TREASURY POLICY STATEMENT

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Summary of changes to document

Date	**Action by**	**Version updated**	**New version number**	**Brief description** ***(e.g. updated job titles, reviewed section on delivery, whole document updated, corrected typos)***
04/01/2024	Andrew Martin	V2	V3	Policy re-write in line with SFHA commissioned DTP Guidance (February 2022)

CONTENTS

1. INTRODUCTION & POLICY STATEMENT
2. STATEMENT OF PRINCIPLES
3. POLICY DEFINITIONS AND OBJECTIVES
4. POLICY STRUCTURE
5. APPROVED ACTIVITIES
6. TREASURY RISK MANAGEMENT
7 GOLDEN RULES
8. DATA PROTECTION
9. EQUALITIES

APPENDIX 1 - TREASURY MANAGEMENT DATA LOG

APPENDIX 2 - TREASURY RISK REGISTER

1.0 INTRODUCTION AND POLICY STATEMENT

1.1 A key aim of Albyn Group is to build the mission, values and vision of the organisation into its policy and decision making on a daily basis. The Albyn Group aims to follow its guiding principles in all policies: https://www.albynhousing.org.uk/about-us/

1.2 This is the treasury management policy of Albyn Housing Society and applies across the Albyn Group.

1.3 It is intended to ensure that the treasury management activities of Albyn 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.

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

1.5 It is supported by:

- Documented delegation of specific reporting, decision making and control authorities by the governing body to the audit committee, the chief executive and the Finance Director.
- A detailed risk map for treasury activities, maintained by the Finance Director and reported annually to Audit Committee.
- A schedule of relevant data in the format outlined in the SFHA Treasury Management Guidance, maintained by the Finance Director and reported annually to Board with the treasury management strategy.

2.0 STATEMENT OF PRINCIPLES

It is the policy of Albyn that:

2.1 Albyn will create and maintain, as the cornerstones for effective treasury and investment management:

- a treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities.
- suitable TMPs setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- The content of the policy statement, TMPs and Investment Management Practices (IMPs) as applicable follow the recommendations of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of Albyn. Such amendments will not result in Albyn materially deviating from the CIPFA Code's key principles.
- The Board will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual report in the form prescribed in its TMPs and IMPs.
- Albyn delegates responsibility for the execution and administration of treasury management decisions to Finance Director, who will act in accordance with the organisation's policy statement, TMPs and IMPs.
- Albyn nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2.2 The Society is committed to the highest standards of governance and acknowledges the importance of transparency, integrity and accountability in its treasury management activities. In particular, the society will comply with the Scottish Housing Regulators guiding standards:

- **RS3.1**: The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs, and outcomes and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.
- **RS 3.2**: The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks.
- **RS 3.5**: The RSL monitors, reports on and complies with any covenants it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.

2.3 The Society will comply with the Chartered Institute of Public Finance & Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice (2021) and Cross-Sectional Guidance Notes, “the code”

2.4 The Society will also comply with the Scottish Housing Regulators Treasury Management Guidance published in August 2015.

3.0 POLICY DEFINITIONS AND OBJECTIVES

3.1 Albyn 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.

3.2 Albyn 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.

3.3 Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for Albyn and any financial instruments entered into to manage these risks.

3.4 Albyn 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.

4.0 POLICY STRUCTURE

4.1 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, with TMP1.1 to 1.9 providing fuller detail on each of 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

5.0 APPROVED ACTIVITIES

5.1 The Principal activities of the Treasury management function within Albyn will include activities such as:

- Raising capital finance for Housing Development projects.
- Raising capital finance for stock acquisitions.
- Investment of surplus funds.
- Arrangement of short-term overdraft facilities.
- Banking facilities.

5.2 All treasury management activities involve risk and potential reward. The policy of Albyn in the lending of cash is to achieve a satisfactory return while minimising risk. The overriding principle is to avoid risk rather than to maximise return. In the case of borrowing, the objective is to minimise cost consistent while ensuring the stability of Albyn's financial position by sound debt management techniques.

