestic Abuse Policy, and recommended changes are highlighted on the **Policy Document** attached to this report.

2.0 Summary of Amendments

A number of key changes, are recommended to reflect the change in law, take account of good practice; help reduce the number of women approaching as homeless and to make our processes clearer should we receive reports of domestic abuse:

1.0 Introduction

Section 1.4 has been replaced to reflect a change in legislation with the introduction of the Domestic Abuse Act 2018. It now means that a person who engages in a pattern of abusive behaviour towards a partner or ex-partner can be prosecuted and punished by the law. A key aspect is that it covers a range of behaviours such as psychological and emotional abuse; commonly known as coercive control.

Section 1.5 has been added to highlight that domestic abuse is the single biggest cause of homelessness in Scotland

Section 1.7 has been added to recognise the Scottish Government's strategies to tackle domestic abuse, and the good practice guide jointly produced by ALACHO, CIH, SFHA, Shelter and Scottish Women's Aid.

All statistics are taken from publications on either the Scottish Governments or Women's Aid websites.

2.0 Equalities and Human Rights

This section had been added to recognise that domestic abuse violates human rights and the former Section 7.0 of the policy (Equal Opportunities), has been moved here.

3.0 Policy Aims

A paragraph has been added to demonstrate the Association's commitment to providing victims with support and advice, to either help them to sustain their tenancy or access alternative accommodation, where possible preventing the need for them to present as homeless.

4.0 Our Principles

Several sections have been added or amended, to further clarify what ELHA will do to help prevent domestic abuse.

5.0 Our Approach to a Report of Domestic Abuse

This section has been renamed and amended to further clarify what ELHA will do if a victim or third party reports an incident of domestic abuse.

9.0 Partnership working

This section has been added to demonstrate ELHA's commitment to working with other agencies and landlords to help victims. Currently, the Association is working with landlords in East Lothian to develop referral arrangements to enable management transfers between organisations so that a victim does not have present as homeless to the Local Authority.

Tenants were invited to participate in this review though the Spring and Summer newsletters during 2019, but no response was received.

Recommendation

The Management Committee is asked to approve the changes to the Domestic Abuse Policy.

ELHA POLICY

Date Issued:	26 October 2006
Last Reviewed	February 2020
Department:	Housing Management
Title:	Domestic Abuse
Objective:	To respond swiftly and appropriately to all reported incidents of domestic abuse
Responsible:	Director of Housing
Next review date:	February 2025

1.0 INTRODUCTION

- 1.1 Everyone has the right to live free from violence and abuse.
- 1.2 There is no universally accepted definition of domestic abuse however the Scottish Government defines it as follows:

“Domestic abuse (as gender based abuse) can be perpetrated by partners, ex-partners and can involve physical abuse (assault and physical attack involving a range of behaviour), sexual abuse (acts which degrade and humiliate women and are perpetrated against their will, including rape) and mental and emotional abuse such as threats, verbal abuse, racial abuse, withholding money and other types of controlling behaviour such as isolation from family and friends”

- 1.3 Research shows that ~~in 2014-15, 59,882~~ around 60,000 domestic abuse incidents ~~were are recorded by~~ reported to Police Scotland each year with ~~with~~ 79 81% of such cases being ~~–~~experienced by women and perpetrated by a man during 2017-18. Despite this high percentage we recognise that domestic abuse can also be experienced by men, ~~and in same sex relationships~~ lesbian, gay, bisexual, transgender people and gender non binary people (LGBT+). Domestic abuse is also often witnessed by children who may themselves experience mental, physical and sexual abuse.

- 1.4 We also recognise that many people experience no physical abuse, but are subjected to sustained psychological, economic and emotional abuse which can be as debilitating as physical abuse. As a result, many people may not act on any information/advice offered in the first instance or on subsequent occasions.

1.5– The Domestic Abuse (Scotland) Act 2018 recognises coercive control as a criminal offence. Coercive control is persistent and controlling behaviour by a partner or ex-partner which causes physical, sexual and/or emotional harm. It is common and most often concealed. Such behaviour can be as devastating for children and young people as physically violent domestic abuse.

1.6 Domestic abuse is the single biggest cause of homelessness for women in Scotland with 78% of domestic abuse victims making homelessness applications during 2017-18. 88% of incidents of domestic abuse occurred in a home or dwelling, 40% of which occurred in the victim's home and 19% in a joint home

1.7 No matter how many times a person approaches us for support we will continue to believe them and continue to provide a service where they can talk freely and without judgement. ~~nondirective and non judgemental service.~~

1.8 This policy also takes account of:

- The National Strategy to Address Domestic Abuse 2000
- Equally Safe, Scotland's Strategy for preventing and eradicating violence against women and girls 2018
- The Scottish Social Housing Charter, Standards and Outcomes, Sections 1, 2, 6 & 11.
- Domestic Abuse: a good practice guide for social landlords

~~This policy is written taking account of the National Strategy to Address Domestic Abuse 2003, and complies with the Scottish Social Housing Charter, Standards and Outcomes, Section 1, 2, 6 & 11, and~~

2.0 EQUALITIES AND HUMAN RIGHTS

2.1 We will not discriminate unreasonably in the operation of this policy on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity; race, religion or belief, sex, or sexual orientation. We aim to promote equal opportunities and comply with the requirements of the Equality Act 2010.

2.2 Domestic abuse violates Human Rights under international law because it denies victims their rights including:

- The right not to be treated in an inhuman and degrading way
- The right to respect for private and family life (including the right to physical and psychological integrity)
- The right to life

3.0 POLICY AIMS

3.1 The main aim of this policy is to ensure that victims of domestic abuse are supported and given advice to make informed choices about their accommodation options. This includes sustaining their current accommodation where possible and preventing the need to present as homeless. It is hoped that an early intervention approach will enable victims to avoid the potential trauma of emergency accommodation, living in an unfamiliar area (away from existing support networks) and reducing the likelihood of financial hardship associated with homelessness.

4.2.0 OUR PRINCIPLES

4.1 We will try to prevent and reduce harm caused domestic abuse by:-

- Referring to the relevant clauses of the tenancy agreement when signing up a new tenant
- Attempting to identify victims at the earliest stages of a tenancy. If a history is disclosed, additional security measures will be considered
- Enabling residents to report domestic abuse to us in different ways, including in person, in writing, by telephone, online or via a third party such as Police Scotland or Women's Aid
- By publicising our Domestic Abuse Policy
- By promoting relevant information and services in our newsletters and on elha.com

~~We will develop processes to help prevent further abuse to our service users who are experiencing domestic abuse, for example by:~~

- Fitting extra security measures to the property at no expense to the tenant
- Providing information and contact details / facilitating contact with other support agencies
- Not taking rent arrears or other tenancy debt into account when considering a transfer (or if an applicant is nominated to us)
- ~~Giving priority to move to alternative accommodation or p~~Providing management transfers where appropriate

4.2 We will take a supportive, non-judgemental and positive approach to all persons who approach us for help and advice on domestic abuse.

4.3 If we become aware of or suspect domestic abuse as a result of noise complaints, police callouts, broken locks and or damage to property, we will respond in a way that ensures the victim is not put at further risk or blamed for the perpetrators behaviour. We recognise that domestic abuse is distinct to antisocial behaviour therefore we will not treat such reports under our Antisocial Behaviour Policy.

4.4 We recognise that confidentiality is crucial to the safety of the victim and will treat complaints seriously, sensitively and in confidence whilst also recognising our responsibilities relating to child protection and vulnerable adults. We will not ask for evidence of violence or abuse but if the victim offers any information or documents which could help with investigating the complaint, then we will accept these.

4.5 We will deal with domestic abuse by:

- Supporting and offering effective help to the victim ensuring that they know they can meet staff, in confidence, at our offices or at an agreed choice of safe venue
- Minimising disruption to the victim and their children so they can maintain family and community connections, employment, education
- Taking appropriate action against the perpetrator where possible
- Making sure that the confidentiality of both the victim and perpetrator is respected
- Monitoring all reported domestic abuse incidents and taking action as appropriate
- Follow the relevant child protection procedures if we believe a child is at risk due to an abusive relationship
- Working in partnership with the police, social work and other organisations as appropriate

4.6 We will support victims of domestic abuse by:

- Encouraging them to seek help from specialist counselling and support agencies
- Ensuring that where children and young people are affected by domestic abuse, they too have access to services as early as possible
- Making sure that their home has appropriate security precautions, such as adequate door and window locks or any other measures recommended to us
- Treating any repairs required to make safe the property as emergency repairs
- Discussing their housing options and tenancy rights, aAssisting them to obtain temporary housing or alternative suitable, permanent accommodation as appropriate

53.0 SCOPE OF POLICY

53.1 This policy applies to all of our tenants, their partners and other members of the household.

PROCEDURE FOR DEALING WITH COMPLAINTS**6.0 OUR APPROACH TO A REPORT OF DOMESTIC ABUSE**

6.1 When we receive a report of domestic abuse directly from a victim, our first priority will be to try to make sure that they are ~~victim is~~ safe. This may mean helping them to find safe accommodation over night. If the victim decides to stay in the home, then we will repair any damage relating to the security of the property as an emergency. The victim will not be charged for these repairs, but the perpetrator may be.

6.2 We will carry out an ~~assessment~~ interview immediately, but if this is not possible we will arrange it within 3 working days of the first contact.

6.3 Interviews will be carried out in a sensitive and supportive manner. We will give victims the choice of being interviewed by someone of the same sex, wherever possible, in our offices or at an agreed choice of safe venue. If there are hearing or language difficulties, then we will arrange for an appropriate service to assist, such as Language Line or a suitably qualified signer. Where requested by the victim, interviews can be carried out over the telephone.

6.4 At the initial meeting we will aim to discuss the following:

- Immediate housing options and tenancy rights. We will support victims to stay in their home but if they express the wish to move, temporarily or permanently, then staff will offer appropriate advice and assistance to help them obtain alternative accommodation
- Contact with the police and medical services
- Support that is available such as Women's Aid or the Citizens Advice Bureau

We appreciate that this is a very difficult time for the person and that it may take more than one meeting to cover all of these points, therefore we will go at the victim's pace.

