



53 Ballindalloch Drive, Glasgow G31 3DQ

CONTROL OF PAYMENTS & BENEFITS **POLICY**

LS/January.2020/Ref: P61

1. POLICY PURPOSE

This Policy is aimed at Committee Members and employees in Milnbank Housing Association (MHA) and Board Members of our subsidiaries MCE and MPS. The Policy describes all of those affected as “our people” and “you”. The Policy describes how MHA will manage payments and benefits (P&B) to our people and, in certain circumstances, to people closely connected to them. The definition of “closely connected” is shown under section 5.

2. LEGAL & REGULATORY FRAMEWORK

This Policy is a requirement of MHA’s Rules. MHA must make sure that our Committee Members, as charity trustees, only receive P&Bs where the law allows this, and we must have regard to any guidance on payments and benefits to trustees that is published by the charity regulator. We must also comply with the SHR’s Regulatory Standards and Guidance. These place us under an obligation to:

- Conduct our affairs with honesty and integrity, upholding our own good reputation and that of the housing sector.
- Ensure that our people are open in declaring and managing interests, and that they do not benefit improperly from their position.

To meet all of these requirements, this Policy sets out our rules for any P&B we may make to our people or those closely connected to them. Our Policy retains some elements of the previous Schedule 7. This reflects MHA’s wish to have a rigorous framework that will help protect our reputation and that of our Committee and Board Members.

3. POLICY STATEMENT

Principles

- MHA and our subsidiaries will act with transparency, honesty and propriety and avoid any public perception of improper conduct.
- Committee Members and staff members must not benefit improperly or inappropriately from their position within MHA, MCE or MPS.
- Our people and those closely connected to them should not receive any preferential treatment, in the services we or our contractors and suppliers provide. Equally, they should not be unfairly disadvantaged if they are seeking to use our services.
- This Policy does not affect any statutory or contractual entitlements that our people and those closely connected to them may have.
- Our people must never offer, seek or accept bribes and must comply with our Bribery Prevention Policy at all times.

We expect our people to act in good faith and in return MHA will apply a common-sense approach to the application of the Policy. If anyone is unsure about anything in the Policy, the Chair or the Directorate should be consulted.

The Management Committee (MC) will have authority to consider and approve P&Bs that are not addressed explicitly in this Policy. They will only do this if the policy principles set out above are met and there is no conflict with any relevant legislation or statutory guidance. MCE and MPS Boards must refer any such cases to the MC for prior approval, if they wish to approve a payment or benefit that is not expressly allowed under this Policy.

4. PAYMENTS & BENEFITS COVERED BY THE POLICY

Appendix 1 sets out our rules for the following categories of payments and benefits:

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| <ol style="list-style-type: none">1) Committee membership, payment of expenses and attendance at training and other events2) Staff recruitment and HR management3) Granting of tenancies4) Matters relating to a tenancy or other service agreement5) Sale, purchase or leasing of land or property6) Procurement and contracts with businesses trading for profit |
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5. DECLARING INTERESTS & ACTIONS

MHA maintains a Register of Interests that is used to record any interests you or people closely connected to you have that are relevant to our business or our decisions. This is done in accordance with GDPR. All of our people will be asked annually to confirm that their entry in the Register of Interests is accurate and up to date. You should always make a declaration if you or a person closely connected to you:

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| <ul style="list-style-type: none">• Are already an MHA tenant or service user• Have applied for rehousing from MHA• Have made an application for employment with MHA• Are a principal proprietor/shareholder or senior manager of a company trading for profit that MHA does business with, or that is on our approved list (this includes nominated sub-contractors)• Are, or could become, involved in tendering for or the management of any contract for the provision of goods or services to us. |
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In deciding what interests you should declare, we ask you to do this from the point of view of a reasonable and objective observer and to adopt a common sense approach.

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| <ul style="list-style-type: none">• We <u>do</u> expect you to be familiar with the actions of members of your household and of people with whom you are in close or regular contact.• We recognise that you may not always be in close or regular contact with some family members or others in the definition of “closely connected”.• We <u>do not</u> expect you to go to unreasonable lengths to identify the actions or involvement of others, or to conduct research into the employment, business interests and other activities of all persons to whom you are closely connected. |
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6. FORMAL CONTROLS ON PAYMENTS & BENEFITS

Some of the interests you declare or that we identify may relate to a potential P&B. (E.g. receiving a house or applying for a job). If this is the case, we will apply the formal controls described in [Appendix 1](#), to decide whether we can approve the payment or benefit and if so to make sure things are managed appropriately.

