



## Group Treasury Management Policy

Approved by Board:  
Next Review:

24 September 2025  
August 2028

### **This Policy is relevant for**

Staff, Board, and consultants/agents of Homes for Life Housing Partnership Ltd and Homes for Life Plus Ltd

### **Equality and Diversity Statement**

Homes for Life Housing Partnership (HfL) is committed to promoting an environment of respect, understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. Equality is not always about treating everyone in the same way but recognising that a person's needs may sometimes be met in different ways

### **Executive Summary Policy Author:**

The Finance Manager has been responsible for the development of this policy and it will be monitored and administered by the Finance Manager on a regular basis to ensure compliance.

### **Purpose of the Policy:**

Treasury management is a complex and technical aspect of HfL activities. It inevitably entails risks that need to be identified, assessed and managed on a continual basis. There are also significant issues around reporting and compliance, in respect of both lenders and regulators. CIPFA (the Chartered Institute of Public Finance and Accountancy) is the public service accountancy membership and standard-setting body. It is the only such body globally dedicated to public financial management. It publishes a Code of Practice for Treasury Management in the Public Services (the CIPFA Code), which is aimed at all UK public services bodies. The Treasury Management policy demonstrates compliance with the CIPFA code which meets SHR requirements for Treasury Management.

### **Aims and Objectives of the Policy:**

The purpose of this policy is to ensure effective control over the HfL's borrowing, investments and cashflows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities. The policy will not eliminate risk, risk cannot be eliminated but will allow HfL to manage treasury risk.

### **Legislative and Regulatory:**

Compliance Standard 3 of the Scottish Housing Regulators Standards of Governance and Financial Management states 'The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay'. The Scottish Housing Regulator states that 'Each RSL should be able to demonstrate effective treasury management arrangements that comply with the CIPFA code. Effective systems should be in place to monitor and report regularly to the governing

body on covenant compliance. RSLs should be aware of lenders' timescales for testing covenants and ensure that the implications of any breach are understood.' Equalities  
There are no specific equalities issues to consider.

#### Privacy:

This policy has been developed and will be applied in compliance with General Data Protection Regulations (2018)

#### Compliance:

##### SHR Regulatory Standards

**Standard 2** The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities

**Standard 3** The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

**Standard 4** The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

**Standard 5** The RSL conducts its affairs with honesty and integrity

#### Other Guidance

SHR Social Housing Charter  
CIPFA Treasury Management in the public Services: code of practice and cross-sectional Guidance Notes

#### Related Policies

Policy Title and Location
Risk Management: <a href="#">O:\Policies\Governance Policies\Risk Management Strategy - May 2024 - 2027.pdf</a>
Scheme of Financial Delegation : <a href="#">O:\Policies\Governance Policies\Standing Orders and Delegated Authority 2023 - 2026.pdf</a>
Procurement Policy : <a href="#">O:\Policies\Governance Policies\Procurement Policy - Nov 2024 - Dec 2025.pdf</a>

## 1.0 INTRODUCTION

**1.1.** This is the Treasury Management Policy of Homes for Life Housing Partnership Ltd (HfL).

**1.2.** It is intended to ensure that the treasury management activities of HfL 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.

**1.3.** The Policy is designed to meet the requirements of:

- CIPFA's Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes (2021 Edition) ('The CIPFA Code').
- The Scottish Housing Regulator's (SHR) Business Planning Recommended Practice
- Scottish Housing Regulator Regulation of Social Housing in Scotland: Our Framework, Standards of Governance and Financial Management.
- The Rules of HfL

**1.4.** It is supported by:

- Documented delegation of specific reporting, decision making and control authorities by the Board to the Audit and Compliance Committee (A&C), the Chief Executive (CEO) and the Finance Manager (FM)
- Assessment of Treasury Risks within the HFL Risk Map and management programme, which is considered quarterly and reviewed in depth annually as part of the business planning process
- A schedule of relevant data, maintained by the FM within the Long Term Financial Plan and reported annually to the Board with the Treasury Management Strategy
- Relevant sections of the Job Description and Person Specification for the CEO and FM posts
- Detailed procedure notes for specific processes and controls, under the control of FM.