6.5 It is essential that we reassure the victim that any information provided to ELHA will not be divulged to any third party without their express agreement. This includes people who may have a legitimate concern in the case, such as social workers or other housing providers. However, exceptions may have to be made in cases involving criminal activity or where there are child protection issues, or where information sharing protocols are in place.

6.6 At the end of the meeting, we will agree with the victim what action will be taken. We will write to the victim (or contact by other preferred means) within two days with the agreed Action Plan.

~~4.4 We will help and support the victim in any practicable way and will provide details of other advice and support agencies. If a victim expresses the wish to move, temporarily or permanently, then staff will offer appropriate advice and assistance to help them obtain alternative accommodation.~~

6.7 ~~Wherever possible, we will not take any action without the express consent and support of the victim.~~

6.8 ~~Where a report of domestic abuse is received via a third party, e.g. a police officer, we will seek to establish from the third party what details have been taken from the victim, what support is in place and what is required from us. Where required, we will then contact the victim directly and speak with them as described above at 5.2 – 5.6.~~

6.9 ~~Staff will ensure that contact is maintained with the victim until the victim feels that support is no longer necessary. Further contact may be needed to discuss issues such as:~~

- ~~• Contacting the police if not already done so~~
- ~~• Longer term housing options~~
- ~~• Advice on welfare benefits~~
- ~~• Referral to Women's Aid~~

~~4.66.10~~ As domestic abuse is a form of harassment, we will consider taking legal action for a breach of tenancy conditions against any alleged perpetrator who is a tenant of ours.

~~4.76.11~~ It is not practical for us to take legal action against perpetrators of domestic abuse who are not tenants of ours, but we will support, wherever possible, any action taken against these perpetrators by the victim, police or other agencies.

~~4.86.12~~ We will keep victims informed at each stage of our investigation into their report of domestic abuse ~~complaint~~. We will also advise victims of action taken by us, in particular, the dates and outcomes of any court hearings.

~~4.9 The Housing and Property Services Sub-Committee will monitor incidents of domestic abuse through the submission of quarterly reports from the Director of Housing.~~

75.0 COMPLAINTS & APPEALS

75.1 If a victim is unhappy with the way we deal with his/her complaint report of domestic abuse, they should refer to our Complaints Handling Procedure and they should contact the Housing Manager who will try to resolve the problem immediately. If the Housing Manager cannot deal with this immediately, he/she will tell the victim how long it will take to investigate and resolve.

~~75.2~~ Victims can also appeal against any decision we make about their complaint report of domestic abuse, and should ~~refer to our Appeals Procedure. Appeals should be made~~ make their appeal to the Director of Housing in the first instance.

~~EQUAL OPPORTUNITIES~~

~~6.1~~ We will not discriminate unreasonably in the operation of this policy on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

~~6.2~~ We aim to promote equal opportunities and comply with the requirements of the Equality Act 2010.

8.0 TRAINING

~~87.1~~ All appropriate frontline staff will receive training ~~for them to~~ ensure they have the tools and confidence to provide support and practical help, and to be able to understand and apply this policy appropriately.

9.0 PARTNERSHIP WORKING

~~9.1~~ We are committed to collaborative working across services and with partners and will develop referral arrangements with other agencies and landlords.

10.0 MONITORING AND REPORTING

~~108.1~~ The ~~Housing & Property Services Sub-Audit & Assurance~~ Committee will monitor reported incidents of ~~d~~Domestic ~~d~~Abuse through the submission of quarterly reports provided by the Housing Manager.

119.0 POLICY REVIEW

~~119.1~~ The Director of Housing is responsible for making sure that this policy is reviewed every five years, and that any amendments required are submitted to the ~~Housing & Property Services Sub-Management~~ Committee for approval.

Domestic Abuse and the Workplace Policy

Report by Karen Barry, Director of Housing for approval

1.0 Introduction

In early 2019, the Association signed up to the Chartered Institute of Housing's national campaign 'Make a Stand', to help tackle domestic abuse. By signing the pledge, the Association agreed to four focussed commitments (see **Agenda Item 4.3**), one of which was to have a HR Domestic Abuse Policy in place. This commitment would be met by introducing this new policy, the draft **Policy Document** is attached to this report.

The purpose of this new policy is to provide staff with guidance to enable them to respond swiftly and appropriately to all reported incidents of domestic abuse. It ensures that both victims of domestic abuse and perpetrators are aware of the support that is available within the Association, and gives guidance to line managers when supporting staff affected.

All staff were consulted on the draft policy at the Staff Away Day on 24 September 2019. It was subsequently considered by the JCC at its meeting on 27 November 2019, when the final draft was approved, and it was recommended that it be submitted to the Management Committee for approval.

Recommendation

The Management Committee is asked to approve the Domestic Abuse and the Workplace Policy.

Group Policy

Date Issued	February 2020
Last Reviewed	n/a
Department	Corporate
Title	Domestic Abuse and the Workplace Policy
Objective	To respond swiftly and appropriately to all reported incidents of domestic abuse
Responsible	Chief Executive
Next Review Date	February 2025

1.0 Introduction

- 1.1 We have a responsibility to provide all staff with a safe and effective working environment. For some staff, in the context of domestic abuse, the workplace can be a haven and the only place that offers routes to safety.
- 1.2 We acknowledge that domestic abuse is a significant problem which has a devastating impact on victims and their families. This policy represents a commitment to take all reasonable steps possible to combat the reality and impact of domestic abuse on those being abused and to challenge the behaviour of perpetrators.
- 1.3 This policy ensures that both victims and perpetrators of domestic abuse are aware of the support that is available within the organisation. It also provides guidance to line managers when supporting staff who are affected by domestic abuse.
- 1.4 It is important to note however that domestic abuse is not condoned under any circumstance and all staff must adhere to the standards of professional behaviour.
- 1.5 The Executive Support Officer is the nominated staff champion for domestic abuse in the Association. Their role is to:
 - Be a point of contact for staff and managers
 - Raise awareness and enhance overall knowledge of domestic abuse in ELHA
 - Ensure up to date and accessible information is available in relation to support services for victims
 - Ensure leaflets and posters are displayed and available within the organisation

2.0 Definition

- 2.1 There is no universally accepted definition of domestic abuse however the Scottish Government defines it as follows:

“Domestic abuse (as gender based abuse) can be perpetrated by partners, ex-partners and can involve physical abuse (assault and physical attack involving a range of behaviour), sexual abuse (acts which degrade and humiliate women and are perpetrated against their will, including rape) and mental and emotional abuse such as threats, verbal abuse, racial abuse, withholding money and other types of controlling behaviour such as isolation from family and friends”

- 2.2 Research shows that around 60,000 domestic abuse incidents are reported to Police Scotland each year with 81% of such cases being experienced by women and perpetrated by a man during 2017/18. Despite this high percentage we recognise that domestic abuse can also be experienced by men, lesbian, gay, bisexual, transgender people and gender non-binary people (LGBT)+. Domestic abuse is also often witnessed by children who may themselves experience mental, physical and sexual abuse.
- 2.3 We recognise that many people experience no physical abuse, but are subjected to sustained psychological, economic and emotional abuse which can be as debilitating as physical abuse. As a result, many people may not act on any information/advice offered in the first instance or on subsequent occasions. No matter how many times a person approaches us for support we will continue to believe them and provide an environment where they can talk freely and without judgement.
- 2.4 The Domestic Abuse (Scotland) Act 2018 recognises coercive control as a criminal offence. Coercive control is persistent and controlling behaviour by a partner or ex-partner which causes physical, sexual and/or emotional harm. It is common and most often concealed. Such behaviour can be as devastating for children and young people as physically violent domestic abuse.
- 2.5 This policy takes account of The National Strategy to Address Domestic Abuse 2000 and Equally Safe, Scotland’s Strategy for Preventing and Eradicating Violence Against Women and Girls 2018.

3.0 Equalities and Human Rights

- 3.1 We will not discriminate unreasonably in the operation of this policy on the basis of gender, age, disability, gender reassignment, race, religion or belief, sexual orientation, marriage or civil partnership and pregnancy or maternity. We will aim to promote equal opportunities and comply with the requirements of the Equality Act 2010.

When dealing with domestic abuse it is important to recognise differences between all protected characteristics. It follows that different approaches and resources are needed when addressing domestic abuse with different groups (see Appendix 1).

3.2 Domestic Abuse violates Human Rights under international law because it denies victims their rights including:

- The right not to be treated in an inhuman and degrading way
- The right to respect for private and family life (including the right to physical and psychological integrity)
- The right to life

4.0 Domestic Abuse and the Workplace

4.1 There may be incidents of domestic abuse which occur in the workplace or specifically affect the work of a member of staff. Possible signs of domestic abuse include:

- Changes in behaviour including uncharacteristic depression, anxiety, distraction or problems with concentration
- Changes in the quality of work for no apparent reason
- Arriving late or leaving early
- Poor attendance or high presenteeism without an explanation
- Needing regular time off for appointments
- Inappropriate or excessive clothing

4.2 Domestic abuse also affects people close to the victim and this can include work colleagues. Some effects may include:

- Being followed to or from work
- Being subject to questioning about the victim's contact details or locations
- Covering for other workers during absence from work
- Trying to deal with the abuse and fear for their own safety
- Being unaware of the abuse or not knowing how to help

4.3 Domestic abuse can also impact the employer; some effects may include:

- Negative impact on productivity, performance and morale
- Staff turnover, as employees may have to leave work or move away to escape abuse

4.4 We expect all staff to report their concerns if they suspect a colleague is experiencing or perpetrating abuse. A member of staff should speak to their line manager or Executive Support Officer about their concerns in confidence. There is also a list of external agencies that staff can approach for advice at Appendix 4.

5.0 Confidentiality

5.1 Staff who disclose that they are a victim of domestic abuse can be assured that the information they provide is confidential and will not be shared with other colleagues without their permission.

5.2 There are, however, some circumstances in which confidentiality cannot be assured. This may occur when there are concerns regarding children, vulnerable adults or where we are required to protect the safety of our staff. In these circumstances, the member of staff will be informed as to the reasons why confidentiality cannot be maintained. As far as possible, information will only be shared on a need to know basis.