These controls include:

- Deciding whether or not to permit the potential payment or benefit;
- Making sure you do not play any part in our decision-making processes;
- Following double scrutiny, obtaining Committee approval for the proposed P&B;
- Recording approval in the Register of Payments and Benefits.

The formal controls apply where the potential beneficiary of a P&B is a Committee, Board Member or employee within MHA or MCE & MPS, or a person closely connected to a Committee, Board Member or employee. The people we regard as closely connected for this purpose are:

Members of your household	Partner, Relatives and Friends
<ul style="list-style-type: none"> • Anyone who normally lives as part of your household (whether related to you or otherwise) • Those who are part of your household but work or study away from home 	<ul style="list-style-type: none"> • Your partner (if not part of your household) • Your relatives and their partners • Your partner’s close relatives (i.e. parent, child, brother or sister) • Your close friends • Anyone you are dependent upon or who is dependent upon you • People you know socially or business contacts/ associates

7. PRIVATE USE OF MHA’S CONTRACTORS & SUPPLIERS

You should not normally use any of our contractors or suppliers for personal purposes, other than as described at [Appendix 2](#). If you think that using any of our other contractors, suppliers etc. is unavoidable, you must follow the procedures at Appendix 2 to obtain MHA approval.

8. POLICY IMPLEMENTATION & COMPLIANCE

MHA maintains a Register of Payments and Benefits to record all cases where MHA, MCE or MPS have approved a P&B under this Policy.

We will not use the Register of P&Bs for employment matters (these will be recorded instead in personnel files), repairs or other legal entitlements that may occur after a tenancy has been approved and recorded in the Register.

The MC will be responsible for approval. If a matter concerns both MHA and MCE or MPS (e.g. a Board Member is seeking to be rehoused by MHA), the MC will decide the matter. If a matter relates wholly to MCE or MPS (e.g. purchase of goods or services by the subsidiary), the subsidiary board will decide the matter.

An annual report on the items recorded in the Register will be submitted to the MC.

9. BREACHES OF THE POLICY

Breaches of the Policy shall be treated as a breach of the Codes of Conduct and must therefore be reported to the MC. In the case of MC or MCE/MPS Members, MHA will follow the procedures set out in the Code of Conduct to investigate alleged breaches or related policies and procedures. Alleged breaches by staff will be dealt with using MHA's disciplinary procedures.

10. POLICY REVIEW

MHA will review this Policy and its procedures for compliance annually as part of the Code of Governance Review. We will also review the policy and procedures in response to any breaches that occur, to incorporate any lessons learned and to minimise the risks of any recurrence.

APPENDIX 1: FORMAL CONTROLS ON PAYMENTS AND BENEFITS

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
1	Nominations to <u>join the MC</u> from people who are closely connected to a serving MC member	Yes	<ul style="list-style-type: none"> This is permitted under our Rules, declare the relationship in the Register of Interests.
2	Payment of out of pocket <u>expenses</u>	Yes	<ul style="list-style-type: none"> Claims must be in accordance with the Expenses Policy. Expenses do not need to be declared in the Register of P&Bs
3	<u>Attendance</u> by MC and/or staff members at <u>training events, conferences, seminars, openings/similar events hosted by other Housing Associations</u>	Yes	<ul style="list-style-type: none"> MHA will pay the costs of the event package including travel and accommodation if not part of the package on behalf of MC members. No requirement to declare in the Register of P&Bs
4	<u>Attendance</u> at events by MC and/or staff members to <u>mark awards, achievements or other significant milestones relevant to our business</u>	Yes	<p>MC must approve prior attendance and will only approve if:</p> <ul style="list-style-type: none"> MHA or one of our people has been nominated for an award, attendance is in recognition of achievement or in pursuit of appropriate business development or we can show the event is directly relevant to our business objectives. Total costs must be reasonable and proportionate, as determined by the Chairperson and the Director (up to £300) or the MC (business case needed for costs exceeding £300), MHA will make all necessary arrangements (e.g. travel, accommodation, costs of event) on behalf of those attending, Costs for each attendee shall be recorded in the P&Bs Register
5	Making an <u>offer of employment</u> (temporary or permanent) to someone who is closely connected to an existing MHA Group employee	Yes	<p>Permitted as long as:</p> <ul style="list-style-type: none"> There has been an open recruitment exercise in accordance with our policy and nobody closely connected to the job applicant has played any part in the recruitment and selection process. The offer of employment is approved by the MC.