**1.5.** The Policy is structured around the 12 Treasury Management Practices (TMP) set out in the CIPFA Code. Each of section of the Policy begins with a policy objective based closely on the CIPFA Code.

**<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-servicescode-of-practice-and-crosssectoral-guidance-notes-2021-edition>**

### Policy Statement

**1.** Homes for Life Housing Partnership ('HfL') defines its treasury management activities as the management of HfL 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. The HfL acknowledges that**

- it must put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.
- the effective management and control of risk are prime objectives of the HfL's treasury management activities and that responsibility for these lies clearly within the HfL.
- appetite for risk should form part of the annual strategy including any use of financial instruments for the prudent management of those risks, that priority should be given to effective risk management over optimum performance, and the treasury management policies and practices should reflect this.

**3. The HfL will therefore maintain, as the cornerstones for effective treasury and investment management:**

- a Treasury Management Policy (the Policy) stating the policies, objectives and approach to risk management of its treasury management activities
- suitable treasury management practices (TMPs) setting out the manner in which it will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
- investment management practices (IMPs) for investments that are not for treasury management purposes.

**4. The content of the policy statement, TMPs and IMPs follow the recommendations of the CIPFA Code, subject only to amendment where necessary to reflect the circumstances of HfL. Such amendments will not result in HfL materially deviating from the CIPFA Code's key principles.**

**5. The Board will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan by 31 May each year, a mid-year review and an annual report after its close in the form prescribed in the TMPs and IMPs.**

**6. The Board of HfL retains responsibility for the implementation and regular monitoring of its treasury management policies and practices, and delegates responsibility for the execution and administration of treasury management decisions to CEO and FM, who will act in accordance with the HfL's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management, or other relevant professional standards.**

**7. HfL nominates A&C to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.**

**8. Amendments to the Policy require Board approval**

## 2.0 POLICY DEFINITION AND OBJECTIVES

**2.1.** HfL 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 HfL and any financial instruments entered into to manage these risks.

**2.2.** HfL 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.

### Policy Structure

**2.3.** 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.

<b>TMP 1 Risk management, with TMP1.1 to 1.9 providing fuller detail on each of the risks set out in the Code</b>
<b>TMP 2 Performance measurement</b>
<b>TMP 3 Decision making and analysis</b>
<b>TMP 4 Approved instruments, methods and techniques</b>
<b>TMP 5 Organisation, clarity and segregation of responsibilities and dealing arrangements</b>
<b>TMP 6 Reporting requirements and management information arrangements</b>
<b>TMP 7 Budgeting, accounting and audit arrangements</b>
<b>TMP 8 Cash and cashflow management</b>
<b>TMP 9 Money laundering</b>
<b>TMP 10 Training and qualifications</b>
<b>TMP 11 Use of external service providers</b>
<b>TMP 12 Corporate governance</b>

**2.4.** The Policy is supported where appropriate by detailed procedure notes for staff involved in particular transactions.

## 3.0 TMP 1 – RISK MANAGEMENT

### General Statement of Risk Management

**3.1.** The CEO and FM will prepare and present to the Board a Treasury Management Strategy (TMS) annually, and at the point of completion of any new or revised loan agreement. The FM will prepare a report each quarter to Audit and Compliance Sub Committee.

**3.2.** The TMS will include a summary of treasury management activity in the preceding financial year and the current financial year, covering:

- Loan drawdowns in the preceding 12 months, and projected drawdowns for the next 12 months

- Loan repayments in the preceding 12 months, and projected repayments for the next 12 months
- A summary of the interest rate position between fixed (including interest free) 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
- Statement of actual and projected covenant compliance and headroom for all covenants for all lenders
- Summary of loan security position
- Summary of cash deposit position and activity in the preceding year
- A relevant extract from the current HFL Risk Map, highlighting appraisal of treasury management risks and any significant changes to treasury risk assessment

**3.3.** The TMS will include forecast cashflows for at least 30 financial years, as well as

- 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
- a recommendation as to the mix of fixed and variable interest rates to apply across HFL's debt portfolio at the end of the next financial year
- a statement of borrowing requirements and maturing facilities for at least the next three years together with a strategy for funding or refinancing this requirement highlighting currently unarranged funding needs.
- a statement of anticipated cash surpluses and the strategy to be adopted for investment thereof during the next 12 months.
- any proposals for amendments to this Treasury Management Policy Statement, including the Golden Rules, which will require Board approval.

