

Treasury Management Policy

Prepared by	Finance Director
Policy created	August 2012
Date of last review	August 2019
Date of current review	April 2025
Date of next review	April 2025
Reviewed by	Management Committee

Corporate Fit	Internal Management Plan	✓
	Risk Register	✓
	Business Plan	✓
	Equalities Strategy	✓
	Legislation	✓

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 乐意翻译

Our policies provide a framework to underpin our vision and values, to help us achieve our strategic objectives.

Our Vision

Local people, local control.

By providing quality homes and services, we will create stronger communities and a better quality of life for our customers.

Our Values

- Focused on the needs of our customers and communities.
- Supportive of our staff and Committee members.
- Responsible, efficient, and innovative.
- Open and accountable.
- Inclusive and respectful.
- Fair and trustworthy.

Strategic Direction

Consolidation and improvement: Applicable to our core business as a landlord & property manager.

Growth: Through the new build opportunities, we are taking forward.

Partnerships: Where this can help to address shared goals and increase capacity and value.

Resilience: A key priority across all parts of our business.

Strategic Objectives

Services: Deliver quality, value for money services that meet customers' needs

Homes & neighbourhoods: Provide quality homes and neighbourhoods.

Assets: Manage our assets well, by spending wisely.

Communities: Work with local partners to provide or enable services and activities that benefit local people and our communities as a whole

Our people: Offer a great workplace environment that produces a positive staff culture and highly engaged staff.

Leadership & Financial: Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our goals.

Our Equalities and Human Rights Commitment

We understand that people perform better when they can be themselves and we are committed to making the Association an environment where employees, customers, and stakeholders can be open and supported. We promote equality, diversity, and inclusion in all our policies and procedures to ensure that everyone is treated equally and that they are treated fairly on in relation to the protected characteristics as outlined in the Equality Act 2010.

Privacy Statement

As data controller we will collect and process personal data relating to you. We will only collect personal information when we need this. The type of information we need from you will vary depending on our relationship with you. When we ask you for information, we will make it clear why we need it. We will also make it clear when you do not have to provide us with information and any consequences of not providing this. We are committed to being transparent about how we collect and use your data, and to meeting our data protection obligations with you. Further information about this commitment can be found within our full Privacy Statements.

Policy Scope & Review

For the purpose of this policy the term Association will include all members of the Tollcross Housing Association Limited. Therefore, all employees, governing body members, volunteers, customers and other relevant stakeholders will be expected to adhere to this policy and/or procedure. All policies and procedures are reviewed every 3 years in line with best practice and current legislation. The Association reserves the right to make additions or alterations to this policy and procedure from time to time. Any timescales set out in this policy may be extended where required.

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Introduction

This is the treasury management policy of Tollcross Housing Association (THA).

It is intended to ensure that the treasury management activities of THA are managed and controlled appropriately, and in a manner that complies with best practice, as set out in the **CIPFA Code of Practice for Treasury Management in the Public Services** (the Code) and in line with the expectations of the Scottish Housing Regulator (SHR) as set out in the **Standards of Governance and Financial Management**.

For convenience, the following terms have been used throughout:

Abbreviation	Term	Meaning
	The Code	CIPFA Code of Practice for Treasury Management in the Public Services. Most recently updated in December 2021
THA	Tollcross Housing Association	
MC	Management Committee	Governing body of THA
MCM	Management Committee Member	Member of the governing body of THA
ABSC	Audit and Business Sub Committee	The Committee responsible for scrutiny of controls, risk, assurance and financial performance, planning and decision making.
CEO	Chief Executive	Senior Officer of THA
FD	Finance Director	The officer responsible for the execution and administration of treasury management decisions.
SHR	Scottish Housing Regulator	Regulates to protect the interests of tenants of THA
TMS	Treasury Management Strategy	Planning document setting out the treasury management actions needed to deliver the financial business plan.

This policy is structured to address the 12 Treasury Management Practices (TMP) identified in the CIPFA Code.

It is supported by:

- Documented delegation of specific reporting, decision making and control authorities by the Management Committee to the Finance, Audit and Business Sub Committee, the Chief Executive, and the Finance Director.
- A detailed risk matrix for treasury activities, maintained by the Finance Director and reported annually to Audit and Business Sub Committee (Appendix 1).