5.3 Albyn and, subject to delegated authorities, The Board and officers are authorised subject to the provisions of this Policy Statement to:

♦ deposit the surplus funds of Albyn with and purchase certificates of deposit issued by any of the institutions meeting the criteria of this statement up to the maximum limit or sub-limit for each individual institution;

♦ borrow monies as required for specific projects as authorised by the Board and subject to the strategy agreed by the Board.

5.4 Albyn will not undertake currency risk and accordingly will not borrow, or deposit funds denominated in foreign currencies.

6.0 TREASURY RISK MANAGEMENT

General Statement of Risk Management

1. The Finance Director will prepare and present to the Board a Treasury Management policy and prepare and present a report after each year of all treasury and investment activity subject to policy review provisions.

2. The Policy will include a summary of treasury management activity in the preceding financial year, covering:

   - Summary of actual and projected cashflow, and commentary on significant variances
   - Loan drawdowns in the preceding 12 months
   - Loan repayments in the preceding 12 months
   - 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
   - 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
   - Summary of investment portfolio position
   - The current treasury management risk map

3. The Policy will include forecast cashflows for at least three 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 statement of borrowing requirements for at least the next three years together with a strategy for funding this requirement

   - a statement of anticipated cash surpluses and the strategy to be adopted for investment thereof during the next 12 months.

   - a recommendation as to the mix of fixed, variable and index linked interest rates to apply across the 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 Board approval.

4. The Finance Director (or equivalent):

   - 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 the Audit Committee and
- will report to the Chief Executive, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving Albyn's objectives in this respect.

5. Long term cashflow forecasts and treasury management strategy will be included in the annual business plan prepared for board approval.
6. 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.
7. Albyn has adopted a detailed risk management statement set out below for each of the treasury management risks identified in the CIPFA Code as referred to as Treasury Management Practices (TMP).

TMP 1.1: Lending and Deposit Counterparties

Albyn will maintain lists of approved Lending and Deposit Counterparties. Institutions may only be added to either list with the prior approval of the Board.

Lending Counterparties

Albyn 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 (pension funds, insurance companies, etc) through public bond issues, private placements or bilateral loans;

c. Specialist bond aggregators operating in the social housing sector

d. 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 Albyn 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 Board:

	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, The Board will be advised 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 Albyn's resources.

The Finance Director is authorised to deposit or invest funds only with institutions approved by the Board as part of the Policy.

Exposure

The Board will set a limit for the amount that may be invested in any one institution at any point. If balances exceed £2m, no more than 60% may be invested in any one institution or banking group, and if balances exceed £5m, no more than 40% may be invested in any one institution or banking group. 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 Albyn receives funds unexpectedly in which case deposits may be made with Albyn's day-to-day bank for periods of up to 7 days, and promptly reported to the Chief Executive and Board.

Creditworthiness

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

a. UK banks and building societies that meet the credit ratings set out below and which are authorised by the Bank of England

b. AAA-rated Low Volatility Net Asset Value money market funds

c. UK and devolved governments and local authorities with credit ratings no lower than the UK Government's

d. Any other institutions that may be specifically approved by the Board on the basis of professional advice

The Finance Director is responsible for monitoring investment counterparties and ensuring that they meet these criteria.

Albyn will only invest with or lend to institutions authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (or the appropriate supervisory body in the European Economic Area in which they are incorporated or formed), and subject to the minimum credit rating criteria:

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

Albyn 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 Albyn 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 the minimum creditworthiness criteria, the investment should be withdrawn from the institution upon maturity unless otherwise approved by Board as an exception to policy.

TMP 1.2: Liquidity Risk Management

Albyn will ensure that it is able to meet its liabilities at all times. The Finance Director will ensure that sufficient cash balances and available facilities exist for this purpose.