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
			<ul style="list-style-type: none"> There will be no direct or indirect line management or supervision responsibility between people who are closely connected to each other <p>The offer of employment is recorded in the Register of P&Bs, following its acceptance.</p>
	Existing staff: <u>approval of re-grading, promotions and contract enhancements specific to an individual staff member</u>	Yes	<p>Permitted as long as:</p> <ul style="list-style-type: none"> Proposed decision is based on an objective assessment; and the proposed arrangement is approved by the MC.
7	All <u>entitlements</u> arising from a <u>contract of employment with us or one of our subsidiaries</u>	Yes	<ul style="list-style-type: none"> Any entitlement in terms of contract and agreed remuneration package is always permitted without the need to record. MHA terms, conditions of employment & associated HR policies shall be regarded as part of the employment contract for the purposes of this Policy.
8	<u>Redundancy or Voluntary severance payment to an employee</u>	Yes	<p>MHA can make redundancy payments to an employee in line with their contract of employment or the relevant statutory provisions. MHA can also make a voluntary severance payment which is outside the terms of the contract of employment provided it is in accordance with the Staff Severance Policy.</p>
9	The <u>granting of a tenancy or lease in a MHA property to one of our people or to someone closely connected to them</u>	Yes	<p>Permitted as long as:</p> <ul style="list-style-type: none"> The decision is in accordance with MHA Allocations Policy. Neither the applicant nor anyone closely connected to them is involved in any way or in any part of the allocation process. Granting of the tenancy is approved in advance by the MC and is recorded in the Register of P&Bs.
10	Where one of our people is a <u>tenant</u> and receives a <u>repair, improvement or adaptation to their home</u>	Yes	<ul style="list-style-type: none"> <u>Repairs</u> to our properties in accordance with MHA (private & common factoring) policy do not need to be declared or recorded in the Register. <u>Adaptations</u> must comply with MHA policy; be approved by a senior manager; and be recorded in Register of P&Bs. MC approval is not required.

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
			<ul style="list-style-type: none"> • <u>Improvements</u> must be carried out as part of an approved programme and/or in accordance with our policy. MC approval is not required in such cases. <ul style="list-style-type: none"> ○ If not part of an approved programme, improvement works must be approved by a senior manager and included in the Register of P&Bs. ○ If a MC or staff member has a personal interest in improvement works to be discussed at a meeting, they must declare their interest in the works.
11	Where one of our people is a <u>tenant</u> & receives a <u>decoration allowance</u> or other discretionary payment relating to their tenancy	Yes	Any such payments and/or allowances must be made in accordance with MHA policies and procedures; approved by a senior manager, and recorded in the Register of P&Bs. MC approval is not required.
12	<u>Disposal of our interest (in whole or in part) in a property to a MC member or someone closely connected to a MC member or employee via LIFT, Home Buy; Help to Buy or other LCHO scheme; or via leasing of a commercial property</u>	Yes	<p>This is permitted, provided:</p> <ul style="list-style-type: none"> • The disposal must not be on terms that are more favourable than those available to other purchasers/lessees • Our policy and procedures are followed, including the requirement to set selling prices with reference to an independent valuation • The prospective purchaser or lessee or anyone closely connected to them plays no part in our approval or processing of the transaction • The disposal shall be approved by the MC, which will assess carefully any proposed disposals to MC or staff members, to ensure that they do not create any reputational risks for MHA. The disposal shall be recorded in the Register of Payments and Benefits, with full details recorded in the relevant files for audit purposes.
13	Acceptance of <u>gifts and hospitality</u>	Yes, in some	<ul style="list-style-type: none"> • Our Policy on Gifts, Hospitality and Donations sets out the limits and procedures that apply to accepting gifts and