- A schedule of relevant data in the format outlined in the Scottish Federation of Housing Associations (SFHA) Treasury Management Guidance, maintained by the FD, and reported annually to FACG with the Treasury Management Strategy (TMS).
- Relevant sections of the job description and person specification for the Chief Executive (CEO) and Finance Director (FD) posts.
- Detailed procedure notes for specific processes and controls, under the control of FD.

Policy Statement

It is the policy of THA that:

1. THA will create and maintain, as the cornerstones for effective treasury and investment management:
 - i. a treasury management policy statement stating the policies, objectives, and approach to risk management of its treasury management activities.
 - ii. suitable treasury management practices (TMP) setting out the way the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - iii. The content of the policy statement, follow the recommendations of the CIPFA Code, subject only to amendment where necessary to reflect the circumstances of THA. Such amendments will not result in THA materially deviating from the CIPFA Code's key principles.
2. The MC will receive reports on its treasury and investment management policies, practices, and activities, including, as a minimum, an annual strategy, a plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in this policy.
3. THA delegates responsibility for the implementation and regular monitoring of the treasury management policies and practices to ABSC, and for the execution and administration of treasury management decisions to the FD, who will act in accordance with the organisation's policy statement.
4. This organisation nominates ABSC to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Policy Definition and Objectives

1. THA defines its treasury management activities as the management of the organisation's borrowing, investments and cashflows, including 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. THA 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 THA, and any financial instruments entered to manage these risks.

3. THA 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 value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.
4. The Scottish Housing Regulator's regulatory standards which govern Treasury Management activities have been taken into account within this policy.
5. Golden Rules will be implemented around key financial ratios that THA will seek to maintain to ensure that its treasury management activity is effective, by providing adequate liquidity, appropriate management of risks and proper compliance with loan covenants.

Policy Structure

1. The policy is structured to follow the CIPFA Code, with sections relating to each of the 12 Treasury Management Practices (TMPs) identified in the Code.

TMP 1	Risk Management, (TMP 1.1 to 1.9) provide fuller detail the risks set out in The Code
TMP 2	Performance measurement
TMP 3	Decision making and analysis
TMP 4	Approved instruments, methods, and techniques
TMP 5	Organisation, clarity, and segregation of responsibilities and dealing arrangements
TMP 6	Reporting requirements and management information arrangements
TMP 7	Budgeting, accounting, and audit arrangements
TMP 8	Cash and cashflow management
TMP 9	Money laundering
TMP 10	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

TMP 1 – Risk Management

All treasury management activities involve risk and potential reward. THA's policy in approaching treasury management risk is:

- When investing cash, the achievement of a satisfactory return while minimising risk. The overriding principle is to avoid risk rather than to maximise return.
- When borrowing funds, ensuring the stability of the of the Association's long term financial position by borrowing on the most economically advantageous terms.

To assist in measuring treasury risk and covenant compliance, THA has will adopt the f Golden Rules relating to:

- Minimum liquidity buffer of £1.5m of instantly available funds
- Gearing ratio is based on 3 different ratios from lenders
 - Clydesdale Bank 60%
 - RBS Debt PU
 - Unity Bank Net Debt 65%

- Interest cover is based on 3 different ratios from lenders
 - Clydesdale Bank 125%
 - RBS based on net operating cash flow
 - Unity Bank 110%

The rules will be established once the Association has obtained business plan approval from RBS for the 2025/26 business plan.