Albyn 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 Albyn'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 monthly. Operational liquidity must be equal to the forecast cash outflow for the next calendar month, plus a contingency (or 'buffer') of 25%.

Albyn defines operational liquidity as including:

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

Capital Funding Liquidity required is measured as

- 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 patterns of receipts and expenditure occur as projected

Albyn regards Capital Funding Liquidity as including:

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

c. Confirmed but undrawn overdraft facilities
d. Where held, cash that can be realised from investment portfolios

In considering availability of committed facilities, any forecast event which may influence Albyn's ability to drawdown must be taken into account.

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

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

The Policy will consider the sensitivity of Albyn's loan portfolio to interest rate changes in order to determine the proportion of debt to be secured on a variable basis. When reviewing the Policy, The Finance Director will consider the current levels of short-term and long-term interest rates and independent forecasts of future changes in interest rates and set a recommendation for approval on the maximum proportion of Albyn's total borrowing which is subject to variable rates of interest.

Unless otherwise approved by the Board, Albyn 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.

TMP 1.3 Interest Rate Management

Albyn 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 Board.

Albyn will achieve this by the prudent use of 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

Albyn will not invest or borrow in any currency except UK Pounds Sterling. 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. Albyn 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

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

The Finance Director will ensure that proposals from lenders to provide appropriate loan facilities to meet these identified 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 12 months should be allowed for completion of a new loan agreement and security with a new lender.

Albyn will not enter into 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

The Finance Director is responsible for ensuring that any borrowing or investment transaction is permitted by Albyn'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. The Finance Director is empowered to take appropriate external advice as required to satisfy this.

Albyn 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.

The Finance Director is responsible for ensuring that any accounting issues or concerns arising from a potential transaction (including but not limited to fair value accounting) are fully understood and explained to The Board prior to approval of the transaction.

TMP 1.8: Operational Risk

Albyn 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 Albyn's investments. Albyn will only make investments subject to price risk with the prior approval of The Board, and after professional advice has been reported to and discussed.

TMP 2: Performance Measurement

Existing Borrowing

The Policy 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 Albyn. Comment on the findings will be made in the annual report.

New Borrowing

The Finance Director will record the interest rate secured and other costs payable by Albyn 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 when new borrowing is proposed.

Treasury Investments

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

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 Albyn in TMP 1.1. The assessment undertaken will include a comparison of the returns achieved by Albyn 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 Annual Report.

External Services

The Policy will report on external services provided in the previous year and contracted for in the forthcoming year. The Finance Director 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 Albyn'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 Policy, 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, Albyn will ensure that proper consideration is given to all relevant factors.

These will include:

a. The powers of Albyn and regulatory requirements
b. Budgetary constraints and business plan projections
c. Financial covenants
d. Prevailing and forecast economic conditions
e. 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 the Finance Director for consideration and decision by the Board.

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 Albyn's standing orders. The Finance Director will be responsible for ensuring that the outcome of such decisions is effectively communicated to any officer of Albyn who may be involved in implementing those decisions.

TMP 4: Approved Instruments, Methods and Techniques

Borrowings

The Finance Director will maintain accurate, complete and up to date data on all treasury management instruments in the format set out at **Appendix 1**. This will be presented in the annual report.

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

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

Any new loan documentation must be approved by the Board with the benefit of appropriate advice from officers of Albyn, Albyn's solicitors or other legal advisers, and other such specialist advice as the Board may require. This power can be delegated, if need be, to an identified sub- group of the Board, but only for reasons of efficiency and speed.

The Finance Director 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 perceived experience and understanding of housing associations, and their credit rating (where applicable)
b. Interest rate margin, fixed rate or underlying fixed or variable reference rate.
c. Arrangement and other fees
d. Covenant requirements - including limits set for financial covenants and an analysis of Albyn's ability to meet those limits.
e. Security requirements - basis of valuation and level of cover and assets to be charged.
f. Purpose (with cashflows if applicable)
g. Comparison with alternatives
h. Compliance with the Policy, Rules and regulatory and statutory requirements
i. Arrangements for draw downs
j. Details of independent professional financial and legal advice, including confirmation of powers to enter into transaction.
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.