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
		circumstances	hospitality & when they must be recorded in the Register of Gifts & Hospitality.
14	The <u>purchase of land</u> or other assets from anyone who is, or who has been in the last twelve months, one of our people; or from a person who is closely connected to one of our people	No (in almost all cases)	<p>This is generally not allowed but we may make exceptions for:</p> <ul style="list-style-type: none"> • Property owners unable to afford improvement/repair works that are part of a recognised MHA programme (E.g. the GCC funded Property Acquisition Programme) • Referrals to us under the Scottish Government’s Mortgage to Rent scheme. <p>In these circumstances, purchase would be permitted provided:</p> <ul style="list-style-type: none"> • There is a clear strategic rationale for the purchase, and our procedures for property purchase are followed • The prospective seller (or the person closely connected to them) plays no part in our decision to buy the property or in the processing of the transaction by MHA. <p>The transaction is approved by the MC and recorded in the Register of P&Bs, and details of the process followed are recorded in the relevant files.</p>
15	The <u>purchase of goods/services</u> from our suppliers/contractors by one of our people, for private purposes	No (in almost all cases)	<ul style="list-style-type: none"> • This should normally be avoided, and will only be permitted if the procedure identified in Appendix 2 is followed
16	Entering into a contract with a <u>relevant business</u> (i.e. a business trading for profit where one of our people, or someone closely connected to them, is a principal proprietor or shareholder or is directly involved in the	No (in almost all cases)	<p>Group members cannot enter into a contract with a relevant business owned or managed by someone who has been one of our people in the last 12 months. This will also apply to contracts with relevant businesses owned or managed by someone who is closely connected to one of our people, other than in the following exceptional circumstances:</p> <ul style="list-style-type: none"> • The MC/board member or employee affected by this policy is not involved in any part of the procurement process or our

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
	<p>management of the business) This includes cases where we have required the use of a specified third party (e.g. a nominated sub-contractor). MHA will apply the detailed definitions set out in previous regulatory guidance on Schedule 7 (see Appendix 3), in relation to the meaning of:</p> <ul style="list-style-type: none"> • "business trading for profit" • "principal proprietor" & "directly involved in the management of" 		<p>decision and would not be involved in the management, supervision or renewal of any contract awarded.</p> <ul style="list-style-type: none"> • There has been an open and accountable procurement process, using our procurement policy and procedures. • The appointment is approved by the MC which is satisfied that the appointment is reasonable in the circumstances. • There is no reasonable alternative available to us (e.g. because of the specialist nature of the goods/services). • In such circumstances, any appointment would be recorded in the Register of Payments and Benefits and details of the process followed would be recorded in the relevant files for audit purposes.
17	Payment for service as a MC member or for providing advice in a professional capacity	No	<ul style="list-style-type: none"> • MHA policy is <u>not</u> to pay MC members in any part of the Group for their service (other than out of pocket expenses) or for any advice provided in a professional capacity.
18	Making an offer of employment to someone who is, or who has been in the last 12 months, a MC member in any part of the Group	No	<ul style="list-style-type: none"> • MHA will discourage former MC members from applying for employment within this timeframe. • If this situation occurs, MHA will seek legal advice to make sure that we always act in accordance with the law.
19	Making an <u>offer of employment</u> to someone who has <u>previously received a voluntary severance payment</u> from us, if enhanced non-contractual terms were	No	<ul style="list-style-type: none"> • We will seek to avoid this situation from occurring. If it arises, MHA will obtain legal advice. We may also address via the insertion of appropriate clauses in any voluntary severance agreement we enter into.

	DECISION OR ACTIVITY	PERMITTED	GUIDANCE/PROCEDURES
	applied to a leaving package.		
20	Provision of a <u>loan</u> by MHA to one of our people	No	<ul style="list-style-type: none"> This is not permitted unless allowed for in the contractual terms of employment. MHA cannot make any other loans to individuals.
21	Making an <u>offer of employment</u> to someone who is <u>closely connected to a current MC or Board member in the Group</u>	No	This is not permitted
22	Any other <u>sale of MHA property</u> to one of our people or someone closely connected to them	No	This is not permitted.



Entitlements, Payments and Benefits

GWSF model clauses on use of contractors by staff and committee members - September 2015

1. In order to help us maintain our excellent reputation, it is important that staff and committee members do not use their position to gain benefits which other members of the public cannot access.
2. At the same time we do not want to see staff and committee members face unreasonable restrictions which put them at a disadvantage compared to other members of the public.
3. Where, in your personal/home life, you as a staff or committee member need a service from a contractor, if it causes no disadvantage or inconvenience to you to avoid using one of the Association’s contractors then we would ask that such use is indeed avoided. But the Association does not want to unreasonably restrict your choice of contractor.
4. However, it is extremely important that where you wish to use one of the Association’s contractors you take some particular steps which will help protect both you and the Association.
5. A staff or committee member should only utilise the services of one of the Association’s contractors (as listed in the Approved Contractors List) for their own personal needs if:
 - The normal commercial rates are paid for this service and no preferential treatment, financial or otherwise, is received
 - You report your proposed course of action to your line manager or the Chair (as appropriate) before committing to use the contractor in question and follow any advice offered. In emergency situations you should comply with this policy retrospectively as soon as is practicably possible
 - You make a written declaration that you have not received any advantage or preferential treatment (financial or otherwise) from the contractor or supplier arising out of their connection to the Association: written quotes should be provided where these would normally be sought for the type of work in question, and in ALL cases receipts should be provided