5.3 Confidentiality cannot always be assured for staff who disclose that they are a perpetrator of domestic abuse.

6.1 Support for Staff

6.1 There are numerous ways in which staff experiencing domestic abuse can be supported by us:

- Through offering practical support
- Raising awareness generally of the issues, in particular, amongst managers
- Providing training opportunities to line managers
- Signpost to an appropriate counselling service if appropriate
- Taking a clear anti-abuse stance against perpetrators

6.2 It is essential staff feel able to disclose this personal information and are encouraged to discuss this with their line manager. However, if they feel unable to raise this with their line manager, support is available from the Executive Support Officer.

7.0 Support for Line Managers

Victims

- 7.1 Domestic abuse is unlikely to be disclosed easily by victims or perpetrators. There are a number of steps that can be taken to address the workplace effects of domestic abuse including how to recognise the problem, respond, provide support and refer to the appropriate help. Information can be found at Appendix 2. Guidance on facilitating a conversation with a member of staff can be found at Appendix 3.
- 7.2 If a line manager requires further advice or assistance before speaking to a member of staff, they should contact the Executive Support Officer.
- 7.3 Line managers may consider offering a broad range of support to staff experiencing domestic abuse including:
- Annual leave, flexi-time or lieu time for relevant appointments, including with support agencies, solicitors, to rearrange housing or childcare, and for court appointments
 - Special leave provisions (e.g. compassionate leave or unpaid leave) where the officer or member of staff's annual leave entitlement has been exhausted
 - Temporary or permanent changes to working times and patterns using existing procedures i.e. flexible working
 - Changes to specific duties, for example to avoid potential contact with the perpetrator in a customer facing role
 - Measures to ensure a safe working environment, for example blocking emails / screening telephone calls; alerting reception if the perpetrator is known to come to the workplace; and ensuring arrangements are in place for safely travelling to and from work
 - With the member of staff's consent, advise colleagues on a need-to-know basis, and agree a response if the perpetrator contacts the workplace
 - Review the security of personal information held, such as temporary or new address and bank details
- 7.4 The right of staff to make their own decision about the course of action at every stage will be respected. It is recognised that a member of staff may need some time to decide what to do and may try different options during this process.

Perpetrators

- 7.5 Domestic abuse perpetrated by staff will not be condoned nor will it be treated as a purely private matter. Staff should be aware that domestic abuse is a serious matter which can lead to criminal convictions. Conduct outside of work may lead to disciplinary action being taken against a member of staff; as such conduct may undermine the confidence and trust the organisation has in them. However, we recognise that we have a role in encouraging and supporting perpetrators to address violent and abusive behaviour of all kinds.
- 7.7 If a member of staff discloses perpetrating domestic abuse, the police should be informed as well as the Executive Support Officer / Manager so that the disciplinary or other internal procedures can be considered. However, the member of staff will be provided with information about the services and support available to them.
- 7.8 This procedure can be applicable in cases where a member of staff has:
- Behaved in a way that has harmed or threatened their partner
 - Possibly committed a criminal offence against their partner
 - Had an allegation of domestic abuse made against them
 - Presented concerns about their behaviour within an intimate relationship

We will ensure:

- Allegations are dealt with fairly and in way that provides support for the person who is the subject of the allegation or disclosure
- All relevant staff will receive guidance and support
- Investigations will be sufficiently independent

The accused member of staff will be:

- Treated fairly and honestly
- Helped to understand the concerns expressed and processes involved
- Kept informed of the progress and outcome of any investigation and the implications for any disciplinary process

Victims and perpetrators in the workplace

- 7.9 In cases where both the victim and perpetrator of domestic abuse work for us, appropriate action will be taken. In addition to considering disciplinary action against the perpetrator, action may need to be taken to ensure that the victim and perpetrator do not come into contact in the workplace.

- 7.10 Action may also need to be taken to minimise the potential for the perpetrator to use their position or work resources to find out details about the whereabouts of the victim. This may include a change of duties or restricting the perpetrators access to certain data or information. Further information and advice should be sought from the Executive Support Officer.

8.0 Training

- 8.1 The Executive Support Officer and Line Managers will receive training to help them to understand and apply this policy appropriately.

9.0 Policy Review

- 9.1 The Chief Executive is responsible for making sure that this policy is reviewed every five years, and that any amendments required are submitted to the Management Committee for approval.

APPENDIX 1

Types of domestic abuse

Controlling behaviour is a range of acts designed to make a person subordinate and/or dependant by isolating them from sources of support, exploiting their resources and capacities for personal gain, depriving them of the means needed for independence, resistance and escape and regulating their everyday behaviour.

Coercive behaviour is an act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse that is used to harm, punish or frighten their victim.

Emotional and psychological

Emotional or psychological abuse can be either verbal or nonverbal. This kind of domestic abuse chips away at the confidence and independence of the victim to make them compliant and limit their ability to leave their abuser.

Emotional abuse can include verbal abuse such as yelling, name-calling, blaming and shaming, isolation, intimidation, threats of violence and controlling behaviour.

Physical

A wide range of different behaviour can come under the heading of physical abuse and can include punching, slapping, hitting, biting, pinching, kicking, pulling hair out, pushing, shoving, burning and strangling.

Sexual

Rape and sexual abuse are common in abusive relationships due to the victim's refusal of consent being ignored. Any situation where someone is forced to take part in unwanted, unsafe or degrading sexual activity is sexual abuse.

Financial

Economic or financial abuse limits the victim's ability to get help. The abuser controls finances; withholds money or credit cards; makes someone unreasonably account for the money they spend; exploits assets; withholds basic necessities; prevents someone from working or sabotages the victim's job and deliberately runs up debts.

Ten steps to address the effects of domestic abuse

There are a number of steps that line managers can take to address the effects of domestic abuse. In many cases it is about being aware and signposting to the organisations that provide specialist support.

Below are ten steps that can be taken:

Recognise the problem

1. Look for sudden changes in behaviour and / or changes in the quality of work performance for unexplained reasons despite a previously strong record.
2. Look for changes in the way the member of staff dresses, for example excessive clothing on hot days, changes in the amount of make-up worn.

Respond

3. Believe a member of staff if they disclose experiencing domestic abuse – do not ask for proof.
4. Reassure the member of staff that the Association has an understanding of how domestic abuse may affect their work performance and the support that can be offered.

Provide support

5. Divert phone calls and email messages, and look to change a phone extension if a member of staff is receiving harassing calls.
6. Agree with the member of staff what to tell colleagues and how they should respond if their ex/partner telephones or visits the workplace.
7. Ensure the member of staff does not work alone or in an isolated area and check that they have arrangements for getting safely to and from work.
8. Keep a record of any incidents of abuse in the workplace, including persistent telephone calls, emails or visits to the workplace.
9. Provide access to supportive literature i.e. leaflets and posters. Ensure these are placed in discrete locations e.g. putting up posters on the backs of toilet doors.

Refer to the appropriate help

10. Have a list of the support services that is easily accessible and refer staff to appropriate organisations that deal with domestic abuse.

Asking difficult questions – guidance for line managers

If you suspect that a member of staff is experiencing domestic abuse, you should facilitate a conversation to discuss this and identify/ implement appropriate support.

Shying away from the subject can perpetuate fear of stigma and increase feelings of anxiety. Often staff will not feel confident in speaking up, so making the first move to begin a conversation can be key.

You should ask the member of staff indirect questions, to help establish a relationship and develop empathy. Below are some examples of questions that could be used:

- How are you doing at the moment? Are there any issues you would like to discuss with me?
- I have noticed recently that you are not yourself. Is anything the matter?
- Are there any problems or reasons that may be contributing to your frequent sickness absence / under-performance at work?
- Is everything all right at home?
- What support do you think might help? What would you like to happen? How?

Avoid victim blaming. It is important that you can provide a non-judgemental and supportive environment. Respecting boundaries and privacy are essential.

Even if you disagree with the decisions being made regarding a member of staff's relationship, it is important to understand that a victim of domestic abuse may make a number of attempts to leave their partner before they are finally able to do so. Your role is not to deal with the abuse itself but to make it clear that members of staff will be supported and outline what help is available.

APPENDIX 4

Domestic abuse – external contacts

There are many local support groups that can offer further advice and practical guidance on domestic abuse:

Violence Against Women

- National Domestic Abuse Helpline - 0800 027 1234 (24 hours)
- Womens Aid, East and Midlothian - 0131 561 5800 (Mon-Fri 9am-2pm)
- Rape Crisis Scotland - 0808 801 0302.
- Edinburgh Womens Rape and Sexual Abuse Centre - 0131 556 9437.
- Domestic Abuse Liaison Officer (Police Scotland) - 0131 561 6124.

Violence Against Men

- Fearless: support for people experiencing domestic abuse who identify as a man or from the LGBT+ community - 0131 624 7266 (<https://fearless.scot>)
- Mens Advice Line - 0808 801 0327 (www.mensadvice.org.uk)
- National Domestic Abuse Helpline - 0800 027 1234 (24 hours)

If you are hurting someone:

Call the Respect phonenumber to get help to stop.

Visit <http://respectphonenumber.org.uk/>

call 0808 802 4040

e-mail info@respectphonenumber.org.uk

Counselling:

ELHA Group counselling Service

Rowan Consultancy Service

<http://www.rowan-consultancy.co.uk/>

Domestic Abuse Counselling in East Lothian

<https://www.psychologytoday.com/gb/counselling/domestic-abuse/sct/east-lothian-county>

Treasury Management Policy Review

Report by Paula Oliver, Director of Finance – for Approval

1.0 Introduction

This policy has a five-year review period with an annual review undertaken by the Director of Finance. This annual review has been undertaken and a number of amendments are proposed to the Management Committee for approval.

The key changes in the policy arise from the Governance Structure Review undertaken last year and are to remove references to the Finance & Audit Sub-Committee and to replace these with Management Committee or Audit & Assurance Committee as appropriate. There are also amendments proposed to accommodate use of the new Flagstone Investment platform.

The Association's treasury management advisors have been fully consulted on the proposed changes.

2.0 Amendments

At 3.2.2 it is proposed to reduce the balance held in accounts with the Royal Bank from £500,000 to £250,000 to enable the Association to keep more in instant access funds with other institutions through the Flagstone platform, the minimum deposit for which is £250,000. The period for the forecast cash out is also proposed to be reduced from two months to one month to allow funds not required for more than one month to be placed on a 30-day notice account or one-month term deposit.