**3.4. The FM will:**

- design, implement and monitor arrangements for the identification, management and control of treasury management risk within the overall HFL risk management approach
- report to the CEO, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving HFL's objectives in this respect, including compliance with the terms of loan agreements and identification of any actual or potential event of default

**3.5.** Long term (at least 5 and preferably 10 years) cashflow forecasts with identified treasury management implications will be included in the annual Long Term Financial (LTFP) Plan prepared for Board approval.

**3.6.** Significant variations to cashflow forecasts will be reported to the Board on a quarterly basis, highlighting any significant variations from the long-term forecast plans (LTFP), and any

impact on projected borrowing requirements, loan repayments, fixed rate maturities or surplus cash balances

**3.7.** All the above will be in accordance with the procedures set out in TMP6

Reporting Requirements and Management Information Arrangements.

### **Treasury Management Practices**

**3.8.** HFL has adopted a detailed Risk Management Statement set out below for each of the Treasury Management Risks identified in the CIPFA Code:

<b>TMP 1.1</b> Lending and Deposit Counterparties Risk
<b>TMP 1.2</b> Liquidity Risk Management
<b>TMP 1.3</b> Interest Rate Risk
<b>TMP 1.4</b> Exchange Rate Risk
<b>TMP 1.5</b> Inflation Risk
<b>TMP 1.6</b> Refinancing Risk
<b>TMP 1.7</b> Legal and Regulatory Framework
<b>TMP 1.8</b> Operational Risk, including fraud, error and corruption
<b>TMP 1.9</b> Price Risk
<b>TMP 1.1:</b> Lending and Deposit Counterparties Risk

**3.9.** HFL will only borrow from or invest with Counterparties who meet the definitions below. These definitions may only be altered with the prior approval of the Board Lending Counterparties.

**3.10.** HFL may borrow from:

**a.** Banks and building societies authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority, or their EU equivalent for European Banks; these may be High Street lenders or smaller specialist providers

**b.** Financial institutions (such as pension funds and insurance companies) through public bond issues, private placements or bilateral loans.

**c.** Specialist Bond aggregators operating in the social housing sector

**d.** Scottish or UK Government supported and underwritten initiatives such as the Scottish charitable Bond programme and the Home Energy Efficiency Scheme (HEEPS scheme)

**e.** Local, Scottish or UK Government

**3.11.** Loan facilities will be arranged only with organisations that are judged to have sufficient financial strength to ensure that the funds committed under the facilities will be available as and when they are required by HFL in accordance with the terms of the loan agreement.



**3.12.** Where a lender has published credit ratings from the recognised market agencies, these will normally be at least investment grade as set out below, unless otherwise approved by the Board :

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

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

**3.14.** 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 Counterparties**

**3.15.** The following are approved investment counterparties:

a. Deposits with banks and building societies authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority, or their EU equivalent for European Banks, and recognised by the PRA as of systemic importance; as at October 2022, the list of systemically important institutions is available here -

2022 list of UK firms designated as other systemically important institutions (O-SIIs) | Bank of England

b. Deposits will be limited to a maximum duration of one year

c. Loans to local authorities with credit ratings no lower than the UK government's

d. UK and Scottish government and local authority securities (treasury bills and gilts)

#### **TMP 1.2: Liquidity Risk Management**

**3.16.** HfL will ensure that it is able to always meet its liabilities. The FM will ensure that sufficient cash balances and available facilities exist for this purpose.

**3.17.** HfL 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

- Long term Capital Liquidity, which will ensure that sufficient liquidity is maintained to fund projected commitments for 24 months from the current date.

**3.18.** The principal factor governing the exposure of surplus funds is HfL'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.

**3.19.** The Board will approve minimum liquidity requirements as part of the TMS but will not approve a requirement which falls below the minimum levels calculated as follows.