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

Albyn 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 SONIA or Bank of England Bank Rate (also known as 'Base Rate').

Treasury Management Investments

The Finance Director has delegated authority to invest the surplus cash funds of Albyn in accordance with the Policy and in accordance with its terms.

The following are approved investment instruments:

a. Deposits with UK banks and building societies

b. Certificates of deposit issued by banks and building societies

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

d. 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 (b and d 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.

Albyn will only use money brokers if approved by the Board.

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 Finance Director to ensure compliance with this policy and made available to auditors on demand.

All investments will, where possible, be made with Albyn's CHAPS Transfer Service and transfers should be made in accordance with Albyn'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

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

Delegated power	Exercised by
Approval & Amendment of Treasury Policy	GB
Approval of TMS	GB
Application of Approved Strategy	CX and FD
Acceptance of loan offers, approval of loan agreements and granting of security	GB
Acceptance of loan offers and arrangements for approved schemes, which cannot wait until the next Board meeting, and within delegated authority from GB.	Chair or Vice Chair of GB plus the FD. Any action taken to be reported to the next Board meeting.
Drawdown of approved loan facilities in accordance with the TMS	FD
Investment of surplus funds	FD
Hedging and other interest rate management	FD
Approval of bankers	GB

GB Governing Body
CX Chief Executive
FD Finance Director (or equivalent)

The Finance Director 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 Finance Director will be responsible for the regular review of records and procedures to ensure compliance with this policy.

TMP 6: Reporting Requirements

The Finance Director reports to the Board on treasury activities as shown below:

Item	Frequency
Updated cashflow forecasts for the 24 months from the report date	annually
Covenant calculation report.	annually
Management accounts.	Quarterly
Cash and Deposit management report including details of deposits placed and interest earned	Quarterly
Loan summary report covering all existing and committed funding and including details of lender, interest basis and financial covenants.	annually
Annual treasury management report, summarising loan and deposit movements in the preceding financial year, and confirming: Covenant compliance at the financial year end compliance with the treasury management policy submission of all required reports and returns to SHR and lenders Any relevant internal audit reports	In first quarter of new financial year, and before consideration of the Statement of Internal Financial Control and SHR Assurance Statement.

Separately, the Finance Director will report to Audit Committee 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 Audit Committee receiving a report from the internal auditors.

TMP 8: Cashflow Management

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

Based on this, the Finance Director will prepare a detailed forecast for a period of at least 60 months, projecting income and expenditure quarterly. This will inform the Policy and form the basis for planning and arranging any new borrowing required.

The cashflow projection will be updated quarterly and reported with the management accounts to the Board, 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

Albyn 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 Finance Director, or which does not comply with Albyn'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 Finance Director will ensure that the identity and credentials of such individual or organisation have been appropriately ascertained and verified. The Finance Director 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 the Finance Director.

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

Where the Finance Director 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

Albyn 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.

At a minimum, it is expected that Finance Director will be Consultative Committee of Accounting Bodies (CCAB) qualified and have maintained their professional membership and Continuous Professional Development (CPD). Qualifications and memberships of new staff will be verified before employment is confirmed.

TMP 11: Use of External Service Providers

Bankers

Albyn's lead banking provider is RBS Bank plc. Performance and value for money of banking services will be reviewed periodically, and, if considered appropriate, retendered.

Approval to appoint new bankers is reserved to the Board.

Treasury Management Advisers

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

TMP 12: Corporate Governance

Albyn 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. 1776 RS) under the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator as a Registered Social Landlord (No. 64) under the Housing (Scotland) Act 2010 and as a registered Scottish Charity with the charity number SC027123. It is governed by an independent Board elected by its membership, referred to as the Governing Body.

