

PAYMENTS & BENEFITS POLICY

SEPTEMBER 2022



LANARKSHIRE
HOUSING ASSOCIATION LTD



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POLICY ON PAYMENTS AND BENEFITS

(*Note Lanarkshire Housing Association hereinafter referred to as LHA)

1.0 GENERAL AND BACKGROUND

- 1.1 The purpose of this policy is to ensure that in relation to payments and benefits to Committee Members, Employees and those with whom they are closely connected; LHA exercises good governance and acts with transparency, honesty and propriety; whilst avoiding any public perception of improper conduct.
- 1.2 As Schedule 7 of the Housing (Scotland) Act 2001 has been repealed, following the Housing (Scotland) Act 2010, each RSL is required to decide how it manages its own payments and benefits within a clear policy framework which ensures that the highest standards of probity and conduct are maintained.
- 1.3 LHA's Management Committee (or Governing Body) is responsible for ensuring that the Association carries out its affairs in accordance with its Rules, Charitable Objects, statutory obligations and the formal guidance published by the Scottish Housing Regulator. By complying with this policy, the Governing Body will demonstrate accountability in the granting of any payments or benefits.

2.0 REGULATORY STANDARDS

- 2.1 Whilst there are no explicit statutory restrictions relating to such payments and benefits, LHA will comply with the Scottish Housing Regulator's Regulatory Standard 5.4; whereby Governing Body members and Employees declare and openly manage any conflicts of interest and ensure that they do not benefit improperly from their position.
- 2.2 The Scottish Housing Regulator's guidance is not exhaustive and LHA will also exercise good judgement in ensuring that its Committee Members, Employees and those with whom they are closely connected do not place themselves in a position where their duty to LHA and their personal interests might conflict, or where others might reasonably perceive that such a conflict exists.

3.0 THE POLICY

- 3.1 LHA **will not** make a payment or grant a benefit (including gifts, dividends and bonuses) to the parties to whom this policy applies, **except for** those payments and benefits that fall within the **Permitted Classes** as outlined in Section 6.0.

4.0 PARTIES TO WHOM THIS POLICY APPLIES (RELEVANT PARTIES)

4.1 Except for payments and benefits that fall within the **Permitted Classes**, referred to at 6.0, LHA will **not** make a payment or grant a benefit to the following **Relevant Parties**:

- a) Members of LHA's Governing Body, including co-opted members or those who have acted in such capacity within the prior 12 months.
- b) Employees of LHA or those previously employed within the past 12 months (a consultant who is brought in to carry out the duties that would normally be performed by a paid member of staff, is considered an employee for this purpose).
- c) A family member of, or a person with a close connection to an individual within categories a) and b) above, whereby the definition of a family member is a partner, parent, parent-in-law, grandparent, grandchild, son, daughter, stepson or stepdaughter, sibling, uncle, aunt, nephew or niece - as more fully detailed in the National Housing Federation's Code of Conduct 2022.
- d) A business trading for profit of which a person falling within categories a) to c) above is a principal proprietor or is directly involved in the management of the business. Payments must not be made to such businesses either direct or through a third party.

5.0 PAYMENTS AND BENEFITS NOT PERMITTED BY LHA

5.1 The following actions constitute, but are not confined to, a payment or benefit which are **not** permitted to **Relevant Parties** as outlined in clause 4.0:

- a) The sale of a property at any value (except under the Right to Buy or other statutory scheme).
- b) The purchase of a property owned by a **Relevant Party**.
- c) The use of LHA's premises, facilities and/or staff time for non-LHA business, unless this is of de minimis value.
- d) The award of any type of commercial contract, such as a building contract or provision of services/supplies.
- e) Provision of a loan (unless in very exceptional circumstances and of de minimis value).
- f) An out-of-court settlement paid in relation to a dispute referred to an Employment Tribunal.
- g) Gifts of more than de minimis value.

6.0 PERMITTED CLASSES OF PAYMENTS AND BENEFITS

6.1 LHA may make the following payments and benefits to **Relevant Parties** under the **PERMITTED CLASSES**, which act as exceptions to the policy as outlined at clause 3.0:

- a) **General Exception**
- b) **Special Exception**
- c) **De Minimis**

7.0 GENERAL EXCEPTION; payments and benefits permitted under General Exception

7.1 Payments and Benefits to a **Relevant Party** that fall within the permitted **General Exception** category are as stated below:

- a) Payments or benefits to an Employee under their contract of employment with LHA.
- b) Payment of legitimate expenses to governing body members in connection with their duties and subject to LHA's policies on Payment of Expenses; Conflicts of Interest and LHA's Financial Regulations.
- c) Any payments to which a **Relevant Party** is entitled under statute (eg home loss and disturbance payments).
- d) The granting of a new tenancy to a **Relevant Party**, who was a tenant of LHA prior to becoming a Relevant Party. In granting such tenancy, however, LHA must ensure that this action fully meets the published allocation criteria, that the person receives no priority or beneficial treatment and has no involvement in the process.

8.0 SPECIAL EXCEPTION; payments and benefits to Relevant Parties which are permitted under Special Exception (but only provided that specific terms are complied with)

8.1 Payments and Benefits that fall within the **Special Exception** category are as follows:

- a) Granting a tenancy or shared ownership agreement.
- b) Awarding a contract of employment.
- c) Making a specified payment or carrying out work to a house of any tenant of LHA, which might otherwise be regarded as breaching regulatory standards.