**3.20.** Operational Liquidity is defined as requiring liquid funds to be at least equal to one month's operational expenditure, including unavoidable

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

**3.21.** HFL defines Liquid Funds as including:

- Cash at bank
- Cash on deposit which is available at no more than three days' notice
- Confirmed but undrawn Overdraft facilities

**3.22.** 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 when the LTFP is updated. Operational liquidity must be equal to the forecast cash outflow for the next calendar month, plus a contingency (or 'buffer') of 25%.

**3.23.** This approach gives the following calculation from the 2025/26 Long Term Financial Plan approved and submitted to Scottish Housing Regulator in May 2025.

<b>Costs £</b>	
Staff and Overhead Costs - From 5 YFP	882,000
Revenue, Void and Planned Repairs - From FYFP	756,000
Component Replacement Costs - From FYFP	1,208,000
Loan Interest and Repayments	N/A
Month	237,000
Add 25% Buffer	<b>296,250</b>

**3.24.** This means a minimum cash holding of £296k – (equivalent to one month's running costs) that is immediately available (within 5 working days) is required for the 2025/26 financial year.

**3.25.** Capital Liquidity is defined as requiring access to funds at least equal to all cashflow projected in the 24 months from the projection date, with the exception of any sales income and capital grant income, on the assumption that receipts and expenditure occur as projected.

**3.26.** HfL defines funds for Capital Liquidity as including:

- Cash balances and investments (including deposits with a maturity or notice period)
- Confirmed but undrawn overdraft facilities
- Committed and fully secured but undrawn loan facilities

**3.27.** Available funds as at May 2025 from bank and investment balances held were approximately **£1,478m**. In accordance with the 30-year plan, approved in **November 24**, overall funds, including those on long term investment should not fall below **£1m** at any time.

#### **TMP 1.3: Interest Rate**

**3.29.** The TMS will consider the sensitivity of HfL's loan portfolio to interest rate changes in order to determine the proportion of debt to be secured on a variable basis. When drafting the TMS, FM 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 Board on the maximum proportion of HfL's total borrowing which is subject to variable rates of interest. Unless otherwise approved by the Board, HfL 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 interest free is regarded as fixed for this purpose. Debt which is on a fixed rate arrangement that expires in less than 12 months must be regarded as variable for this purpose.

**3.30.** In preparing the TMS, FM will consider the aggregate of all available funds, borrowings and accounts operated by HfL.

#### **TMP 1.4: Exchange Rate Risk**

**3.31.** HfL will not invest or borrow in any currency except UK Pounds Sterling. This will eliminate any exchange rate risk

#### **TMP 1.5: Inflation Risk**

**3.32.** Inflation risk is the risk that arises from the decline in value of cashflows due to inflation. HfL 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: Refinancing Risk**

**3.33.** HfL's current loan portfolio is nil. Should this change in the future, it will be structured to ensure that it will be able to meet all repayments of principal under the loans as required under the relevant loan documentation, HfL will comply with loan covenants and HfL will not be exposed to significant refinancing risk.

**3.34.** HfL will not enter development or other commitments without having sufficient committed loan facilities in place to cover the resulting borrowing requirement.

**3.35.** FM will ensure that proposals from lenders to provide appropriate loan facilities to meet identified funding requirements are brought before the Board 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. FM may seek external advice in developing, assessing and selecting funding proposals.

**3.36.** FM is responsible for ensuring that any accounting or compliance issues or concerns arising from a potential transaction are fully understood and explained to the Board prior to approval of the transaction.

#### **TMP 1.7: Legal and Regulatory Framework**

**3.37.** FM is responsible for ensuring that any borrowing or investment transaction is permitted by HfL's Rules and Financial Regulations and is not in breach of any applicable statutory or regulatory requirements, including but not limited to Charity law, SHR requirements and FCA requirements, and that any necessary consents are obtained. The FM is empowered to take appropriate external advice as required to satisfy this.

#### **TMP 1.8: Operational Risk, including fraud, error and corruption**

**3.38.** FM is responsible for developing, maintaining and enforcing an effective system of internal controls to minimise the risk of operational error, including fraud, error and corruption.

**3.39.** HfL maintains a robust system of internal controls, which operates where possible by the 'Three Lines of Defence' methodology.