The Governing Body of Albyn maintains a committee structure which includes an Audit Committee. The remit of each is set out in formal committee remit documentation.

The Audit Committee provides structured, systematic oversight of Albyn's governance, risk management, and internal control practices. The committee 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 member of Audit Committee but may attend meetings of the Committee if invited by the chair. External and internal audit providers have a right of direct access to the Audit Committee, without reference to the chair of the board, the Chief Executive or the Finance Director.

7.0 GOLDEN RULES

7.1 Golden Rules is the term used to describe the key financial ratios that Albyn will seek to maintain to ensure that treasury management activity is effective, by providing adequate liquidity, appropriate management of risks and proper compliance with loan covenants.

7.2 Golden Rules will be set for each loan covenant, and performance measured at least quarterly through the management accounts. Their purpose is to alert management and The Board to potential issues, under performance or non-compliance before it becomes critical. The Finance Director will alert the Board and be able to explain why a Golden Rule is at risk of breach, and to describe how Albyn will respond.

7.3 Albyn's Golden Rules are subject to review in line with the Treasury management Policy and as any new borrowings or investments are approved.

Description	Definition	Measure	Target	Trigger
Short Term Liquidity	As defined in TMP 1.2	Projected lowest level in next 3 months	£1m	£1.25m
Capital Funding Liquidity	As defined in TMP 1.2	Projected lowest level in next 24 months	£1m	£2m
Fixed and Variable Borrowing	Proportions of loans on fixed and variable terms. At least 60% of debt to be fixed	'Variable' includes fixed arrangements which expire within 12 months	At least 60% fixed	55% fixed
Total Debt	All drawn debt and overdrafts	Quarterly projection for current and next financial year	Max £98m	£96m
Refinancing Risk	Proportion of debt that will need to be refinanced or where fixed rate arrangements mature	Measured across the next 12 calendar months	Max 25%	Max 20%
Deposit exposure	As defined in TMP 1.1	Balance at quarter end	Max 40% with one institution	35% with one institution

LOAN COVENANTS

Description	Definition	How measured	Covenant	Target	Trigger
Interest Cover *	Adjusted Operating Surplus: Net Finance Charges	Quarterly	110%	120%	125%
Asset Cover **	Value of charged property/ total outstandings	Quarterly	125% MV-ST 105% EUV-SH 100% EUV-SH	110% 130% 105%	115% 135% 110%
Gearing ***	Total Borrowing/ Net Worth	Quarterly	40% 60%	35% 55%	30% 50%
Maintenance of Value & Valuations ***	Value of charged property/ total outstandings	Quarterly	125% MV-ST 105% EUV-SH	110% 130%	115% 135%
Current Ratio ****	Current Assets: Current Liabilities	Annual	1:1	1.1:1	1.05:1

7.4 Covenant level is the minimum or maximum (as appropriate) level that the relevant loan agreement allows.

7.5 Target level is the minimum or maximum (as appropriate) level that represents an acceptable level of risk.

7.6 Trigger level is the level at which it is reasonable for The Board to expect management to alert them to the potential risk and be able to explain how the risk will be avoided or managed. The target level will therefore always be more conservative than the covenant. The Trigger level will always be more conservative than the target.

7.7 Interest cover, gearing and valuation require more than one Golden Rule as different loan agreements have different calculation and covenant requirements. All should be monitored.

8.0 DATA PROTECTION

8.1 This policy does not result in personal data being held. The policy has not been subject to a data impact assessment.