- d) Making a voluntary severance payment.
- e) Payment for loss of earnings to a committee member as a result of carrying out LHA's duties.

9.0 SPECIFIC TERMS RELATING TO SPECIAL EXCEPTIONS; which must be fully complied with

9.1 The payments or benefits detailed at clause 8.0, may only be awarded under the permitted category of **Special Exception** when the following terms are fully complied with:

- a) The payment or benefit is permitted within the objects and powers set out in LHA's rules.
- b) The payment or benefit will not breach LHA's charitable objects.
- c) No person receiving any payment or benefit under a **Special Exception Class** is given priority or beneficial treatment because of any connection with LHA.
- d) All decisions in relation to a payment or benefit under a **Special Exception Class** are taken by LHA's governing body or a sub-committee with specific delegated authority. **Appendix 1** to this report should be completed and submitted as part of a confidential report to the meeting. Any person with an interest in the matter should declare this and leave the meeting beforehand.
- e) Decisions taken in relation to the class of **Special Exception** are recorded in the minutes of the governing body meeting.
- f) LHA will maintain a Register recording all payments and benefits made within the Designation of **Permitted Classes** and this will be available for public inspection at LHA's offices at all reasonable times by Internal Auditors, Performance Auditors or other parties as required.
- g) The Register details shall include:
 - the category of Permitted Class
 - the name of the party involved
 - the party's relationship or connection with LHA
 - the description of the payment or benefit granted
 - the value of the payment or benefit granted (actual or in kind)
 - the date of the meeting at which the decision was made

- h) Entries in the Register will be certified by the Chairperson of the Management Committee or appropriate sub-committee at which the benefit is granted – **Appendix 1**.

10.0 “DE MINIMIS” PAYMENTS AND BENEFITS

10.1 Certain payments may be considered as having no substantive value or material consequence and should therefore **not constitute a breach of Regulatory Standard 5.4**. These include the following examples:

- Gifts of a small value on specific occasions
- Provision of promotional material
- A loan of computer equipment to governing body members to assist in their role
- Sponsorship by LHA of local clubs or the provision of prizes for local competitions
- Donations of a small value to local groups or charities
- Organised events to celebrate special occasions

10.2 For such **DE MINIMIS PAYMENTS**, LHA should ensure that:

- There is an appropriate policy on the matter
- Potential and real conflicts of interest are pro-actively managed
- There is a fair and open approach to any event or activity
- Equipment located out with LHA’s office is recorded in the fixed asset register

11.0 LHA’s SUBSIDIARY COMPANY

11.1 LHA’s unregistered subsidiary company, Lanarkshire Initiatives Ltd, will adopt similar high standards of conduct to those of its parent company and the only payments or benefits that Directors will receive are out-of-pocket expenses in relation to the performance of their duties.

12.0 CHARITABLE STATUS

12.1 LHA will adhere to the principles of general charity law and associated guidance from the Office of the Scottish Charity Regulator (OSCR) in order to ensure that Charity Trustees will not receive any improper payment or benefit.

13.0 BREACHES OF THIS POLICY

- 13.1 LHA has appropriate methods for making governing body members and employees aware of the principles of this policy, through its induction procedures and ongoing training.
- 13.2 If LHA is in doubt about whether any payment should be made or benefit granted; independent advice should be taken, whilst excluding the Relevant Person from the process.
- 13.3 In the event of a breach of this policy coming to light, LHA will take the necessary action to deal with this i.e. it will recover the benefit if that is considered appropriate, and ensure that it complies in the future and avoids similar breaches. All decisions in relation to a breach will be taken by LHA's governing body or a Sub Committee with specific delegated authority and any person with an interest in the matter will be excluded from the process. Such decisions will be recorded in the minutes.
- 13.4 Members of the governing body suspected of being in breach of **Regulatory Standard 5.4** may be suspended pending further investigations. If subsequently found to be in breach, any such member may be required to vacate office with immediate effect.

14.0 REVIEW

- 14.1 This Policy will be reviewed every 3 years or in accordance with the Scottish Housing Regulator's specific guidance, as and when considered appropriate.

15.0 NATIONAL HOUSING FEDERATION'S CODE OF CONDUCT 2022

- 15.1 This Code of Conduct was issued by the National Housing Federation to help members achieve the highest standard of conduct and safeguard the sector's reputation for integrity.
- 15.2 LHA adopted this code of conduct in September 2022, whereby some of the main principles of the code include **Probity**: maintaining the highest standards of probity and conduct, **Loyalty and Conflicts of Interest**: LHA ensures its board members and staff act wholly in the interests of the organisation and its service users and all conflicts of interest are openly declared and properly resolved. A further guiding principle is **Personal benefit**: LHA will demonstrate that Relevant Parties receive no preferential consideration in the provision of benefits.
- 15.3 Adoption of this code of conduct is consistent with and reinforces the purpose of this policy.

LANARKSHIRE HOUSING ASSOCIATION

**REGISTER OF PAYMENTS AND BENEFITS
TO COMMITTEE MEMBERS AND EMPLOYEES**

The undernoted details must be recorded in the Register :

Name of party involved : _____

Relationship or connection to Lanarkshire
Housing Association : _____

Description of Payment or Benefit granted : _____

Value of the Payment or Benefit granted
(actual or in kind) : _____

Category of Permitted Class : _____

Committee Meeting (include date) at which the
decision was agreed : _____

Certified by Chairperson of the Meeting
.....

Position
.....

Signed
.....

Date
.....