##### **Three lines of defence**

**3.40.** The first line of defence is staff who are responsible for identifying and managing risk as part of their accountability for achieving role purpose and objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control.

**3.41.** The second line of defence is oversight of the risk and compliance managed in the first line by staff not involved in the day-to-day process, including monitoring to judge how effectively (including issues of timeliness and accuracy) it is done, and to help ensure consistency of definition and measurement of risk.

**3.42.** The third line of defence is independent assurance, usually provided by internal audit. It is outside the risk management processes of the first two lines of defence, and its role is to test and report on whether the first two lines are operating effectively and advise how they could be improved. Internal audit reports to the A&C and can also give assurance

to regulators and external auditors that appropriate controls and processes are in place and are operating effectively.

**3.43.** 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, and they will be expected to meet their professional CPD requirements. Appropriate insurance, based on professional advice, will be maintained at all times. Internal audit will regularly review treasury management processes and controls. Internal Audit work will be part of a planned programme or specifically organised in response to identification of risk or weakness in controls.

#### **TMP 1.9: Price Risk Management Risk**

**3.44.** Price risk is defined as the risk that movements in the market price of investments will impact adversely on the value of HfL's investments. HfL will not make investments subject to price risk.

### **4.0 TMP 2: PERFORMANCE MANAGEMENT**

#### **Existing Borrowing**

**4.1.** HfL have no current borrowing, should this position change in the future, the TMS will 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 HfL. Comment on the conclusions will be made in the TMS.

#### **New Borrowing**

**4.2.** FM will record the interest rate secured and other costs payable by HfL 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 Board in the TMS.

#### **Treasury Investments**

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

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

## Externally Managed Investments

**4.5.** Performance reports for any externally managed funds will be received at least annually and preferably six monthly and considered by the Board.

## External Services

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

**4.7.** Best value in treasury management services will be ensured by tendering for these services on a periodic basis, in line with HfL'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.

## 5.0 TMP 3: DECISION MAKING PROCESSES

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

**5.2.** These will include:

- The powers of HfL and regulatory requirements
- Budgetary constraints and LTFP projections
- Financial covenants
- Prevailing and forecast economic conditions
- Available funding and treasury management options

**5.3.** 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 FM for consideration and decision by the Board.

**5.4.** 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.

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

## 6.0 TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

### Borrowings

**6.1.** FM will maintain accurate, complete and up to date data on all treasury management instruments in the format set out in the Datasheet within the LTFP. This will be presented to the Board annually, with the TMS.

**6.2.** When entering into any new loans, HFL 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

**6.3.** Any new loan documentation must be approved by the Board with the benefit of appropriate advice from officers of HFL, HFL's solicitors or other legal advisers, and any other specialist advice as the Board may require, or the CEO and FM may recommend. This power can be delegated if need be to an identified sub-group of the Board Members, but only for reasons of efficiency and speed. Any such sub-group must include at least three Board Members; their remit must be documented, their authority must be limited, and their decisions must be minuted and reported to the Board .

**6.4.** The FM will prepare a report to the Board for approval which will include but not be limited to the following:

- a. The name of the proposed lender or arranger with brief details of their experience and understanding of RSLs, and their credit rating (where applicable)
- b. Interest rate margin and variable reference rate, or fixed rate
- c. Arrangement and other fees
- d. Covenant requirements - including limits set for financial covenants and an analysis of HfL's ability to meet those limits
- e. Security requirements - basis of valuation and level of cover and assets to be charged
- f. Comparison with alternatives
- g. Compliance with HfL's TMS, Rules and regulatory and statutory requirements
- h. Arrangements for drawdowns, including cashflow projections
- i. Details of independent professional financial and legal advice, including confirmation of powers to enter into transaction, and suitability of the funds for their intended purpose.
- j. Confirmation that HFL has met or can meet in advance of any relevant deadlines the conditions precedent and conditions subsequent specified in the proposed loan agreement

k. Any other matters which might assist the Board in considering the proposal, or are required by the lender, any advisor or any regulator to be brought to the Board's attention.

**6.5.** HFL will endeavour to ensure that no new funding arrangement is entered into which binds HFL to meeting financial covenants and security arrangements which are deemed to be more onerous than those on its existing loans, or in conflict with them.