9.0 EQUALITIES

9.1 No equalities impact assessment has been undertaken in relation to the application of this policy.

APPENDIX 1 - TREASURY MANAGEMENT DATA LOG

APPENDIX 1

TREASURY MANAGEMENT DATASHEET
As at 31/03/2023

Loan Description	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6	Loan 7	Loan 8	Loan 9	Loan 10	Loan 11	Loan 12	Loan 13	Loan 14	Loan 15	Loan 16	Loan 7
Lender	RBS	RBS	RBS	RBS	RBS	RBS	RBS	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Santander	BoS*	Triodos	THC	BAE Systems
Lender's Ref No	A*A61*UKB	A*A61*UKB	A*A61*UKB	A*A61*UKB	B*A71*UKB	D2*A70*UKB	C*A69*UKB	591767	591789	591800	625933	625922	JP6/ASM/AB894/X047	Various	21010609	FAS1270	ALBYN
Date Agreed	17/08/2010	17/08/2010	17/08/2010	17/08/2010	17/08/2010	31/03/2022	31/03/2022	21/03/2003	21/03/2003	21/03/2003	21/03/2003	21/03/2003	21/07/2009	13/12/1999	19/12/2018	31/03/2008	28/02/2017
Loan Profile																	
Total Facility £000	£ 4,187,000	£ 4,187,000	£ 2,667,000	£ 13,000,000	£ 10,000,000	£ 10,000,000	£ 15,000,000	£ 1,470,726	£ 1,625,866	£ 1,628,913	£ 1,560,625	£ 1,319,119	£ 8,000,000	£ 2,417,000	£ 1,000,000	£ 490,000	£ 30,000,000
Amount Drawn	£ 4,187,000	£ 4,187,000	£ 2,667,000	£ 13,959,000	£ 10,000,000	£ 10,000,000	£ 7,000,000	£ 1,470,726	£ 1,625,866	£ 1,628,913	£ 1,560,625	£ 1,319,119	£ 8,000,000	£ 2,417,000	£ 1,000,000	£ 490,000	£ 30,000,000
Amount Repaid / Cancelled	£ -	£ -	£ -	-£ 2,382,500	-£ 953,000	£ -	£ -	£ -	£ -	£ -	£ -	£ -	-£ 2,769,231	-£ 1,211,036	-£ 45,455	£ -	£ -
Amount Undrawn	£ -	£ -	£ -	£ -	£ -	£ -	£ 8,000,000	£ -	£ -	£ -	£ -	£ -	£ -			£ -	£ -
Loan Outstanding £000	4,187,000	4,187,000	£ 2,667,000	£ 11,576,500	£ 9,047,000	£ 10,000,000	£ 15,000,000	£ 1,470,726	£ 1,625,866	£ 1,628,913	£ 1,560,625	£ 1,319,119	£ 5,230,769	£ 1,205,964	954,545	490,000	30,000,000
Repayment Profile (outline by year)																	
1 31/03/2024	£ -	£ -	£ -	875,000	£ 350,000	£ -	£ -	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
2 31/03/2025	£ -	£ -	£ -	920,000	£ 368,000	£ -	£ -	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
3 31/03/2026	£ -	£ -	£ -	965,000	£ 386,000	£ -	£ -	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
4 31/03/2027	£ -	£ -	£ -	1,012,500	£ 405,000	£ -	£ -	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
5 31/03/2028	£ -	£ -	£ -	1,065,000	£ 426,000	£ -	£ -	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
6 31/03/2029	£ -	£ -	£ -	1,117,500	£ 447,000	£ -	£ 750,000	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
7 31/03/2030	£ -	£ -	£ -	1,172,500	£ 469,000	£ -	£ 750,000	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
8 31/03/2031	£ -	£ -	£ -	1,230,000	£ 492,000	£ -	£ 750,000	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
9 31/03/2032	£ -	£ -	£ -	1,295,000	£ 518,000	£ 10,000,000	£ 750,000	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
10 31/03/2033	£ -	£ -	£ -	1,357,500	£ 543,000	£ -	£ 750,000	£ 119,236	£ 90,327	£ 90,241	£ 99,760	£ 110,205	£ 307,693	89,996	45,455	0	0
Beyond 10 years	£ 4,187,000	4,187,000	£ 2,667,000	£ 566,500	£ 4,643,000	£ -	£ 11,250,000	£ 278,366	£ 722,596	£ 726,503	£ 563,025	£ 217,069	£ 2,153,839	£ 306,004	£ 499,999	£ 490,000	£ 30,000,000
Final Repayment Date	31/03/2040	31/03/2040	31/03/2040	31/03/2040	31/03/2040	31/03/2032	30/03/2047	01/08/2036	01/08/2036	01/08/2036	01/08/2036	01/04/2033	22/07/2039	31/03/2035	13/11/2043	31/03/2024	30/03/2047