General Statement of Risk Management

1. The CEO and FD will prepare and present to the MC a Treasury Management Strategy (TMS) annually, and the FD will prepare and present a report each quarter to ABSC of all treasury and investment activity.
2. The TMS will include a summary of treasury management activity in the preceding financial year and the current financial year, covering:
 - i. Summary of actual and projected cashflow, and commentary on variances
 - ii. Loan drawdowns in the preceding 12 months
 - iii. Loan repayments in the preceding 12 months
 - iv. A summary of the hedging position between fixed and floating rate debt in the current loan portfolio, and any changes to interest rate structure on existing loans, such as maturing or new loan fixes
 - v. Statement of actual and projected covenant compliance and headroom for all
 - vi. Summary of loan security position
 - vii. Summary of cash deposit position and activity since the previous TMS
 - viii. Summary of investment portfolio position and activity since the previous TMS,
 - ix. The current treasury management risk matrix
3. The TMS will include forecast cashflows for at least three financial years, as well as
 - i. analysis of current prevailing short and long-term interest rates, comparison with historical trends and projected trend movements over the next financial year. This data will be supported with externally gathered expert opinion.
 - ii. a statement of borrowing requirements for at least the next three years together with a strategy for funding this requirement
 - iii. a statement of anticipated cash surpluses and the strategy to be adopted for investment thereof during the next 12 months.
 - iv. a recommendation as to the mix of fixed and variable interest rates to apply across THA's

debt portfolio at the end of the next financial year any proposals for amendments to this Treasury Management Policy Statement, including the Golden Rules, which will require MC approval.

- 4 The FD will prepare and present a report each quarter to ABSC of all treasury and investment activity in the quarter, with updated cashflow and covenant projections to the financial year end.:
- will design, implement, and monitor arrangements for the identification, management, and control of treasury management risk
 - will report at least annually on the adequacy and suitability thereof to ABSC and
 - will report to the CEO, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving THA's objectives in this respect.
 - a. Long term cashflow forecasts and treasury management strategy will be included in the annual business plan prepared for board approval.
 - b. Significant variations to cashflow forecasts covering the next 24 months will be reported to board on a quarterly basis, highlighting any significant variations from the business plan, and any impact on projected borrowing requirements, loan repayments, fixed rate maturities or surplus cash balances.
 - c. All in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements.
 - d. THA has adopted a detailed risk management statement set out below for each of the treasury management risks identified in the Code and referred to as Treasury Management Practices (TMP).

TMP 1.1: Lending and Deposit Counterparties

THA will maintain lists of approved Lending and Deposit Counterparties. Institutions may only be added to either list with the prior approval of ABSC/MC.

Lending Counterparties

THA may borrow from:

- Banks and building societies authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority, these may be high street lenders or smaller specialist providers.
- Financial institutions (pension funds, insurance companies, etc) through public bond issues, private placements, or bilateral loans.
- Specialist bond aggregators operating in the social housing sector.
- Scottish Government supported and underwritten initiatives such as the Scottish Charitable Bond programme.
- Loan facilities will be arranged only with organisations that are judged to have sufficient

financial strength to ensure the funds committed under the facilities will be available as and when they are required by THA in accordance with the terms of the loan agreement.

- Where a lender has published credit ratings from the recognised market agencies, this will normally be at least investment grade as set out below, unless otherwise approved by the MC:

	Minimum Short-Term Rating	Minimum Long-Term Rating
Moody's	P-1	A3
Standard & Poor's	A-1	A-
Fitch Ratings	F1	A-

Where a lender does not have a published credit rating, MC will be advised by FD of the assessment of the financial strength of the proposed lender, including any external advice taken.

Regardless of size, lenders will be expected to demonstrate a track record and expertise in supporting social housing and be able to demonstrate a long-term commitment to the Scottish social housing sector.

Investment and Deposit Counterparties

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of THA's resources. The FD is authorised to deposit or invest funds only with institutions approved by the MC as part of the Policy.

Exposure

The MC will set a limit for the amount that may be invested in any one institution at any point. No more than £3.5m may be deposited in any one institution. All deposits will have a maturity not exceeding 365 days. This excludes the value of funds that may be held in day-to-day banking accounts with the institutions providing a basic banking service and funds invested with local authorities.

The sole exception to the rule above will apply where THA receives funds unexpectedly in which case deposits may be made with THA's day-to-day bank for periods of up to 7 days, and promptly reported to the CEO and ABSC/MC.

Creditworthiness

THA will only invest in counterparties that meet one of the following criteria:

- UK banks and building societies that meet the credit ratings set out below and which are authorised by the Bank of England
- UK and devolved governments and local authorities with credit ratings no lower than the UK Government's
- Any other institutions that may be specifically approved by the MC based on professional advice.
- The FD is responsible for monitoring investment counterparties and ensuring that they meet these criteria.