**6.6.** HFL may undertake interest rate management through the medium of its loan documents, and, unless expressly approved by the Board, will be limited to fixed and variable interest rates. Variable rates may be set against the SONIA reference rate or Bank of England Bank Rate (also known as 'Base Rate').

## **Investments**

**6.7.** The FM has delegated authority to invest the surplus cash funds of HFL in accordance with the TMS and in accordance with the terms of this Policy.

**6.8.** All investments will be in UK Pounds Sterling. All investments will be in the name of HfL. Investments will be limited to a maximum period of one year.

**6.9.** 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 FM to ensure compliance with this policy and made available to auditors on demand.

**6.10.** The maximum amount invested at any time with an approved investment institution may not exceed the larger of £2m or 40% of the total surplus funds invested and will have a maximum maturity of one year. The only exceptions to these limits will be HfL's clearing bankers with whom deposits in excess of this amount may be made for up to seven days from the date of receipt of unexpected funds, and deposits with Royal Bank of Scotland (RBS), provided HFL continues to have loan agreements with RBS and RBS continues to meet the definition of an investment counterparty at 3.15 above. Any exceptions to this policy (unless resulting from accrued interest) must be reported to the Chair immediately and to the next Board meeting.

**6.11.** All investments will, where possible, be made through secure online systems and transfers must be made in accordance with HFL's rules for their use.

**6.12.** 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.

## **7.0 TMP 5: RESPONSIBILITY FOR TREASURY MANAGEMENT**

**7.1.** HfL has drawn up and approved a scheme of delegation for the operation of the Treasury Policy, set out below:

<b>Delegated power</b>	<b>Exercised by</b>
Approval & Amendment of Treasury Policy	Board



Approval of TMS	Board
Application of Approved Strategy	CEO and FM
Acceptance of loan offers, approval of loan agreements and granting of security	Board
Acceptance of loan offers and arrangements for approved schemes, which cannot wait until the next Board meeting, and within delegated authority from the Board	Chair or Vice Chair of Board plus the CEO or FM, or a properly constituted Working Party. Any action taken to be reported to the next Board meeting.
Drawdown of approved loan facilities in accordance with the TMS	CEO and FM
Investment of surplus funds	CEO and FM
Hedging and other interest rate management	CEO and FM
Approval of bankers	Board

**7.2.** The FM 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 FM will be responsible for the regular review of records and procedures to ensure compliance with this policy.

## 8.0 TMP 6: REPORTING REQUIREMENTS

**8.1.** The FM reports to the Board on treasury activities as shown below:

Item	Frequency
Management accounts.	Quarterly
Covenant calculation (if applicable)	Quarterly
Loan summary report covering all existing and committed funding and including details of lender, interest basis and financial covenants. Half Yearly and after any new loan is completed Cash and Deposit management report including details of deposits placed and interest earned	Half Yearly
TMS incorporating five-to-ten-year Cashflow Forecasts, with associated borrowing and interest rate strategy; projected liquidity and funding needs; covenant projections; Long Term Financial Plan assumptions; and funding market and options	Annually, by 31 May
Annual Treasury Management Report, summarising loan and deposit movements in the preceding financial year, and confirming <ul style="list-style-type: none"> <li>• Covenant compliance at the financial year end</li> <li>• compliance with the Treasury Management Policy</li> <li>• submission of all required reports and returns to SHR and lenders</li> <li>• Any relevant internal audit reports consideration of the Statement of Internal Financial Control and SHR Assurance Statement</li> </ul>	In first half of each financial year, and before Board

**8.2.** Separately, FM will report to the Board on submission of any required reports (including but not limited to management accounts; audited accounts and associated audit reports; Long Term Financial Plan and forecasts (if requested by lenders); covenant compliance certificates) to lenders.

## **9.0 TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

**9.1.** Treasury management activity will be subject to internal audit review at least once in every five-year period, with the ARC receiving a report from the internal auditors highlighting an assessment of the quality of assurance and any improvements or weaknesses identified.

## **10.0 TMP 8: CASHFLOW MANAGEMENT**

**10.1.** HfL annually prepares a 30-year Long Term Financial Plan, covering all the activities of the HfL. This includes a 30-year cashflow forecast, incorporating current borrowing arrangements and identifying projected borrowing needs and investment opportunities.