3.3.3 has been amended to clarify the existing interest rate derivative (the SWAP).

3.3.5 has been expanded to ensure it covers replacements to LIBOR based interest rates when this basis ceases at the end of 2021.

3.5.3 has been updated with more recent figures for Triodos and similar details added for CAF Bank. The section has also been expanded to enable investment to be made with institutions without credit ratings (such as Triodos and CAF) provided that any amounts deposited with these are covered by the Financial Services Compensation Scheme and that the institution has a Flagstone rating above 50.

3.5.5 enables the Association to invest in as well as borrow from Building Societies meeting the criteria.

Recommendation

The Management Committee is asked to approve the revised Treasury Management Policy.

ELHA GROUP POLICY

Date Issued	21 September 1995
Date Reviewed	February 2020
Department	Finance
Title	Treasury Management Policy
Objective	To ensure the effective management of the Group's cash and funding resources and the control of the associated risks.
Responsible	Director of Finance
Next Review Date	February 2025

This document details the Group's Treasury management policy statement, practices and procedures.

Review

The Group's internal and external auditors will review Treasury Management activities as part of the internal audit programme and the annual audit of the Group's accounts.

The Director of Finance will review the Treasury Policy Statement annually and recommend proposed amendments to the Management Committee.

The Director of Finance will arrange for this policy to be reviewed by the Management Committee at least every five years.

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1.0 Introduction

- 1.1 This document sets out the Treasury Management Policy Statement of East Lothian Housing Association and its Subsidiaries (the “Group”), together with the Treasury Management Practices and Procedures that it adopts and operates.
- 1.2 The Group recognises that the organisation is exposed to risk from a wide range of factors, and that these risks can impact on the achievement of the organisation’s business objectives. The Group undertakes risk mapping to identify and quantify these risks, and has established and maintains systems and procedures to manage, monitor and limit the impact of all such risks.
- 1.3 Also, the Group recognises that treasury management activities themselves, including cash flow management, borrowing, investing and hedging can potentially expose the organisation to specific risks that require close attention and careful management.
- 1.4 To this end, the Group has established, and will maintain, specific treasury policies and practices, which are set out in the following Treasury Management Policy and Practices document.
- 1.5 The policies referred to within this document are derived from the latest CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised December 2017).
- 1.6 The Group also recognises that the Scottish Housing Regulator expects RSLs to comply with the CIPFA Treasury Management Code as contained in the Recommended Practice publication dated August 2015.
- 1.7 The Group acknowledges the three Key Principles as set out in section 4 of the Code, specifically:

Key Principle 1

Public Service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

Key Principle 3

They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

2.0 Treasury management policy statement

2.1 CIPFA recommends that all public service organisations (including Registered Social Landlords) adopt, as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances, the following core statements relating to treasury management:

2.2 The organisation will create and maintain as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
- suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

2.3 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the – Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2017 (the “Code”), subject only to amendment where necessary to reflect the particular circumstances of the organisation. Such amendments will not result in the organisation materially deviating from the Code’s key principles which are as follows:

- The organisation’s Management Committee will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy, quarterly updates to the ~~Finance and Audit Sub-Committee~~Audit and Assurance Committee and an annual report after its close, in the form prescribed in its TMPs.
- The organisation’s Management Committee has overall responsibility for treasury management. In accordance with the organisation’s underlying terms of reference the Management Committee delegates responsibilities to the Director of Finance. Specific responsibilities are contained within TMP 5. The organisation’s Management Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies and nominates the regular

monitoring of these to the ~~Finance and Audit Sub-Committee~~Audit and Assurance Committee.

- 2.4 This document sets out the TMPs of the Group, which has adopted the key recommendations of the Code as described in Section 4 of that Code.
- 2.5 The Group defines its treasury management activities as **“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”**
- 2.6 The Group regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
- 2.7 The Group acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

3.0 TMP 1 – Risk management

3.1 General Statement

- 3.1.1 The Director of Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least quarterly on the adequacy and suitability thereof and will report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 “Reporting requirements and management information requirements”.

3.2 Liquidity risk management

- 3.2.1 The Group will ensure that its liabilities will always be met when due and will ensure adequate liquidity is at all times available to meet unexpected expenditure requirements that may arise from time to time.
- 3.2.2 The Annual Treasury Strategy (see TMP6 “Reporting Requirements”) will contain a proposed liquidity maintenance requirement for the following financial year, subject to the overriding requirement that the Group’s available liquidity should not, at any time, fall below the levels specified below.

Liquid Funds - a minimum balance of ~~£500,000~~£250,000.- Liquid funds are defined as the aggregate of:

- Cash held in its current bank accounts or on instant access deposit with its principal bankers;
- Undrawn available overdraft facilities.

Near Liquid funds – a minimum of the forecast rental income for the next month plus the cash outflow for the next ~~two~~ calendar months

- Cash held as liquid funds
- Cash on instant access deposit with institutions other than its principal bankers; and
- Undrawn committed borrowing facilities where security has been put in place to the lender's satisfaction and which are available to be drawn within a maximum of seven days.
- Undrawn committed borrowing facilities where security is available and not otherwise committed and can be charged to the satisfaction of the funder within one month.

Short Term Funds the forecast cash balances less liquid/near liquid funds available for one to twelve month deposit. **Short Term Funds** are defined as the aggregate of:

- Cash on deposit for periods of one month to twelve months; and
- Undrawn committed borrowing facilities where security has been nominated and can be charged to the lender's satisfaction so that the facility may be drawn within a maximum of one month.

3.2.3 Appropriate overdraft facilities from the organisation's clearing bankers will be maintained as required by operational requirements.

3.2.4 The Group will maintain availability of adequate overdraft facilities from its clearing bankers, as deemed appropriate.

3.3 Interest rate & inflation risk management

3.3.1 The Director of Finance is responsible for monitoring the organisation's interest rate risk exposures and for determining an appropriate strategy for the management thereof within the guidelines and policies established in this Treasury Management Policy and the Annual Treasury Strategy (see TMP6 "Reporting Requirements").

3.3.2 In managing the organisation's interest rate and inflation risk the Director of Finance will pay due regard to:

- current levels of interest rates and inflation compared with historic trends;
- anticipated future trend movements;
- the impact on revenue of estimated movements in interest rate and inflation trends;
- sensitivity of the revenue account to movement in interest rates and inflation; and
- policy and/or budgetary implications.

3.3.3 The organisation may enter into loan arrangements that incorporate interest rate swaps, caps, collars and/or other hedging arrangements that allow interest rate risk to be managed without the need for any separate hedging instrument to be transacted (so called “embedded” arrangements). The organisation has the necessary constitutional power to use derivative instruments and has a cancellable swap in place with RBS, no further derivatives will be used without the approval of the Management Committee.

3.3.4 The organisation is risk averse and will endeavour to ensure that its borrowings contain a mix of hedged and variable interest rates. The optimum mix will be determined in the Annual Treasury Strategy according to operating circumstances and through sensitivity analysis of anticipated cash flows, but within the following general guidelines:

The following interest rate exposure policy shall be applied until further notice in respect of total debt outstanding:

<i>Proportion of total debt to be Hedged</i>	<i>Minimum</i>	<i>Maximum</i>
<i>Interest rates Hedged</i>	50%	100%
<i>Unhedged proportion (including callable fixed rates where the next option to terminate falls within 12 months and hedged)</i>	0%	50%

3.3.5 Unhedged debt includes borrowing linked to LIBOR, Bank Base Rate, Building Societies’ Base Rate or any other variable interest rate, and borrowings linked to any index (e.g. the Retail Price Index). Hedged Debt includes borrowing in relation to which the interest rate has been fixed in excess of 12 months (note that when a fixed rate loan has 6 months or less to its maturity or cancellation option exercise date it will be treated as variable).

3.3.6 The aggregate maximum amount of drawn debt which may be hedged with structures where a counterparty has the option to cancel a fixed rate may not exceed 20% of total drawn debt outstanding at any time.

3.3.7 Hedged Debt subject to cancellable structures where the initial cancellation option may be exercised by a counterparty on a date in over 12 months will

be regarded as Hedged Debt until the first date on which any such call/cancellation option may be exercised (subject to paragraph 3.3.5).

- 3.3.8 Where an option is not exercised, and further options may be exercised on subsequent dates, such structures will be regarded as Hedged Debt from the date of each expired option until the next exercise date, subject to paragraph 3.3.5.
- 3.3.9 Debt subject to fixed interest rates where the option to cancel such fixed rates may be exercised by a counterparty at rolling intervals of 12 months or less will be regarded as Un-Hedged Debt for the purposes of compliance with the portfolio balance guidelines set out in paragraph 3.3.4. Such structures will be monitored by the Director of Finance and reported to the ~~Finance and Audit Sub-Committee~~Audit and Assurance Committee as appropriate.
- 3.3.10 For the purposes of monitoring compliance with hedged/unhedged policy requirements (paragraph 3.3.4), forward starting hedges will be included in the hedging portfolio from the date on which they take effect. Care must be taken when formulating the Annual Treasury Strategy and executing hedging transactions to ensure that the impact of forward starting arrangements will not cause hedging limits to be breached when they take effect.
- 3.3.11 The organisation recognises the risk arising from maturing fixed interest rates and the resulting potential exposure to volatility in the interest rate market ("re-set risk"). Accordingly, the organisation will seek to manage interest rate re-set risk management strategy within the following general parameters, subject to operational requirements:

Hedged debt re-set risk parameters

Max % of total hedged debt due for re-set in any one year 20%

Max % variable rate debt maturing (rollover) on any date 25%

- 3.3.12 The principal factor governing the Group's management of interest rate and inflation risk on surplus funds will be liquidity requirements. Surplus funds needed to meet cash flow requirements will necessarily be placed on short term deposit.
- 3.3.13 Subject to maintaining liquidity, either in the form of cash or undrawn committed and available borrowing facilities, where possible and subject to specific operating requirements the Group will seek to minimise borrowing rather than invest surplus funds when the net cost of borrowing exceeds the return achievable by investing surplus funds.
- 3.4 Exchange rate risk management
- 3.4.1 The Group will not expose its cash flows to exchange rate risk and consequently will not borrow using structures which require the payment of principal or interest in currencies other than sterling. Neither will it invest in instruments which pay interest or return capital in currencies other than sterling.

3.5 Credit and counterparty risk management

3.5.1 The Group may only invest with/lend to institutions regulated by the Prudential Regulation Authority (or the appropriate supervisory body in the European Economic Area in which they are incorporated or formed). It is permitted to invest with/lend to subsidiaries of rated institutions provided the subsidiary itself has an acceptable credit rating or where the organisation can be satisfied that the parent institution (which has an acceptable credit rating) is unconditionally obliged to stand behind the obligations of its subsidiary.

3.5.2 The Group will use Short-Term credit ratings issued by Fitch Ratings Ltd (“FRL”), Moody’s Investor’s Service (“Moody’s”) and Standard & Poor’s (“S&P”) to monitor the creditworthiness of the Banks and Building Societies with which it invests or with which it proposes to invest. For the purposes of this policy, the Group may invest with Banks and Building Societies which have an average Short-Term credit rating across the three rating agencies of at least “F2” as issued by FRL. The equivalent Short-Term credit ratings issued by Moody’s and S&P are “P-2” and “A-2” respectively.

3.5.3 Short-Term ratings have a time horizon of less than 13 months for most obligations and thus place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

The following table provides an example of the short-term credit ratings used by Fitch Ratings:

<p>F1 Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.</p>	<p>F2 Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.</p>
<p>F3 Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non- investment grade.</p>	<p>B Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near term adverse changes in financial and economic conditions.</p>
<p>C High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favourable business and economic environment.</p>	<p>D Indicates an entity or sovereign that has defaulted on all of its financial obligations.</p>

Note: Triodos Bank does not have a credit rating, but it has circa £14.5bn-15.5bn Euros of assets under management (31/12/17December 2018) and is a recognised lender within the RSL sector in Scotland.

CAF Bank does not have a credit rating, but it had circa £1bn of assets under management (April 2019), all BBB rated or above and 75% of which were AAA rated/UK Government and a committed loan portfolio of £30m to RSLs.

Investments may also be made to non-credit rated institutions via the Flagstone investment platform providing that the maximum invested with any single such institution is limited to the current government protected amount (under the Financial Services Compensation Scheme) and the Flagstone rating is greater than 50.

- 3.5.4 The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.
- 3.5.5 The Group may invest in or borrow from any building society complying with the credit rating criteria or with net assets in excess of £1bn, or where specific prior approval has been obtained from the Management Committee.
- 3.5.6 It is permitted to invest with/lend to subsidiaries of rated institutions provided the subsidiary itself has an acceptable credit rating or where the organisation can be satisfied that the parent institution (which has an acceptable credit rating) is unconditionally obliged to stand behind the obligations of its subsidiary.
- 3.5.7 As a general rule, the organisation will only invest surplus funds with UK domiciled institutions and preference will be given to institutions which lend to the organisation in order to be able to take advantage of the right of set-off.
- 3.5.8 The Director of Finance is responsible for monitoring the credit standing of all approved investment institutions and for identifying and using appropriate external information services. In the event of an approved investment institution being downgraded below the organisation's minimum credit criteria, invested funds will be removed upon maturity. Funds invested will also be subject to the following sector limits:

Sector	Max % of surplus funds
UK Banks and / or subsidiaries	100
UK Building societies	100
UK Government	100
Local Authorities	50
Money Market Funds	50

Note: - Exposure to banking groups will be aggregated for the purposes of calculating compliance with sector limits

- 3.5.9 Where surplus funds are required to meet possible cash outflows in the near future, they must be deposited for periods that will ensure funds are available when required. Where funds are to be used to repay borrowings

on maturity, deposit maturities should match the maturity of those borrowings as closely as possible.

- 3.5.10 The maximum amount invested at any time with an approved investment institution may not exceed £3.0m. The only exceptions to these limits will be the organisation's clearing bankers with whom deposits in excess of this amount may be made for up to 14 days from the date of unexpected funds and for sinking funds or funds held in escrow by direction of a lender pending completion of security arrangements. Whilst special Management Committee approval can be sought for a longer investment period such approval will only be given once independent professional advice has been received. Any exceptions to this policy must be reported to the Chair immediately and to the next ~~Finance and Audit Sub-Committee~~Audit and Assurance Committee meeting, except where such an exception is due to accrued interest.
- 3.5.11 Investment may be made directly with an approved investment institution or via any regulated money broker. The Director of Finance shall be responsible for ensuring that any brokers used are made and kept fully aware of the organisation's minimum counterparty criteria and limits.
- 3.5.12 Where funds are held on behalf of the organisation by third parties (such as sinking fund trustees) The Director of Finance shall be responsible for ensuring that such third parties are made and kept fully aware of the organisation's minimum counterparty criteria and that any departure therefrom shall be subject to specific Management Committee approval.
- 3.5.13 Where cash has been raised from the proceeds of a capital markets issue or similar funding mechanism and is required to be placed on deposit with trustees as cash collateral pending completion of security charging, the organisation's minimum credit rating criteria for investment counterparties will continue to apply and must be advised in writing to the relevant trustee. However, the individual institution investment limit specified in paragraph 3.5.10 may be varied by the Management Committee as a temporary measure to accommodate such cash collateral arrangements in addition to day to day investment activities subject to quarterly reporting and re-authorisation.
- 3.5.14 Where cash has been raised from the proceeds of a capital markets issue or similar funding mechanism and cannot be utilised immediately a specific investment strategy for such funds must be approved by the Management Committee. The approval must set out variations to individual counterparty limits, minimum credit rating criteria and any other elements of this treasury management policy and will be subject to quarterly reporting and re-authorisation.
- 3.5.15 The organisation is permitted to invest in Sterling money market funds to provide investment diversification for short-term funds. Investment is only permitted in money market funds that have a rating of 'AAA', and that have a minimum investment rating criteria of A-1. It is recognised that there is a risk of falling capital values with this type of investment and therefore the maximum aggregate invested at any time in money market funds may not

exceed £2 million. Any such investment requires specific authorisation by the Management Committee and will be subject to quarterly performance reporting to the Management Committee detailing, inter-alia, capital value. Investment in any such funds will only be approved following appropriate professional advice.

- 3.5.16 It is the organisation's policy to borrow from as wide a range of sources as possible and as may be appropriate. In general terms, the organisation will seek at all times to have committed available facilities in place sufficient to meet its contractually committed capital programme and to ensure that the Group has funds in place when entering into a contract which is a requirement of HAG funding. Where borrowings are to be included in the calculations of liquidity (as set out in section 3.2 "Liquidity Risk Management") the lender must have a minimum credit rating equivalent to those set out 3.5.3 or be subject to specific approval by the Management Committee. The organisation will also consider borrowing from the capital markets either directly, via issuing vehicles or via intermediaries such as The Housing Finance Corporation or GB Social Housing.
- 3.6 Legal & regulatory risk management
- 3.6.1 The Group will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.
- 3.6.2 The Group recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.
- 3.7 Fraud, error and corruption, and contingency management
- 3.7.1 The Group will ensure that it has identified the circumstances that may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.
- 3.8 Price risk management
- 3.8.1 The Group will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect it from the effects of such fluctuations.
- 3.9 Refinancing risk management
- 3.9.1 This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised is managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are

competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

3.9.2 It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

3.10 Non-treasury investment risk

3.10.1 The Group recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

3.10.2 The Group will ensure that all the organisation's investments are covered in the Annual Treasury Strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

3.10.3 The Group will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Group's risk exposure.

4.0 TMP 2 – Best value & performance management

4.1 The Group is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim.

4.2 Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, and of the scope for other potential improvements.

5.0 TMP 3 – Decision making & analysis

5.1 Record keeping

5.1.1 The Group will maintain full records of its treasury management decisions, and of the processes and procedures applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were considered at the time.

5.1.2 The scheme of delegated authority is set out in TMP 5.

- 5.2 Borrowing where a loan has already been approved by the Management Committee
- 5.2.1 Delegated authority to borrow funds is placed with the Director of Finance. The amount of borrowings required will be dictated by business cash flow requirements and proposed development expenditure (if any). The exact amount of borrowings required will vary from time to time but will be at least sufficient to meet all liquidity requirements as outlined in this Policy.
- 5.2.2 The procedure to follow when drawing down loans is set out in the Group's treasury procedures documents.
- 5.3 Investing
- 5.3.1 Responsibility for controlling investments rests with the Director of Finance. The value of investments will be dictated by business cash flow requirements and proposed development expenditure. The exact amount of investments will vary from time to time and will be kept available to meet all liquidity requirements as outlined in this Policy.
- 5.3.2 When significant funds (typically in excess of £2m) are available to invest the Director of Finance will approach at least 2 preferred institutions to establish the best possible terms available. The funds will then be invested in accordance with the terms of this Policy and the Group's standing orders/treasury procedures at the best rates available.
- 5.3.3 All investment transactions must be documented, and the following information recorded:
- Amount
 - Investment period
 - Counterparty
 - Interest rate
 - Price/yield/coupon & issue details as appropriate
 - Dealing date
 - Payment date
 - Maturity date
 - Transmission arrangements
 - Justification of the deal
 - A unique deal number
 - Broker's name (if applicable)

- Transaction type
- Name and signature of person executing the deal

5.3.4 Deal tickets should be evidenced as being authorised and must always be accompanied by confirmation letters/emails exchanged by the Group, counterparties and brokers.

5.3.5 Where possible, all investments will be transferred via CHAPS arrangements and be made in accordance with standing rules for operation of this service.

6.0 TMP 4 - Approved methods, instruments & techniques

6.1 The organisation will undertake its treasury management activities by employing only those instruments, methods, and techniques detailed in this TMP.

6.2 Capital finance (new borrowing)

6.2.1 The Director of Finance in conjunction with the Chief Executive is responsible for and undertakes all borrowing activities on behalf of the organisation. No new commitment to borrow funds may be entered into without the specific approval of the Management Committee.

6.2.2 In the case of all proposed new borrowing, the Director of Finance will prepare a report to the Management Committee containing the following minimum information:

- the name(s) of the proposed lender(s) with a brief description of their experience, understanding of the social housing market and perceived market standing;
- where applicable, the proposed lender(s) credit ratings;
- details of the interest bases permitted under the proposed facility;
- the basis and level of the lender's interest rate margin;
- details of arrangement and other fees, legal costs, valuation fees etc.;
- details of financial covenant requirements and any other restrictive undertakings required together with an assessment the organisation's ability to comply therewith;
- details of security arrangements;
- comparison with other offers and a cost benefit analysis;
- compliance with the organisation's borrowing strategy and policy;
- arrangements for drawings funds;
- details of any independent financial, legal or other advice received; and
- any other matters that will assist the Management Committee in arriving at its decision, with particular attention to highlighting the relevant risks.

6.3 Terms & conditions of capital finance

6.3.1 It is the responsibility of the Director of Finance to ensure that all new borrowing is effected on the most competitive terms possible and available in the markets. The organisation will endeavour to ensure that any financial covenants entered into with any lender are consistent with those for existing borrowing arrangements where they remain in place and are in line with the market at the time of arranging.

6.3.2 The organisation will seek to maintain minimum levels of covenant compliance in excess of the levels imposed by loan agreements at all times. Anticipated levels of compliance and internally set compliance targets will form an integral element of the Annual Treasury Strategy.

6.4 Collateral (security)

6.4.1 It is the organisation's general policy to maintain the minimum level of asset cover required by lenders. At the same time, the organisation will endeavour to ensure that borrowing arrangements permit maximum flexibility to release and substitute collateral assets and to grant floating charges only as a short-term measure pending the completion of fixed charge security.

6.5 Investment

6.5.1 Subject to the limits and credit criteria specified in the standing orders, the organisation may invest surplus funds in the following approved instruments:

- Short/fixed term money market deposits;
- Certificates of deposit issued by authorised institutions;
- Treasury Bills;
- Government Gilts;
- Securities listed on the Stock Exchange whose interest and principal is unconditionally guaranteed by H.M. Government;
- Advances to, or loan instruments issued by, public sector or quasi-public sector bodies including Registered Providers of social housing; and
- AAA rated money market funds

6.5.2 Funds may not be invested in any medium where capital value may be subject to loss.

6.6 Derivative instruments

6.6.1 Where this organisation intends to use derivative instruments for the management of risks, these will be limited to those set out in its Annual Treasury Strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

6.7 MIFID II

6.7.1 This organisation will review its classification with financial institutions under MIFID II and will set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

7.0 TMP 5 - Organisation, clarity and segregation of responsibilities, and dealing arrangements

7.1 The Group considers the effective control and monitoring of its treasury management activities essential, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.

7.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording, and administering of treasury management decisions and the audit and review of the treasury management function.

7.3 If and when the Group intends, as a result of lack of resources or other circumstances, to depart from these principles, the Director of Finance will ensure that the reasons are properly reported in accordance with TMP6 - "Reporting", and the implications properly considered and evaluated.

7.4 The Director of Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and arrangements for absence cover.

7.5 The Group's scheme of delegated authority relating to treasury management is as follows:

Authority retained by the Management Committee:

- Approval of key policies, procedures and delegation of authority
- Approval of the Business Plan

- Approval of the Annual Treasury Strategy as recommended by the Director of Finance.
- Approval of short term overdraft facilities
- Approval of bank and dealing mandates
- Review of the Annual Treasury Outturn Report the contents of which are described in TMP6.

Authority delegated to the Director of Finance

- Implementation of the Annual Treasury Strategy (including proposals for controlling interest rate risk).
- Delivery of the Annual Treasury Outturn Report to the Management Committee.
- Supervision of the treasury function.
- Authorisation of investments entered into pursuant to TMP1.

The Director of Finance is also responsible for the provision of adequate internal controls, including:

- Up-to-date signatory mandates authorising bank transfers
- Procedures for deal authorisation
- Regulation of access cards and similar devices for electronic transmission
- Ensuring that segregation of duties is maintained such that separate staff are involved in dealing and deal-checking activities
- Ensuring that telephone instructions are confirmed in writing.

8.0 TMP 6 – Reporting requirements and management information requirements

8.1 Annual Treasury Strategy

8.2 The Director of Finance will prepare for the Management Committee meeting preceding or the first Management Committee meeting following the year end, an Annual Treasury Strategy for approval.

8.3 The Annual Treasury Strategy sets out the Treasury aims and objectives for the coming financial year. In preparing the Annual Treasury Strategy, the Management Committee will have regard to the maintenance of a stable financial position for ELHA. The following matters shall be included in the Annual Treasury Strategy as a minimum:

- Detailed forecast cash flows for the following financial year and a summary position for a further 3 years, linked to ELHA's current Business;
- Analysis of current prevailing short and long-term interest rates, comparison with historical trends and estimated trend movement over the next financial year (this data will be supported with externally gathered expert opinion);
- The Annual Treasury Outturn Report for the preceding financial year;
- Details of current borrowings;
- A statement of borrowing requirements for at least the next financial year together with a strategy for funding this requirement, ensuring that ELHA has sufficient and appropriate facilities to meet both its short-term and long-term borrowing requirements;
- Borrowing requirements beyond three years where ELHA has made a commitment that will require funding;
- A statement of anticipated cash surpluses and the strategy to be adopted for investment thereof during the next financial year;
- A recommendation as to the mix of hedged and unhedged debt to apply across ELHA's debt portfolio during the next financial year;
- Any proposals for amendments to this Treasury Policy Statement.

In preparing the Annual Treasury Strategy, the Director of Finance will pay regard to the following:

- Maintenance of a stable financial condition;

- Ensuring that ELHA has sufficient and appropriate facilities to meet both its short-term and long-term borrowing requirements; and
- Ensuring that ELHA has sufficient cash resources available at all times to meet funding needs arising from uncertainties in the business planning process, the timing and amount of cash flow.

The Annual Treasury Strategy will also detail ELHA's strategy for refinancing maturing borrowing (if any), changing the mix of hedged and unhedged interest rates and new borrowing requirements over the next three years. The Annual Treasury Strategy must include:

- Proposed sources of finance;
- Proposed maturities and maturity structure;
- Mechanisms available for controlling and managing interest rate risk exposure;
- Anticipated interest rate levels;
- A statement of unencumbered assets available to support borrowing and a statement of the effect of any proposed new borrowing; and
- A forecast of the impact of the proposed strategy on financial covenants.

The Annual Treasury Strategy will detail ELHA's strategy for investing surplus funds and include on an aggregated basis:

- A forecast of funds required to repay maturing debt or for other cash flow requirements;
- A forecast of surplus funds available to meet contingencies;
- An investment strategy, including proposed instruments and maturities, designed to maximise returns and also ensure sufficient liquidity to meet forecast requirements; and
- A forecast of the impact of the proposed strategy on financial covenants.

8.4 Annual Treasury Outturn Report

The Annual Treasury Outturn Report (to be submitted with the Annual Treasury Strategy) will cover the whole of the previous financial year's activities of the treasury operation and include final annual measures of performance. The overriding objective of the Annual Treasury Outturn Report is to provide a standalone document that gives a full picture of treasury activities, plans, policies and results, independent of other reporting during the year. The Annual Treasury Outturn Report will incorporate the following specific information:

- A statement of the proportion of the debt that is hedging including a maturity ladder detailing all hedged borrowing and interest periods within unhedged borrowing;
- An overall summary of treasury operations for the year;
- An analysis of actual cash flow compared with budgeted levels and commentary on variations (both positive and negative);
- A report analysing compliance with permitted borrowings and prevailing regulations, including:
 - Total debt outstanding;
 - Total short term borrowings;
 - Financial covenant compliance;
 - Confirmation that total permitted borrowing has not been exceeded; and
 - Matters where TMPs have not been complied with (if any).
- As part of the annual review of treasury the Director of Finance will also review this Treasury Policy to ensure it is fit for purpose and advise of any required amendments.

8.5 Quarterly Treasury Management Reports

The Director of Finance will deliver quarterly reports to the ~~Finance and Audit Sub-Committee~~ Audit and Assurance Committee detailing the following minimum information where relevant:

- An analysis of financial covenant compliance (included in the quarters "Performance Indicator" report);
- Cash flow compared to budget and an explanation of variations (both positive and negative) (included in the quarterly management accounts report);

- A commentary on the applicability of the current Annual Treasury Strategy and any recommended adjustments thereto;
- Any matters where the TMPS or Annual Treasury Strategy have not been complied with;
- Exception reports;
- A recommendation as to any additional hedging to be adopted.
- A report on any changes to the relationship with lenders and any issues that may have an impact on ELHA;
- A progress update on borrowing requirements for the remainder of the year
- Any changes to the strategy adopted for investment of cash surpluses during the remainder of the year;
- Any proposals for amendments to this Treasury Policy Statement (if applicable); and;
- Revisions to the current 12-month cash flow forecast, estimates of interest rate trends and the impact on the current Annual Treasury Strategy and recommended adjustments to the current interest rate risk management policy contained in the Annual Treasury Strategy and any revenue effect.

9.0 TMP 7 – Budgeting, accounting & audit arrangements

- 9.1 The Group will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards and with statutory and regulatory requirements in force for the time being.
- 9.2 The Group will ensure that its auditors and those charged with regulatory reviews, have access to all information and papers supporting the activities of the treasury management function, as are necessary for the proper fulfilment of their roles and that such information and papers demonstrate compliance with external and internal policies and approved [practices](#).

10.0 TMP 8 – Cash & cash flow management

- 10.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Group will be under the control of the Director of Finance and will be segregated for cash flow and investment management purposes.

- 10.2 Cash flow projections will be prepared on a regular and timely basis and the Director of Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1 “Risk Management”.

11.0 TMP 9 - Money laundering

- 11.1 The Group is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. However, it is unlikely that cash received from individuals will ever exceed the minimum (10,000 euros) over which procedures are required per Regulation. Cash receipts will therefore be monitored to determine whether requirement for a procedure is required in the future. Such a procedure would cover verifying and recording the identity of counterparties and reporting suspicions and would ensure that staff involved in this, were properly trained.

12.0 TMP 10 - Staff training & qualifications

- 12.1 The Group recognises the importance of ensuring that all staff involved in the treasury management function have the skills required to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.
- 12.2 Officers involved in treasury operations will receive adequate training to provide them with the necessary skills and knowledge to keep them up to date with treasury management best practice. Training may include studying for recognised qualifications, external courses and conferences and internal courses and seminars. Each year the Director of Finance, will assess training needs and make appropriate provision for costs.
- 12.3 The Management Committee will also receive regular training and development sessions to ensure that they have the necessary skills to understand and approve treasury reports. This will be by means of in house training sessions undertaken by both employees and external specialists. Where considered appropriate Management Committee members may also attend external training courses.

13.0 TMP 11 – Use of external service providers

- 13.1 The Group recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

13.2 In accordance with the organisation's Standing Orders the use of external advisers will be considered in the following circumstances:

- Ongoing treasury support with strategy and policy;
- Provision of regular market information;
- The raising of additional finance;
- Negotiation and re-negotiation of loan covenants and margins; and
- Recruitment of new team members.

13.3 Before external consultants are engaged, Management Committee approval will be sought with clear terms of reference established.

13.4 Once the use of external advisers has been agreed all Management Committee reports submitted where the external advisers have had an involvement will need to be reviewed by an officer of the organisation and where deemed appropriate presented by the external adviser.

14.0 TMP 12 – Corporate governance

14.1 The Group is committed to the pursuit of proper corporate governance throughout its business and services and to establishing the principles and procedures by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

14.2 The Group has adopted and has implemented the key recommendations of the Code. This, together with other arrangements detailed in the Group's treasury procedures are considered vital to the achievement of proper corporate governance in treasury management. The Director of Finance will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Fraud and Theft Policy Review

Report by Paula Oliver, Director of Finance – for Approval

In order to assist with an application to register with the Financial Conduct Authority, and addition is required to this Policy at Section 11.2.

The Policy has also been updated to reflect the Governance structure review undertaken last year and by removing references to the Finance & Audit Sub-Committee and replacing these with Management Committee or Audit & Assurance Committee as appropriate.

Recommendation

The Management Committee is asked to approve the revised Fraud and Theft Policy.

Group Policy

Date Issued	December 2007
Last Review Date	February 20 2018
Department	Corporate
Title	Fraud and Theft Policy
Objective	To describe our Policy for dealing with instances of suspected fraud or theft within the Group
Responsible	Chief Executive
Next Review Date	February 202 5 ³

1.0 Introduction

- 1.1 We are committed to the highest standards of corporate governance and have a robust system of internal financial controls in place to minimise the potential for fraud or theft.
- 1.2 We continually monitor our internal controls to ensure they remain effective. Our ~~Finance & Audit Sub-Audit and Assurance~~ Committee is responsible for reviewing the key risks inherent in the affairs of the Group and the systems of control necessary to manage such risks. We have a Code of Conduct for Management Committee Members and a Director's Responsibilities Guidance Note for R3 Board Directors along with a Code of Conduct which deals with Governance issues and the conduct of individual members. We also have a Code of Conduct for our staff which sets out the standards of conduct expected from all staff in relation to their work within the Group.

2.0 Internal Financial Control

- 2.1 It is our Management Committee's responsibility to establish and maintain systems of internal financial control. These systems can only provide reasonable assurance against material financial misstatement or loss. The systems include making sure that:
- We have formal policies and procedures in place which allow the monitoring of controls and which aim to prevent the unauthorised use of our assets. These policies include documenting of key systems and rules relating to the delegation of authorities

- We identify risks that might prevent us from achieving our purpose and have effective strategies and systems for risk management and mitigation
- Staff are suitably qualified and experienced. Annual staff appraisals take place to maintain high standards of performance
- We prepare forecasts and budgets so that the Management Committee, R3 Board and management can monitor:
 - i. Key business risks
 - ii. Financial objectives
 - iii. Progress towards financial plans set for the year and the longer term
- We prepare regular management accounts for ELHA and R3, which provide relevant, reliable and up to date financial information, and investigate significant variances from budget as appropriate
- All significant initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees which are controlled by Management Committee Members
- Our Management Committee, Sub-Audit and Assurance Committees, R3 Board and Management Team review reports (from management, internal and external auditors) in order to ensure that we have reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing the Group.
- We have established formal procedures to institute action needed to correct weaknesses identified in the above reports.

3.0 Definition of Fraud and Theft

3.1 There is no precise legal definition of fraud. For the purposes of this policy, we define it as 'the intentional use of dishonesty, to get an unfair or illegal financial advantage'. It may be used to describe acts such as deception, bribery, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

3.2 Theft may be defined as the dishonest appropriation of property or value.

4.0 Application of Policy

4.1 We will apply this policy to proven or admitted cases of fraud/theft perpetrated either:

- against the Group; or

- against a third party with a connection to the Group, for example, a resident, service user, supplier or contractor by someone over whom the Group can exercise control such as an employee, volunteer, Management Committee Member, R3 Board Director, supplier or contractor,

and to instances where there is evidence which can reasonably be interpreted as a suspected case of fraud/theft.

- 4.2** In all cases, we will conduct an investigation in relation to each incident. This will be to determine whether the loss to us or a third party as defined in 4.1 has been caused by error or fraud/theft.
- 4.3** If a current employee is convicted of fraud/theft, but it is not connected to their employment with us, then we will consider the matter in accordance with our disciplinary procedures.

5.0 Guiding Principles on Fraud & Theft

- 5.1** We will not tolerate fraud/theft carried out by our suppliers and contractors, staff, Management Committee Members or R3 Board Directors. In all cases, we will investigate allegations of fraud/theft and take appropriate action if an allegation is substantiated.
- 5.2** The form of action that we take will depend on the level of fraud/theft and the circumstances in each case. In most instances we will consider disciplinary action against employees, prosecution and/or recovery of the missing assets and funds.
- 5.3** We will apply our disciplinary procedures to any employee whose conduct is negligent to the extent that it allows fraud/theft to be committed.
- 5.4** We consider that fraud/theft by employees to be gross misconduct. Our terms and conditions of employment state that gross misconduct will normally result in instant dismissal.
- 5.5** We expect the highest standards of integrity and conduct from our Management Committee Members and R3 Board Directors. Each Management Committee Member is issued with a copy of the Code of Conduct for Management Committee Members and each R3 Director a Director's Responsibilities Guidance Note and Code of Conduct, which details the standards of behaviour that we expect.
- 5.6** We expect the highest standards of integrity and conduct from our employees. Each member of staff is issued with a copy of the staff Code of Conduct which details the standards of behaviour that we expect.

6.0 Responsibilities of the Management Committee

6.1 The Management Committee and R3 Board is ultimately responsible for (in their respective areas):

- developing and maintaining effective controls to prevent fraud and theft;
- carrying out thorough and prompt investigations if it occurs;
- ensuring appropriate legal and/or disciplinary action is taken against those who commit acts of fraud and theft;
- ensuring appropriate disciplinary action is taken where supervisory failures have led to acts of the fraud or theft.

7.0 Responsibilities of the Management Team

7.1 Each Department Head is responsible for ensuring that an adequate system of internal control exists within their areas of responsibility and that such controls operate effectively.

7.2 Managers should assess the types of risk involved in the operations for which they are responsible. They should review the control systems for those areas on an on-going basis in order to satisfy themselves that their systems continue to operate effectively.

7.3 Our internal and external auditors are available to offer advice and assistance on control issues if needed.

7.4 When setting up and maintaining effective controls the following should be included:

- wherever possible, there is a separation of duties so that control of a key function is not vested in one individual
- backlogs, for example, processing rent payments etc, should not be allowed to happen
- consideration is given to building in safeguards against internal and external fraud when new systems are implemented

7.5 Line Managers should be alert to the possibility that unusual events or transactions could be signs of fraud or attempted fraud. Fraud or theft may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.

8.0 Responsibilities of Employees

8.1 Each of our employees has a duty to ensure that the Group's, and, where relevant, residents'/clients' funds and assets are safeguarded. Staff should alert their line manager (or the next most senior person) where they believe the

opportunity for fraud or theft exists because of poor procedures or lack of effective controls.

- 8.2** If an employee suspects that fraud or theft has taken place or sees anything suspicious they must report the details to their line manager immediately. If the suspicion involves the line manager then staff should report to the next most senior person.
- 8.3** Employees should assist in any investigations by making available all relevant information and by co-operating in interviews.
- 8.4** It is important that all staff are able to report their concerns without fear of reprisal or victimisation and are aware of the means to do so. Our policy on Whistleblowing provides further guidance to staff on how to report any concerns in areas of possible misconduct such as fraud or theft.

9.0 Investigation and Response to Fraud or Theft

- 9.1** If staff suspect that fraud or theft has happened, the Fraud or Theft Procedure will be followed (**Appendix 1**).

10.0 Gifts and Hospitality

- 10.1** We expect our employees to be honest and fair and to act in accordance with our Policies on “Gifts and Hospitality” and “Anti-Bribery and Corruption”, which aim to place them above suspicion of bribery and similar dishonest acts.

11.0 Reporting

- 11.1** We will report all cases of actual or suspected cases of fraud and theft to the ~~Finance & Audit Sub-Audit and Assurance~~ Committee. This will be after all stages of the investigation and any disciplinary action have been completed. The Reporting Officer as defined in **Appendix 1** will prepare a full report detailing the incident, the action taken and the appropriateness of the internal controls.
- 11.2** If there is reasonable evidence of a suspected act of fraud or theft, we will also notify:
- Our ~~internal~~ ~~a~~Auditors
 - the Scottish Housing Regulator, in accordance with its Notifiable Events Guidance

- The police
- Our insurers
- Our pensions provider in accordance with its annual notification procedures
- Our funders where required by the terms and conditions of our loan agreements
- [The Financial Conduct Authority \(FCA\) if the fraud or theft relates to any activities we provide in relation to our Registration with the FCA \(this is a requirement under the Payment Services Regulations 2017, Regulation 99\)](#)

11.3 We maintain a Fraud Register which is open to inspection by our regulators and our internal and external auditors at any time. We keep records of both suspected and detected acts of fraud and theft and of the actions taken. Where the outcome of an investigation is inconclusive and/or does not result in a criminal prosecution, we will make an entry recording that an investigation has taken place and no conclusions reached. No individuals will be named although reference will be made to supporting documentation held by the Reporting Officer for further information. The ~~Finance & Audit Sub~~Audit and Assurance-Committee will report on the Fraud Register as part of its annual report to the Management Committee. The Convenor of the ~~Finance & Audit Sub~~Audit and Assurance Committee shall sign the Fraud Register annually, normally in June.