- THA will only invest with or lend to institutions authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority, and subject to the minimum credit rating criteria:

	Minimum Short Term Rating
Moody's	P-1
Standard & Poor's	A-1
Fitch Ratings	F-1

- THA will also have regard to other information, such as stock market, regulatory and other public announcements; credit default swap prices; and stock market trends and fluctuations in assessing the credit risk of counterparties.
- Should THA have money invested with an institution which is subsequently downgraded by the credit agencies or where the credit default swap spread indicates that the market has concerns about the creditworthiness of the institution, so that it no longer achieves THA's minimum creditworthiness criteria, the investment should be withdrawn from the institution upon maturity unless otherwise approved by the MC as an exception to policy.

TMP 1.2: Liquidity Risk Management

THA will ensure that it is able to always meet its liabilities. The FD will ensure that sufficient cash balances and available facilities exist for this purpose.

THA will consider and manage liquidity in two ways:

- Short term Operational Liquidity, which will ensure that sufficient liquidity is maintained to meet short term funding needs
- Capital Funding Liquidity, which will ensure that sufficient liquidity is maintained to fund projected commitments for 24 months from the current date.

The principal factor governing the exposure of surplus funds is THA's liquidity forecast. Where surplus funds are required to meet possible cash outflows in the near future, they will necessarily be deposited for short periods which will ensure that funds are available when required.

Operational Liquidity required is measured as one month's operational expenditure, including unavoidable:

- staff and overhead costs.
- revenue, void and major repair (including component replacement) costs.
- loan interest and repayments

The measurement excludes all cash receipts except maturing bank deposits. The calculation should assume that grant and sales income does not occur when planned. The calculation will be reviewed and updated at least quarterly. Operational liquidity must be equal to the forecast cash outflow for the next calendar month, plus a contingency (or 'buffer') of 50%.

THA defines operational liquidity as including:

- Cash at bank
- Cash on deposit which is available at no more than three days' notice.

- Confirmed but undrawn overdraft facilities.

Capital Funding Liquidity required is measured as:

All cashflow projected in the 24 months from the projection date, apart from any sales income and capital grant income, on the assumption that patterns of receipts and expenditure occur as projected.

THA regards Capital Funding Liquidity as including:

- Cash at bank
- Cash on deposit which is available at no more than three days' notice.
- Confirmed but undrawn overdraft facilities.
- Where held, cash that can be realised from investment portfolios

In considering availability of committed facilities, any forecast event which may influence THA's ability to drawdown must be considered.

BoM will approve a minimum liquidity requirement as part of the annual financial strategy but will not approve a requirement which falls below the following minimum levels:

Regardless of the levels of operational liquidity calculated, THA will maintain a minimum cash balance (excluding all deposits and overdrafts) of £1,500,000 in instantly available bank accounts.

THA's strategy for the application of its policy as set out within this statement is laid out each year within the TMS which is prepared by the FD and approved by the MC as set out below.

The TMS will consider the sensitivity of THA's loan portfolio to interest rate changes to determine the proportion of debt to be secured on a variable basis. When drafting the TMS, FD will consider the current levels of short-term and long-term interest rates and independent forecasts of future changes in interest rates and prepare a recommendation for approval by the ABSC/MC on the maximum proportion of THA's total borrowing which is subject to variable rates of interest. Unless otherwise approved by ABSC/MC, THA will ensure that the proportion of total outstanding debt, which is exposed to variable costs of funds, including bank, and building society base, SONIA and index linked rates, is no higher than 40% at any one time. Debt which is on a fixed rate arrangement that expires in less than 12 months must be regarded as variable for this purpose.

In preparing the TMS, FD will consider the aggregate of all available funds, borrowings and accounts operated by THA.

Based upon the annual forecast, FD will prepare quarterly rolling forecasts of the short-term surplus cash and borrowings of THA for the purposes of:

- Applying the budget and TMS on a day-to-day basis
- Reporting the results of applying the budget and TMS to ABSC/MC on a quarterly basis.