**10.2.** Based on this, FM will prepare a detailed forecast for a period of at least 12 months, projecting income and expenditure quarterly, alongside the projection contained within the SHR Five Year Financial Projection. This will inform the TMS and form the basis for planning and arranging any new borrowing required.

**10.3.** The FM will update the Board as required every quarter, to highlight any issues that require Board attention, explaining how they affect future borrowing requirements and highlighting any increased treasury risks, such as liquidity or covenant compliance.

## **11.0 TMP 9: MONEY LAUNDERING**

**11.1.** HfL is alert to the possibility that it may become subject to an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures to discourage attempts to launder money through HfL, to verify and record the identity of counterparties and report suspicions as required and will ensure that all staff who are involved in cash handling on its behalf are properly and regularly trained.

**11.2.** All cash received greater than £2,000 in a single or series of transactions over a short duration (one calendar month) will be reported to FM. Such cash should be accepted and promptly banked as instructed by FM; the objective of the reporting is to assess whether notification to the authorities is required.

**11.3.** It is the duty of all members of staff entering into an arrangement with an existing or potential customer or supplier to ensure that the other party is Bonafide and that the arrangement is legitimate and is not being entered into for money laundering purposes. As a general rule, members of staff will be expected to "know the customer or supplier" and if in any doubt to seek independent verification of the identity of the other party and that the arrangements follow laid down procedures.

**11.4.** There is an obligation on all staff to complete the necessary checks detailed above and where they still have suspicions of money laundering to report it to FM. Once a member of staff has reported a suspicion of money laundering, they have fully satisfied their statutory

obligations. On receiving a report of a suspicion of money laundering FM will initially seek to validate that suspicion. In this, they will have access to such records as they feel necessary.

**11.5.** FM will record the details of any suspicion of money laundering brought to their attention, the actions taken to validate that suspicion and the results of that validation in the Money Laundering Record. Care must be taken not to alert the customer or supplier that the HfL has any suspicions. If FM concludes that the suspicion is valid, they will report the matter to the National Crime Agency (NCA) under the Suspicious Activity report process.

**11.6.** The Money Laundering Record will be kept by FM and will be available for inspection by any Board member of the Trust or director of FCA. Any entries made in the Money Laundering Record will be brought to the attention of AHC at the following meeting.

**11.7.** No loan shall be taken from, nor any deposit made with, any organisation or individual without the prior written approval of FM, or which does not comply with HfL'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 FM will ensure that the identity and credentials of such individual or organisation have been appropriately ascertained and verified. The FM will maintain a written record of such verification and the details provided by the organisation or individual.

## **12.0 TMP 10: STAFF TRAINING AND QUALIFICATIONS**

**12.1.** HfL 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.

**12.2.** In addition to normal Disclosure Scotland checks, professional qualifications and memberships of new staff will be verified before employment is confirmed.

## **13.0 TMP 11: USE OF EXTERNAL SERVICE PROVIDERS**

### **Bankers**

**13.1.** HfL's lead banking provider is Royal Bank of Scotland plc. Performance and value for money of banking services will be reviewed at least every five years, and, if the Board considers it appropriate, retendered.

**13.2.** Approval to appoint new bankers is reserved to the Board.

### **Treasury Management Advisers**

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

## 14.0 TMP 12: CORPORATE GOVERNANCE

**14.1.** HfL is constituted as a not-for-profit body. It is registered with the Scottish Housing Regulator as a Registered Social Landlord No. 311 under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the Charity number SC028542. It is governed by an independent Board elected by its membership.

**14.2.** The Board of HfL maintains a committee structure which includes an Audit and Compliance Sub Committee., along with a Subsidiary Board, HfL Plus. The remit of each is set out in their formal remit documentation.

**14.3.** HfL provides structured, systematic oversight of HFL Plus governance, risk management, and internal control practices. HFL reviews these and provides the Board 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. The Chair of the Board cannot be a Chair of HFL Plus. External and internal audit providers have a right of direct access to HfL Plus.

## 14.0 REVIEW OF POLICY

This policy will be reviewed every three years or where there is a change in legislation, regulatory requirements and/or best practice.