TREASURY MANAGEMENT DATASHEET

As at 31/03/2023

Loan Description	Loan 1	Loan 2	Loan 3	Loan 4	Loan 5	Loan 6	Loan 7	Loan 8	Loan 9	Loan 10	Loan 11	Loan 12	Loan 13	Loan 14	Loan 15	Loan 16	Loan 7
Lender	RBS	RBS	RBS	RBS	RBS	RBS	RBS	Nationwide	Nationwide	Nationwide	Nationwide	Nationwide	Santander	BoS*	Triodos	THC	BAE Systems
Lender's Ref No	A*A61*UKB	A*A61*UKB	A*A61*UKB	A*A61*UKB	B*A71*UKB	D2*A70*UKB	C*A69*UKB	591767	591789	591800	625933	625922	JP6/ASM/AB894/X047	Various	21010609	FAS1270	ALBYN
Interest Rate Management																	
Amount on Fixed Rate Tranche 1	4,187,000	4,187,000	2,667,000					1,470,726	1,625,866	1,628,913			5,230,769		954,545	490,000	30,000,000
Rate	5.97%	5.40%	4.17%					1.59%	4.32%	4.36%			4.59%		2.25%	0.00%	3.99%
Fixed Until	31/03/2029	31/03/2029	31/03/2029					31/03/2025	24/03/2025	24/03/2030			31/03/2028		13/11/2043	31/03/2024	30/03/2047
Amount on Fixed Rate Tranche 2	0	0	0					0	0	0			0				
Rate																	
Fixed Until																	
Amount on Variable Rate	0	0	0	11,576,500	9,380,000	10,000,000	7,000,000	0	0	0	1,560,625	1,319,119	0	1,205,964			
Reference Rate				SONIA	SONIA	SONIA	SONIA				SONIA	SONIA		BoE Base			
Margin				1.40%	1.40%	1.50%	1.30%				1.00%	1.00%		0.60%			
Total	**4,187,000**	**4,187,000**	**2,667,000**	**11,576,500**	**9,380,000**	**10,000,000**	**7,000,000**	**1,470,726**	**1,625,866**	**1,628,913**	**1,560,625**	**1,319,119**	**5,230,769**	**1,205,964**	**954,545**	**490,000**	**30,000,000**
Other Costs																	
Non-Utilisation %																	
Management Fees £py																	
Covenants - See Annual Report																	
Other Covenants Applying																	
BP Approval	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Maintenance of RSL status	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Maintenance of OSCR status	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Current Ratio	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Cross Default	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Reports & Info Required - deadline																	
Business Plan / Projections	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months				6 Months
Annual Accounts	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months				6 Months
Audit Letter	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months				6 Months
SHR reports	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap				asap
Management Accounts	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days	45 days				45 days
Covenant Certificate	6 months	6 months	6 months	6 months	6 months	6 months	6 months	No	No	No	No	No	No				No
Board & Management changes	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap	asap				asap
Other - (list as appropriate)																	
etc																	
Consents Required	Select Yes. No, Not Unreasonably Withheld (NUW) as appropriate																
Rule Change	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES				
Merger / ToE / Group	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES				
Create subsidiary	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO				
Stock Disposals	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW	NUW				
Other borrowing	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO				