TMP 1.3 Interest Rate Management

THA will manage its exposure to interest rate fluctuation with a view to containing its interest costs within the amounts provided in its business plan and annual budget as approved by the MC.

THA will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest and retaining the ability to adapt its borrowings and investments to changing circumstances.

TMP 1.4: Exchange Rate Management Strategy

THA will not invest or borrow in any currency except UK Pounds Sterling (GBP). This will eliminate any exchange rate risk.

TMP 1.5: Inflation

Inflation risk is the risk that arises from the decline in value of cashflows due to inflation. [RSL] will keep under review the sensitivity of its loans and deposits to inflation and will seek to manage the risk accordingly in the context of the whole business's inflation exposures.

TMP 1.6: Exposure to Refinancing Risk

THA's current loan portfolio is structured to ensure that it will be able to meet all repayments of principal under the loans as required under the relevant loan documentation, THA complies with loan covenants and THA is not exposed to significant refinancing risk, which is defined as no more than 25% of debt falling due for refinancing in any 12-month period.

FD will ensure that proposals from lenders to provide appropriate loan facilities to meet these identified requirements are brought before the MC in sufficient time to enable due consideration to be given to them, and to ensure that loan facilities are put into place before additional funds need to be drawn. In doing so, at least 18 months should be allowed for completion of a new loan agreement and security with a new lender.

THA will not commence development or other commitments without having sufficient committed loan facilities in place to cover the resulting borrowing requirement.

TMP 1.7: Legal and Regulatory Framework

FD is responsible for ensuring that any borrowing or investment transaction is permitted by THA's Rules and Financial Regulations and is not in breach of any current loans, applicable statutory or regulatory requirements, including but not limited to charity law, SHR requirements and FCA requirements. The FD is empowered to take appropriate external advice as required to satisfy this. THA maintains a robust system of internal controls, which operates where possible by the 'three lines of assurance' methodology. Staff involved in treasury management activity will be appropriately qualified and experienced, and qualifications and professional memberships of new staff will be confirmed prior to appointment. Appropriate training and development will also be offered to relevant staff. Appropriate insurance, based on professional advice, will be always maintained.

TMP 1.8: Operational Risk

THA will ensure that it has identified the circumstances that may expose it to the risk of loss through inadequate or failed internal processes, people, and systems or from external events. Accordingly, it will employ suitable systems and procedures and will maintain effective contingency management arrangements to these ends.

As a minimum, these will include proper documentation of procedures and controls; segregation of duties wherever possible; regular independent audit of systems, controls, and records; and appropriate qualification, training, and development of staff.

TMP 1.9: Price Risk Management Risk

Price risk is defined as the risk that movements in the market price of investments will impact adversely on the value of THA's investments. THA will only make investments subject to price risk with the prior approval of MC, and after professional advice has been reported to and discussed by the ABSC. Movements in the value of investments will be monitored quarterly by FD and reported to the ABSC.

TMP 2: Performance Measurement

Existing Borrowing

The TMS will also consider whether current loan arrangements continue to provide best value, or whether advantage might be taken from alternative sources or methods of finance. This review will take account of prevailing market conditions and the business circumstances of THA. Comment on the findings will be made in the annual financial strategy.

New Borrowing

FD will record the interest rate secured and other costs payable by THA on any new borrowing that it takes from time-to-time in comparison with the general level of interest rates prevailing at the time that such loans are taken. This will include details of non-utilisation fees, management fees and legal costs. This will be reported to the MC in the annual TMS.

Treasury Investments

Where applicable, FD will, at least annually, review the level of returns being made on any investments held by THA, with a view to assessing whether the current methods and instruments being utilised continue to represent good value for THA. This will be reported in the TMS.

Consideration will be given in the review to alternative methods of investment and investment instruments, and whether they might be used to increase the level of return on investments within the policy set by THA in TMP 1.1. The assessment undertaken will include a comparison of the returns achieved by THA with appropriate market comparators (including bank deposit rates) and will consider other relevant factors, including management, dealing and transaction costs. Comment on the findings will be made in the TMS.

Externally Managed Investments

Performance reports for the externally managed funds are received at least annually and preferably six monthly and considered by the ABSC.