- You record the transaction or agreement in the Register of Payments and Benefits and keep the entry up to date.
6. Examples of situations that might arise in this context include:
 - engaging the factoring service offered by the Association
 - the repairs service offered by the Association
 - buying goods or services from a connected business such as an architect or building contractor.
 7. The undernoted lists the contractors to whom this policy applies. You will see that it does not include low value services such as sandwich shops, other high street stores and national chains, utility companies, banks and national telecoms providers etc.
 8. In the event of becoming involved in a dispute with the Association arising out of such a transaction or agreement, you must immediately notify the Chair and/or the Director and withdraw from any discussions relating to the service involved.
 9. In the case of committee members, if the dispute cannot be resolved through the normal complaints procedure and you remain dissatisfied, you should resign from the Management Committee in order to pursue the complaint independently.

APPROVED CONTRACTORS LIST 2020

Detailed below are those firms proposed for retention on the Approved Contractors List. This is as comprehensive as possible; the list notes the Firm and a brief description of the trade/work undertaken.

Adaptocare	Healthcare
Aerial Services	Door Entry/Aerials
Allpest Services	Pest Control
A&S Scaffolding	Scaffolding
Alarm fast	Alarms
Ark Property Maintenance	All Trades/Roofers
Beleza Bathrooms	Tiling
Benglass	UPVC Windows
Bid Group	Roller Shutters
Brogan Access	Access Platform Hire
Brown & Wallace	Surveyors
BW Heating & Plumbing	Gas Central Heating & Plumbing
Caley Construction	Landscaping/All Trades
CCG	Windows
Dash	Door Entry Systems
Dennistoun Tiling	Tiler
Environmental Services	Pest Control
First Safety	Fall Arrest Systems
Forsythe Glazing	Glaziers
GKL Plumbing & Heating	Gas Installers/Maintenance

Gold Seal
JCJ Group
Jim Dunsmore
James Frew
J S McColl
Land Service GCC
Lowland
M Scott
Mac Fire
Martec Engineering
Mitchell Drainage & Waste Services
NCS
Neaton
OCS
Orona
Parkhead Welding Co
PTS
R & G Glaziers
Reigart
Robertson Electrical
Reid Wire
Roof Anchor Company
S Gough Painters
Sound Services
Steprite Flooring
The City Electric Company Ltd
Timetra
The Ventilation Company
Upkeep
Univeral Eco Systems
Upper Glass
Vipond
Zenith

Windows
Multi Trades
Plasterer
Gas Central Heating/Gas Servicing
Painters
Stair Lighting
Automatic Doors
Painters
Fire Extinguishers
Door Engineers
Drains
CCTV
Environmental
Security
Lifts
Blacksmiths
Domestic Engineers
Windows & Glazing
Demolition & Asbestos Removal
Electrical
Blacksmiths
Roof Anchors
Painters
Door Entry Systems/Aerials
Veitchi Flooring/cleaning
Electrical
All Trades
Communal Fans
Environmental
Electric Heating
Window Cleaning
Smoke Alarms
Multi Trades

APPENDIX 3: **Further definition of terms in relation to procurement and contracts**

Source: Communities Scotland Guidance Note 2003/02, Control of Payments and Benefits

Businesses trading for profit: a business trading for profit is one that can distribute its surpluses, profits or capital to its members or shareholders for their personal use.

Person directly concerned in the management: a person is “directly concerned in the management” of a business trading for profit if he or she has the power to make decisions for the business such that there is a real risk that the RSL’s decision to make a payment or grant a benefit to the business could be influenced by the interests of the business.

Principal Proprietor: someone whose degree of ownership is such that there is a real risk that the RSL’s decision to make a payment or grant a benefit to that business could be influenced by that fact. This degree cannot be set at any particular percentage of share ownership or equity partnership – it will depend on the facts of each case. However, a person may be considered a principal proprietor if he/she:

- can vote on questions affecting the management and conduct of the business or its internal constitution;
- has the right to any shares of the business; or
- has the right to any share capital of the business on the winding-up.

A person will not normally be considered a principal proprietor if they have a small shareholding in a large company and in the case of large businesses that operate nationally, such as banks, building societies and public utilities, this condition will only apply to parts of the business with which the RSL has a direct relationship.