APPENDIX 2 - TREASURY RISK REGISTER

TREASURY MANAGEMENT RISK MAP

Date Completed 17-Jan-23

				Gross Score						Mitigation				Net Score		
	CIPFA Code Risk	**Risk No**	**Detailed Risk**	**Prob.**	**Impact**	**Score**	**Control**	**Action**	**Evidence**	**Details**	**Trigger**	**Resp**	**Reporting**	**Prob.**	**Impact**	**Score**
1	**Credit & Counterparty**	1.1	*Lending Bank failure to honour drawdown*	2	4	8	*Monitoring credit ratings and Bank of England / FCA market commentary*		*Ratings reports*	*Ensure lenders are rated A+ or above Consider broader portfolio as debt levels increase*	*New or existing loan negotiation.*	*Finance Director*	*Annually* *As required when seeking funding*	1	3	3
		1.2	*Deposit bank failure*	2	3	6	*Monitoring credit ratings and Bank of England / FCA market commentary*					*Finance Director*	*Annually*	1	2	2
							Limit to value of deposits per institution	*Policy Statement*		*Max £2m per institution*	*Deposit opportunity*		*As required when managing deposits*			
2	**Liquidity**	2.1	*Required funds (per BP) not available when required*	3	3	9	*Calculate 24 month funding need and ensure available*	*Cashflow reporting. Liaison with Dev and Team*	*Meeting notes and updated spend projections*	*Maintain RCF*	*Revised spend projections*	*Finance Director*	*Qtrly to Board within management accounts*	1	3	3
3	**Interest Rate**	3.1	Interest rate rises make variable rate debt unaffordable	2	4	8	*Monitoring of base rate and financial projections and sensitivity model*	*Regular sensitivity review, financial forecast updates*	*Board reports, financial forecasts*	*Increase fixed rate debt depending on specialist advice*	*Covenant monitoring*	*Finance Director*	*Annual or as required*	1	3	3
4	**Exchange Rate**	4.1	*Increased costs or liabilities as a result of exchange rate movements*	3	3	9	*Policy prohibition on borrowing or deposits other than in GBP*	*Policy Statement*	*Accounting records*			*Finance Director*		0	0	0
5	**Inflation**	5.1	Increases in inflation result in monetary policy action to bring about reductions	3	3	9	*Regular monitoring of MPC committee minutes*	*Local monitoring*	*Commentary update within management accounts*	*Linked to Interest rate risk*	*Linked to Interest rate risk*	*Finance Director*	*Qtrly within management accounts report*	1	3	3
6	**Refinancing**	6.1	Difficulty in raising funds if debt is to be refinanced at maturity	2	3	6	*Review of loan maturity and refinance requirements*	*Annual Loans Monitoring*	*Loans Monitoring report, Treasury Report to Board*	*Early engagement with lenders to seek proposals for refinancing*	*Not less that 18 months prior to loan expiry*	*Finance Director*	*Annual Treasury report*	1	2	2
7	**Legal & Regulatory**	7.1	risk that Albyn, or an organisation with which it is dealing in its Treasury management activities, fails to act in accordance with its legal powers or Regulatory requirements, and suffers losses accordingly.	3	3	9	*Legal advice, where appropriate, and regular monitoring of regulation advice and guidance, will assist in reducing this risk. Management should be attend seminars and regular training events to receive relevant updates.*	*Policy Statement*	*Board Reports*	*Legal/Specialist advice taken before any Treasury Dealing is completed*	*Report to Board*	*Finance Director*	*As required when managing facilities*	1	2	2
8	**Operational, inc Fraud, Error and Corruption**	8.1	fail to identify the circumstances in which exposure to the risk of loss through fraud, error or corruption in treasury management dealings, and failure to employ suitable systems and procedures.	3	4	12	Regular training and awareness of all staff involved in treasury management activities and those who are exposed to banks and other lenders	*Policy Statement*	Training Log/PDP	Sharing of Fraud awareness training literature, engagement with institutions fraud training	Annual Performance Review	*Finance Director/Finance Manager*	*As and when required*	2	3	6