External Services

The TMS will report on external services provided in the previous year and contracted for in the forthcoming year. FD is responsible for recommending any changes in the scope of service procured.

Best value in treasury management services will be ensured by tendering for these services on a periodic basis, in line with THA's procurement obligations. In assessing the value added by the providers of external services, account will be taken of all relevant factors, including the cost, quality, reliability, and scope of service to be provided.

TMP 3: Decision Making Processes

All treasury management decisions made during the year will be in accordance with the most recent TMS, unless specifically approved by the MC, and in compliance with the Rules, Standing Orders and Financial Regulations. In making key decisions regarding its treasury management activities, THA will ensure that proper consideration is given to all relevant factors.

These will include:

- The powers of THA and regulatory requirements
- Budgetary constraints and business plan projections
- Financial covenants and terms within current loans
- Prevailing and forecast economic conditions.
- Available funding and treasury management options

Any key decision will be informed by an appropriately detailed written report, covering as appropriate, the areas identified above. Such reports will be compiled by CEO and FD for consideration and decision by the ABSC/MC.

In compiling such reports, the officers will exercise appropriate levels of care and professional expertise, and where they consider it necessary, may seek advice in specialist areas from suitably qualified external advisers.

The treasury management decisions made, following consideration of such reports, will be properly minuted and recorded as required by THA's standing orders. The FD will be responsible for ensuring that the outcome of such decisions is effectively communicated to any officer of THA who may be involved in implementing those decisions.

TMP 4: Approved Instruments, Methods, and Techniques

Borrowings

FD will maintain accurate, complete, and up to date data on all treasury management instruments. This will be presented to ABSC annually, with the TMS.

In entering into any new loans, THA will ensure that these are documented under clear and binding legal documentation that:

- Accurately reflects the terms and conditions agreed with lenders.
- Complies with applicable legislative and regulatory requirements.
- Has been compiled by suitably qualified advisors.

Any new loan documentation must be approved by BoM with the benefit of appropriate advice from officers of THA, THA's solicitors or other legal advisers, and other such specialist advice as the MC may require. This power can be delegated, if need be, to an identified subgroup of the MC Members, but only for reasons of efficiency and speed. Any such sub-group must include at least three MC Members, and their authority must be minuted and limited.

The FD will prepare a report to MC for approval which will include but not be limited to the

following:

- i. The name of the proposed lender or arranger with brief details of their perceived experience and understanding of housing associations, and their credit rating (where applicable)
- ii. Interest rate margin, fixed rate or underlying fixed or variable reference rate.
- iii. Arrangement and other fees
- iv. Covenant requirements – including details of any new covenants, limits set for financial covenants and an analysis of THA's ability to meet those limits.
- v. Security requirements - basis of valuation and level of cover and assets to be charged. The ability to release security in the future should be confirmed.
- vi. Purpose (with cashflows if applicable)
- vii. Comparison with alternatives
- viii. Compliance with TMS, Rules and regulatory and statutory requirements
- ix. Arrangements for draw downs
- x. Details of independent professional financial and legal advice, including confirmation of powers to enter transaction.
- xi. Details of any new lending conditions or restrictions introduced because of the new finance deal should be highlighted to the MC.
- xii. Any other matters which might assist MC in considering the proposal, or are required by the lender, any advisor, or any regulator to be brought to the MC's attention.

THA will endeavour to ensure that no new funding arrangement is entered into which binds THA to meeting financial covenants and security arrangements which are deemed to be more onerous than those on its existing loans.

THA may undertake interest rate management through the medium of its loan documents, and, unless expressly approved by the MC, will be limited to fixed and variable interest rates.

Variable rates may be set against SONIA or Bank of England Bank Rate (also known as 'Base Rate').

Treasury Management Investments

The FD has delegated authority to invest the surplus cash funds of THA in accordance with the TMS and in accordance with the terms of this Policy.

The following are approved investment instruments:

- i. Deposits with UK banks and building societies.
- ii. Certificates of deposit issued by banks and building societies.
- iii. Loans to local authorities with credit ratings no lower than the UK government's
- iv. UK and devolved government and local authority securities (treasury bills and gilts)

Any investments will only be made with organisations that meet the criteria set out at TMP 1.1 above.