12.0 Implementation

12.1 The Management Committee, R3 Board and Management Team are responsible for ensuring that this policy is communicated and implemented.

12.2 It is the responsibility of all employees to ensure that their work is carried out in line with this policy and the procedures attached to it.

12.3 We will ensure that all of our employees are made aware of this policy and the procedures attached to it.

12.4 The ~~Finance & Audit Sub~~Audit and Assurance Committee and the Chief Executive are responsible for monitoring this policy to ensure that it is correctly applied.

12.5 We will work with our insurers and solicitors to try to recover any losses resulting from fraud or theft.

13.0 Policy Review

- 13.1** The Chief Executive will ensure that this policy is reviewed every five years or earlier, if there is a change in legislation, case law or good practice. Any recommended changes will be submitted to the ~~Finance & Audit~~ SubManagement-Committee for approval.

**Fraud & Theft Policy
Appendix 1**

Procedure on Investigating Fraud & Theft

1. If you suspect or discover an act of fraud/theft by another member of staff you should report it to the **Reporting Officer**. The Reporting Officer is dependent on the role of the person suspected of committing an act of fraud or theft and will **normally be the relevant Director** except in the following cases:

Person Suspected of Act of Fraud/Theft	Reporting Officer
Director	Chief Executive
Chief Executive	Chair of the Association
Management Committee Member	Chair of the Association
R3 Board Director	Chair of the R3 Board
Chair of the Association	Convenor of the Finance and Audit Sub-Audit and Assurance Committee
Chair of the R3 Board	Convenor of the Finance and Audit Sub-Audit and Assurance Committee

2. If you suspect or discover an act of fraud/theft against the Group which has been committed by a supplier, contractor or any other third party over whom the Group can exercise control, you should report it to your line manager who will in turn report the matter to the appropriate Director (the Reporting Officer).
3. The person who has received the report (the Reporting Officer) shall appoint an Investigating Officer who will carry out an initial enquiry to find out the facts. This enquiry should be carried out as soon as possible, to confirm or repudiate the suspicions, so that further investigation may be carried out if necessary. Prompt action is therefore essential.
4. The Investigating Officer should determine the factors which led to the suspicion. He/she will aim to find out whether a genuine mistake has been made or an irregularity has occurred. Initial examination may involve discreet enquiries with staff or a review of documents.
5. If the Investigating Officer confirms that an act of fraud/theft has occurred, he/she should take steps to ensure that all original documentation is kept in a safe place for further investigation. This is to prevent the loss of evidence which may be essential for subsequent disciplinary action or prosecution.
6. The Investigating Officer will prepare a written report outlining the findings of the initial investigation. This will be presented the Reporting Officer who will decide whether to call the Police or to await the outcome of a further, more comprehensive internal investigation.

7. Based on the particular circumstances of the case, the Reporting Officer will determine whether a further investigation is required and may involve the use of external agencies such as internal audit. If the Reporting Officer decides that no further investigation is necessary, the matter will be dropped.
8. If, after the second investigation there appears to be clear evidence of fraud/theft, we will advise the Police. At this time the Reporting Officer will advise the Group's internal and external auditors, the insurers, the Scottish Housing Regulator (see Notifiable Events Guidance), the Pension provider and where required, its funders, if they have not done so already.
9. We will normally suspend the alleged perpetrator suspected of committing an act of fraud/theft until the outcome of the investigation is known. This is so as to prevent the removal or destruction of evidence. Suspension does not imply that they are guilty of the suspected act of fraud/theft.

Suspension of employee

If an employee is suspected of theft/fraud we will suspend them on full pay until the outcome of the investigation is known. We will consult with EVH and/or our solicitors in any suspension of an employee. If after full investigation it is determined that an employee has committed fraud/theft we will commence our disciplinary procedures and will aim to recover any assets that have been lost.

Suspension of Management Committee Member or R3 Board Director

If a Management Committee Member or R3 Board Director is involved, we may consider suspending them from the Management Committee or R3 Board, until the outcome of the investigation is known. Once the investigation has been concluded and where there is sufficient evidence to suggest that fraud/theft has been committed by a Management Committee Member or R3 Board Director, it will be for the next meeting of the Management Committee / R3 Board to consider removing them from the Management Committee or R3 Board and to consider whether to report the incident with a view to prosecution with the aim of recovering any assets that have been lost.

Suspension of a supplier/Contractor

If we suspect any supplier or contractor of committing fraud/theft against us, we will suspend them from our list of approved suppliers and contractors until the outcome of our investigations is known.

10. If after any investigation it is found that there has been an act of fraud/theft we will consider whether to prosecute and will aim to recover any assets that have been lost.
11. The Investigating Officer will prepare a full report on the outcome of the investigations and present it to the next meeting of the Senior Management Team and subsequently to the ~~Finance and Audit Sub-Audit and Assurance~~ Committee.

12. We maintain a Fraud Register in which we will keep records of both suspected and detected acts of fraud/theft and of the actions taken. Where the outcome of an investigation is inconclusive and/or does not result in a criminal prosecution, we will make an entry recording that an investigation has taken place and no conclusions reached.

No individuals will be named although reference will be made to supporting documentation held by the Reporting Officer for further information. We will report all suspected acts of fraud or theft which have been investigated to the ~~Finance & Audit Sub-Audit and Assurance~~ Committee. The ~~Finance & Audit Sub-Audit and Assurance~~ Committee will report on the Fraud Register as part of its annual report to the Management Committee. The Convenor of the ~~Audit and Assurance Finance & Audit Sub-~~Committee shall sign the Fraud Register annually, normally in June. The Fraud Register is open to inspection by our regulators and our internal and external auditors at any time

13. The ~~Audit and Assurance Finance and Audit Sub-~~Committee will prepare an Annual Report on the Fraud register for consideration by the Management Committee. The ~~Convenor~~ of the ~~Audit and Assurance Finance and Audit Sub-~~Committee shall sign the Fraud Register annually, in June.
14. All supporting documentation relating to a fraud or theft investigation will be held securely by the Reporting Officer.

Financial Inclusion Service (Home Energy Advice)

Report by Karen Barry, Director of Housing – for information

1.0 Introduction

Recent figures published by the Scottish Government show that the number of Scottish homes living in fuel poverty had increased by 36,000 in 2018, and it is estimated that around 613,000 households in Scotland are in fuel poverty. The people most likely to be affected are disabled people, older people, people on a low income, young families, lone parents and people with health issues. Fuel poverty is linked to increased risk of debt, ill health and social isolation. It may also affect a child's education, if they are off sick more often or don't have anywhere warm to study at home.

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 received Royal Assent on 18 July 2019, and later this year the Scottish Government will publish a Strategy setting out the action they will take to tackle fuel poverty, with the target being to ensure that, as far as reasonably possible, no household in Scotland will be in fuel poverty by 2040. The Act states a household is in fuel poverty if they spend more than 10% of their adjusted net income on fuel.

Whilst the Association continues to increase the energy efficiency levels of its homes (the EEESH standard has been achieved over one year ahead of the required date), other factors causing fuel poverty are more difficult to control. In particular, the rising cost of electricity (with the cost per unit currently four times more expensive than the equivalent for gas). New analysis of the Scottish House Condition Survey data, recently published by the Scottish Government, shows a 5% rise in the number of households which rely on electric heating and 43% of electric-only homes are now spending more than 10% of their income on fuel costs. It should be noted that around a quarter of the Associations stock (319 homes) are electric-only homes.

Last year, the SFHA carried out a fuel poverty survey of its members and found an increase in the numbers of tenant's experiencing, or at risk of, fuel poverty with rising energy prices and welfare reform being cited as reasons for it. ELHA also carried out a survey very recently, interviewing over 700 tenants face to face, and asked the question 'How often have you had to completely switch off your heating because you couldn't afford it'. Over 6% (44) of tenants said that they occasionally or regularly turned off their heating for this reason, whilst 4% (28) tenants preferred not to answer the question.

ELHA's Financial Inclusion Service currently provides money advice for four days a week, though the Money Advisor does not have the expertise to actively seek out issues relating to fuel poverty. Where obvious issues do emerge the Money Advisor will refer the matter to their own in-house Energy Advisor at Castlerock Edinvar. Similarly, where Housing staff identify a potential problem they will refer the tenant to Changeworks.

Changeworks is an Energy Advice Service that works to reduce fuel poverty and increase energy efficiency by providing advice to people in East Lothian. They work on behalf of East Lothian Council to deliver support through home visits, events and talks to local groups. Unfortunately, over the last year or so, referrals to Changeworks have had little response or success, although it is understood that one advisor has recently been recruited, covering the whole of the East Lothian county area.

2.0 Home Energy Advice Service

Taking everything into account and to help improve the lives of our tenants, it is intended to extend the ELHA Financial Inclusion Services from four to five days per week, and introduce a Home Energy Advice Service from 1 April 2020. Costs for this new service has been accommodated within the budget, though at the time of writing this report, an approach has been made to the Energy Savings Trust to enquire whether funding is available.

As energy advice is an entirely different service to money advice, the Advisor requires to attend a City & Guilds training course which will be funded by Castlerock Edinvar.

The new Service will include:

- Giving billing advice
- Tariff assistance
- Dealing with disconnections / warrant proceedings and reconnections
- Hardship fund applications
- Applications for Warm Home discounts
- Compensation claims
- Household management advice, such as condensation.

A Service Level Agreement is currently being drafted for an initial period of one year (1 April 2020 to 31 March 2021), when progress will be closely monitored, and outcomes will reported to the Audit & Assurance Committee.

Training will take place during March 2020 to enable all Asset Management and Housing staff identify potential signs of fuel poverty and be proactive in making referrals to the Service. A publicity campaign is also in development and tenants will be consulted.