Section **3.26** and **3.27** will be reviewed and updated annually in May to reflect approved budget and cash position.



## Equality & Diversity Impact Assessment (EIA)

The aim of the EIA is to consider the equality implications of a policy, practice, or service to prevent discrimination against people who are categorised as being disadvantaged or vulnerable within society (as listed in point 4) and to consider if there are ways to proactively advance equality.

Name of the <b>policy/practice/service</b> to be assessed	Treasury Management Policy	Is this a <b>new policy/practice/service</b> or a <b>revision to an existing?</b>	Full Revision of Policy September 2025
<b>1.</b> Briefly describe the <b>aims, objectives and purpose</b> of the policy, practice, or service.	This policy is developed in conjunction with Treasury Management Strategy and aims to complete policy guidance for HfL staff and Board in the scope of Treasury Management Guidance and Assurances.		

<b>2. Who is intended to benefit</b> from the policy, practice, or service? <i>(e.g., applicants, tenants, staff, contractors)</i>	The guidance will support: <ul style="list-style-type: none"> <li>• Staff in the delivery of Treasury Management practices.</li> <li>• Board and Lenders in the understanding of HfL regulatory requirements and organizational financial commitments.</li> </ul>	
<b>3. What outcomes</b> are <b>wanted</b> from this policy, practice, or service? <i>(e.g., the benefits to customers)</i>	This policy works toward achieving regulatory standards and outcomes required by the Scottish Housing Regulator to provide robust Treasury Management processes and procedures in line with the CIPFA code	
<b>4. Which protected characteristics</b> could be <b>affected</b> by the policy, practice, or service? (✓) <i>tick all that apply</i>	<b>Age</b>	(✓)
	<b>Disability</b>	(✓)
	<b>Gender reassignment</b>	(✓)
	<b>Marriage/Civil Partnership</b>	(✓)
	<b>Pregnancy/Maternity</b>	(✓)
	<b>Race</b>	(✓)
	<b>Religion or belief</b>	(✓)
	<b>Sex</b>	(✓)
	<b>Sexual orientation</b>	(✓)
	<b>Consider if you want to add anymore?</b>	N/A

<p><b>5.</b> If the policy, practice, or service is not relevant to any of the <b>protected characteristics</b> listed in part 4, state why and end the process here. See also adaptation policy and decant policy which are specifically linked to disability as a protected characteristic.</p>			
<p><b>6. Evidence Gathering and Engagement</b> – This policy applies to all other protected characteristics in a consistent manner no qualitative and quantitative evidence has been gathered to inform this policy.</p>			
<p><b>a. What evidence has been used for this assessment? For example, national statistics.</b></p> <p>Scottish Housing Regulator Legal and Regulatory Frameworks</p> <p>HfL Vision, Values, Business Plan, Objectives, Strategy, Policies, Standards, Customer Promise.</p>			
<p><b>b. Who have you engaged and consulted with as part of your assessment?</b></p> <p>CEO</p>			
<p><b>7.</b> Describe the <b>impact(s)</b> the policy, practice or service could have on the groups identified in part 4. Consider both positive and negative impacts.</p> <p>This policy ensures consistency of service delivery for all customers including those with protected characteristics.</p> <p>Specific guidance is also included in Adaptation and Decant policies to support those affected by disabilities which mean standard service may not be applicable.</p>			
<p><b>8.</b> What <b>actions</b> are <b>required</b> to address the impacts arising from this assessment? <i>(This might include collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts).</i></p>	<b>Issue</b>	<b>Action</b>	<b>Timescales</b>
	Legislative updates		N/A

<b>9. Decision</b>  Please record decision e.g., <b>No change/amend (see above)</b> <ul style="list-style-type: none"> <li>• Cease</li> <li>• Progress with risk (monitor and add to risk register?)</li> </ul>	The policy does not have any adverse impact on any of the protected characteristics.
<b>Signed</b>	<i>Lindsay Johnstone</i>
<b>Job title</b>	Finance Manager
<b>Date the EIA was completed</b>	11/09/25
<b>Review date</b>	11/09/28
<b>Date of any quality sample check</b>	