Tradable instruments (ii. and iv. above) will only be used where the intention is to hold them to maturity, except in the case of funds held in investment funds, which are managed by external fund managers.

THA will only use money brokers if approved by the MC.

Transactions must be documented showing details of the counterparty, credit rating, trade date,

settlement date, maturity date, and interest rate. The record of transactions will be reviewed periodically by the FD to ensure compliance with this policy and made available to auditors on demand.

All investments will, where possible, be made with THA's CHAPS Transfer Service and transfers should be made in accordance with THA's rules for its use.

Officers have a responsibility to keep abreast of market movements and developments. They may seek professional advice or subscribe to market information services for this purpose.

TMP 5: Responsibility for Treasury Management

THA has drawn up and approved a scheme of delegation for the operation of the treasury policy, set out below:

Delegated power	Exercised by
Approval and amendment of Treasury Policy	ABSC, MC
Approval of TMS	MC
Application of approved strategy	FD, CEO
Acceptance of loan offers, approval of loan agreements and granting of security	MC
Acceptance of loan offers and arrangements for approved schemes, which cannot wait until the next Management Committee meeting, and within delegated authority from the MC.	Executive Committee Any action taken to be reported to the next MC meeting.
Drawdown of approved loan facilities in accordance with the TMS	Two of FD, CEO and Chairperson
Investment of surplus funds	FD
Hedging and other interest rate management	ABSC
Approval of bankers	MC

The FD will be responsible for the provision of an adequate system of internal control. Where possible this will include segregation of duties between those placing deposits and those responsible for recording, checking, and confirming them. Where such segregation of duties is not possible, the FD will be responsible for the regular review of records and procedures to ensure compliance with this policy.

TMP 6: Reporting Requirements

The FD reports to ABSC/MC on treasury activities as shown below and per Appendix 2 Reporting Requirements:

Item	Frequency
Updated cashflow forecasts for the 24 months from the report date	Annually by 31 May
Covenant calculation report	Quarterly
Management accounts	Quarterly
Cash and Deposit management report including details of deposits placed and interest earned will be included as a note to the quarterly management accounts,	Quarterly
Loan summary report covering all existing and committed funding and including details of lender, interest basis and financial covenants.	Quarterly
TMS incorporating five-to-ten-year cashflow forecasts, with associated borrowing and interest rate strategy; projected liquidity and funding needs; covenant projections; business plan assumptions; and funding options	Annually by 31 May

<p>Annual treasury management report, summarising loan, and deposit movements in the preceding financial year, and confirming:</p> <ul style="list-style-type: none"> • Covenant compliance at the financial year end • compliance with the treasury management policy • submission of all required reports and returns to SHR and lenders within agreed timescales • Any relevant internal audit reports 	<p>In first quarter and before consideration of the Statement of Internal Financial Control and SHR Assurance Statement.</p>
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Separately, FD will report to the ABSC on submission of any required reports (including but not limited to management accounts; audited accounts and associated audit reports; Business Plan and forecasts; covenant compliance certificates; valuation reports) to lenders.

TMP 7: Budgeting, Accounting and Audit Arrangements

Treasury management activity will be subject to internal audit review at least once in every three-year period, with the ABSC receiving a report from the internal auditors.

TMP 8: Cashflow Management

THA annually prepares a 30-year business plan, covering all the activities of the THA. This includes a 30-year cashflow forecast, incorporating current borrowing arrangements, and identifying projected borrowing needs and investment opportunities.

This will inform the TMS and form the basis for planning and arranging any new borrowing required.

The cashflow projection will be updated annually and reported with the management accounts to ABSC, highlighting changes from the previous projection, explaining how they affect future borrowing requirements and highlighting any increased treasury risks, such as liquidity or covenant compliance.

TMP 9: Money Laundering

THA has adopted a policy based on SFHA (as part of UK Housing Federations) guidance on money laundering, and which will be updated in line with any updated guidance. In addition, the Treasury Management Policy imposes the requirements set out below.

No loan shall be taken from, nor any deposit made with, any organisation or individual without the prior written approval of FD, or which does not comply with THA's lending or investment criteria at TMP 1.1. In granting consent to a loan to, or deposit from a new organisation or individual, the FD will ensure that the identity and credentials of such individual or organisation have been appropriately ascertained and verified. The FD will maintain a written record of such verification and the details provided by the organisation or individual.

Details of any proposal in relation to a loan from or deposit to any organisation or individual other than in the normal course of RSL business will be reported as soon as possible to FD.

The FD is responsible for taking reasonable steps to ensure that all staff dealing with any element of THA's cashflow are appropriately alert to the possibility of attempts being made to use THA for money laundering purposes. Such staff will also be made aware of the requirement to report suspicions of money laundering to the FD.

Where the FD is satisfied that a suspicion of money laundering does exist, these will be reported

to the appropriate authorities in the form they require.

TMP 10: Staff Training and Qualifications

THA will ensure that its officers are suitably qualified and/or experienced in respect of the treasury-related responsibilities assigned to them. Sufficient training will be obtained as necessary and access to appropriate external advisors will be provided if required.

TMP 11: Use of External Service Providers Bankers

THA's lead banking provider is Virgin Money PLC. Performance and value for money of banking services will be reviewed at least every five years, and, if the ABSC considers it appropriate, retendered.

Approval to appoint new bankers is reserved to the MC.

Treasury Management Advisers

THA may appoint external professional advisors on an ongoing and/ or one-off basis. Any appointment must be in line with THA's procurement policy. Any procurement exercise would be overseen by FD.

TMP 12: Corporate Governance

THA is constituted as a not-for-profit body. It is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 1798RS) under the Cooperative and Community Benefit Societies Act 2014, the Scottish Housing Regulator as a Registered Social Landlord (No. 197) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC040876. It is governed by an independent Board elected by its membership, referred to as BoM.

The MC of THA maintains a committee structure which includes ABSC. The remit of each is set out in formal committee remit documentation.

ABSC provides detailed oversight of financial performance, planning and reporting together with providing structured, systematic oversight of THA's governance, risk management, and internal control practices. It has certain decision-making powers in these areas delegated by the MC. MC members will have the appropriate skills, qualifications, and experience for the remit of the committee.

ABSC provides the MC with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices, including from external and internal audit. External and internal audit providers have a right of direct access to ABSC, without reference to the chair of the MC, the CEO or FD.

Appendix 1 – Equality Impact Assessment

Policy	Treasury Management policy		
EIA Completed by	Finance Director	EIA Date	25/03/2025

1. Aims, objectives and purpose of the policy / proposal

To ensure the financial wellbeing of the organization.

2. Who is intended to benefit from the policy / proposal?

The Association

3. What outcomes are wanted from this policy / proposal?

To ensure the financial wellbeing of the organization.

4. Which protected characteristics could be affected by proposal?

- | | | |
|-------------------------------------|---|---|
| <input type="checkbox"/> Age | <input type="checkbox"/> Gender reassignment | <input type="checkbox"/> Religion or belief |
| <input type="checkbox"/> Disability | <input type="checkbox"/> Marriage & civil partnership | <input type="checkbox"/> Sex |
| <input type="checkbox"/> Race | <input type="checkbox"/> Pregnancy and maternity | <input type="checkbox"/> Sexual orientation |

5. If the policy / proposal is not relevant to any of the protected characteristics listed in part 4, state why and end the process here.

No direct impact on individuals

6. Describe the likely impact(s) the policy / proposal could have on the groups identified in part 4

None

7. What actions are required to address the impacts arising from this assessment? (This might include; collecting data, putting monitoring in place, specific actions to mitigate negative impacts).

8. Consider the impact and actions to be considered for the following Human Right articles:

Article 6: Right to a fair trial

Everyone should be given the opportunity to participate effectively in any hearing of their case and present their side.

Impact: NA

Actions:

Article 8: Right to respect for private life, family life & the home

Everyone has the right to access and live in their home without intrusion or interference.

Impact: NA

Actions:

Article 14: Prohibition of discrimination

Everyone has equal access to the other rights contained in the Human Rights Act.

Impact: NA

Actions: