



## **FINANCIAL AND VIABILITY POLICY**

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## **1. EAST MIDLANDS SHELTER FOR THE HOMELESS**

1.1. EMSH was formed in June 2016 as a direct result of the current housing crisis and its effect on cheap, affordable housing; for our most vulnerable people in society who are becoming homeless every day. Working in Nottingham we noticed an increase in homeless camp sites daily, the annual homeless watch snapshot survey was carried out by HLG from 22nd Sept - 5th Oct 2014. A total of 536 homeless presentations were recorded across the City and County in a two-week period, 1 in 5 of whom presented were sleeping rough.

## **2. FINANCIAL GOVERNANCE**

### 2.1. Financial Statement

2.1.1. This Policy is designed to help guide the Board and staff of EMSH, on how to operate the organisation when it comes to handling financial decisions. The viability of the association will depend on how we expense the resources; therefore it is important that we manage our financial future with this policy in mind.

### 2.2. Responsibility

2.2.1. It is the responsibility of the finance manager to maintain and update our financial policy. The policy must adhere to general EMSH mission statement and represent the values and objectives of the organisation. The Board will collectively review the document on completion, each member will be given a copy of the document for review.

2.2.2. This policy can only be altered with all board members authorisation in writing.

### 2.3. Internal Reviews

2.3.1. The finance manager will carry out a review of the financial policy on a quarterly basis and will then report to the board any significant findings or faults.

2.3.2. Any recommendations for alteration or improvement of the policy must be put in writing to all Board members

#### 2.4. Authorised Signatories

2.4.1. The Directors will be the authorised signatories for the bank account.

The board may appoint further signatories in the future to best serve the organisation In the event of the director not being available to act as a signatory, up to 5 Directors will be appointed as signatories for relevant financial decisions.

2.4.2. There must always be a minimum of 2 authorised signatories, including the Executive Director.

### **3. NON-REGULATED PROVIDER**

3.1. Any non-regulated provider associated to East Midlands Shelter for the Homeless will have in place effective mechanisms to ensure that standards are maintained in all practice.

3.2. EMSH Board will ensure these non-regulated providers comply with the following:

3.2.1. The organisations will comply with regulatory standards.

3.2.2. The regulatory standards do not compromise non-regulatory elements of the organisation.

3.2.3. Where regulatory standards are not met, assistance will be in place to enable compliance.

3.2.4. The organisation do not financially abuse EMSH's resources.

- 3.3. This is discussed regularly in monthly meetings and fully reviewed at each quarterly board meeting.

#### **4. VIABILITY STATEMENT**

- 4.1. The board of management recognises a responsibility to manage key risks and ensure that all previously set aims and objectives are met as well as ensuring the governance and financial aspects of the organisation.
- 4.2. The board will discuss these aspects in quarterly annual reviews and will hold emergency board meetings wherever necessary to rectify any shortfalls that may occur.
- 4.3. The board will carry out various stress testing scenarios to ensure that necessary arrangements and practises are in place to ensure the organisation remains viable.

#### **5. BOARD RESPONSIBILITIES**

- 5.1. The board of management are responsible for the following:
  - 5.1.1. Policy
  - 5.1.2. Allocation
  - 5.1.3. Health and Safety
  - 5.1.4. Accounting
  - 5.1.5. Budgeting
  - 5.1.6. Data Protection
  - 5.1.7. Asset Protection
  - 5.1.8. Fraud Prevention
  - 5.1.9. Delegation

- 5.2. All aspects of the organisation are vigorously stress tested and adapted to current state of the business, each point will be examined separately.

## **6. BACKUP FILES**

- 6.1. All accounts, share certificates, registers and any other important documentation will be backed up and secured in a fireproof safe. Bank notes must also be secured overnight.

## **7. ASSETS AND STOCK**

- 7.1. A record will be kept and continuously updated detailing all fixed assets and equipment. There will be an annual stock taken for maintenance materials and stationary.
- 7.2. Any assets or stock that is sold or no longer usable will need documenting and signing by the director.

## **8. FINANCIAL PLANNING AND BUDGETING**

- 8.1. The directors will present a business plan to the board annually for development. The directors alongside the board will work towards a business plan that fully represents the business activity of EMSH.
- 8.2. The document will include, a management plan that best represents the practices of the association as well as a budget and financial forecast.
- 8.3. The document will be reviewed by the board quarterly and updated by the Director.
- 8.4. The Board agrees to maintain £2000 at all times in the Association Bank Account to cover any unforeseeable expenditure or several

months-worth of overheads in the case of unforeseen cash flow problems. This will be provisionally provided by the founders.

## **9. QUARTERLY FINANCIAL REPORT**

9.1. A report on finances will be presented to the board on a quarterly basis, it will cover the following:

9.1.1. Expenditure

9.1.2. Charitable Expenditure

9.1.3. Forecast

9.1.4. Investments

9.1.5. Debt

9.1.6. Incomes

9.1.7. Loans

9.1.8. Grants

## **10. CASH RECEIPTS**

10.1. Any cash payments made into the office must be recorded in the 'receipt book' with receipt attached to it.

10.2. The cash itself should be put into a money bag and labelled for future reference.

10.3. All cash must be banked at least once a week. It is the responsibility of the director to do this.

## **11. RENTAL PAYMENTS**

11.1. A record of rental payments must be kept in the office and is to be updated daily. On receipt of rent, the payment will be deducted from the residents account and a receipt will be produced for both EMSH and the resident to refer to in the future.



- 11.2. Any cash payments should abide by the policy for cash receipts detailed in section 10.
- 11.3. At the end of each week, all rental payments are to be accounted for ensuring that the balance is at the amount it should be. The amount of rent received will be compared to the amount of money received.
- 11.4. On confirmation that the two amounts match up the total amount will be accounted and banked on a weekly basis.
- 11.5. It is the responsibility of the both the directors and the board to ensure this consistently occurs. Unless specific requirements are in place, it is the responsibility of EMSH to inform service users of the rent that is due no less than three times per year.

## **12. EXPENDITURE**

- 12.1. It will be the responsibility of both the board and the directors to ensure that expenditure is monitored, scrutinised and within budget. All purchases made must be recorded in the 'expenses folder' in the office along with a receipt attached for the purchase.
- 12.2. All payments above £100.00 must be approved by the Exec Director and in their absence, Board Members. All purchases made must adhere to the policy set out by EMSH and recorded in the quarterly financial report.

## **13. CHEQUE PAYMENTS**

- 13.1. All payments made by cheque are required to have two signatories. In the events of an emergency, EMSH will make exceptions to this.

- 13.2. Blank cheques must not be signed under any circumstances. Any relevant supporting documentation will need to be included with the cheque where required.
- 13.3. Any outgoing payments made by cheque will need a formal request to the director or any board member for approval and must be signed by such an individual before processing the transaction.
- 13.4. It is the responsibility of the person signing to ensure that the amount released matches up to the service/goods that are being purchased.

#### **14. PETTY CASH**

- 14.1. All petty cash will be stored in the safe and will be managed equally between the director and the board. Any money taken must be signed by the recipient of the cash and authorised by a Member of the Board. Petty cash must be reconciled by a Board Member at least once per week.

#### **15. ADDITIONAL SUPPLIERS/CONTRACTORS**

- 15.1. EMSH staff will be granted the opportunity to recommend new suppliers/contractors/service users as well comment on existing partners of the association. Any recommendation must be presented to a member of the board in writing 24 hours before each quarterly board meeting.
- 15.2. The designated member will then share this information with the board whom will discuss the chosen subject. The result of each board meeting on additional suppliers/contractors will be shared with all staff in the quarterly review. This will be available for all members of staff to access in the office in the 'quarterly review' file.

## **16. HANDLING SERVICE USERS MONEY**

- 16.1. EMSH will mainly be working with adults who are classed as vulnerable and therefore will offer service users the opportunity to allow the association to handle money on their behalf.
- 16.2. Any money that belongs to service users transferred into the management of EMSH will be documented and signed by either the service user or their next of kin and a member of staff.
- 16.3. A copy of the receipt for the purchase will also be given to the service user.
- 16.4. All purchases made by EMSH on behalf of service users will be recorded and a reimbursement request will be sent out to either the service user or their representative.

## **17. INVESTMENT POLICY**

- 17.1. East Midlands Shelter for the Homeless will follow a strict investment policy and will only consider investment for the following:
- 17.2. A minimum of £100,000.00 in current, deposit and MM accounts with Barclays Bank. (Maximum - £1,000,000.00)
- 17.3. Common Investment Funds – initial investment up to and no greater than £500,000.00
- 17.4. Charitable Investments E.g. Charities Aid Foundation. (maximum of £2,000,000.00)
- 17.5. The authorised signatory on any account must be consistent. This will require a standard authorised signatory to be assigned. This will be the

Executive Director whom will be responsible for the completion on all investments.

17.6. It will be the responsibility of both the Exec Director and the Board to make decisions on investment. The Director and all Board Members will act within the terms of this Investment Policy with authority delegated to the following:

17.6.1. Within the terms of this Policy, the Board will have the authority to open bank accounts, move funds and make investment decisions.

17.6.2. Within the terms of this Policy, the Director may move funds between all Barclays bank accounts.

17.6.3. Within the terms of this Policy, the Director will authorise recommendations made to the Board by completing a staff 'comment card' and submitting that to a board member 24 hours before the quarterly board review. A printed copy of the recommendation will be held on file and will be kept in the 'board meetings' file.

17.6.3.1. The recommendation must include:

17.6.3.1.1. A cover letter detailing the proposition and the decision that the board is required to make.

17.6.3.1.2. A record of previous investments.

17.6.3.1.3. Information on Interest Rates

17.6.3.1.4. Maturity Schedule

17.6.3.1.5. Cash Flow

17.6.4. The report will be submitted to the board prior to the quarterly financial review including all relevant investments throughout this period.

## **18. AMENITY FUND**

18.1. The amenity fund is designed to support the welfare of service users of East Midlands Shelter for the Homeless. This could include anything from products, goods and services and serve the non-legal requirements of the organisation. This includes the following:

18.1.1. Furniture and equipment for social purposes E.g. Garden furniture, additional seating, décor etc.

18.1.2. Social Outings: Cost of transport, food, tickets, clothes, materials etc.

18.1.3. Seasonal Contributions: Funds for Christmas dinner, decorations etc.

18.2. Board contributions: The board may decide to transfer funds from general reserves to the amenity fund.

18.3. Donations: Money donated to the association whom have expressed a desire for the money to be used for non-essential purposes to improve the welfare of service users. (Activity, leisure, entertainment etc.)

18.4. The board will decide on the use of amenity fund at each quarterly review. (Any expenditure from the amenity fund must be approved by the board.)

## **19. MANAGEMENT STRATEGY**

19.1. East Midlands Shelter for the Homeless' Asset Management Strategy is regarding the long term planning and provision of the organisation ensuring that we deliver a sustainable programme in order to comply with our mission statement, which is present in our Governance policy.

- 19.2. The Asset Management Strategy outlines how we are going to manage our assets in line with our objectives for the organisation. It details how we will achieve value for money in maintaining our current assets as well as investing in additional assets. This will ensure that we are fully prepared for any developments or changes in circumstances in the future E.g. repairs, improvements etc.
- 19.3. With the cost of living ever rising, the demand for social housing increases. However, there has been a growth in the amount of housing providers in Nottingham and therefore we will continuously seek to improve our services to become one of the main housing associations in the East Midlands. To achieve this, we have set ourselves a target to provide:
- 19.3.1. Safe Environment: We want all service users to reside in a healthy and safe environment. To achieve this, we will ensure that we meet health and safety rating standards, own and present certification for gas, electric and water and ensuring all homes are secure and water tight.
- 19.3.2. Provide Additional Comfort: In all homes, we will provide sufficient heating, insulation and ventilation as well as maintaining the property in good repair internally and externally.
- 19.3.3. Cost Efficiency: In all homes, we will ensure that each property remains cost efficient. This involves identifying any potential expenses that may occur in the future and budgeting for them in advance. If future repairs on the property are set to be too high, this will prove to be a bad investment and in these incidents, under the agreement of both the directors and the board, EMSH will most likely pull out. For existing properties, if the running costs prove to be too high, the option of ending the lease early will be discussed.

## **20. STATEMENT OF CURRENT BUSINESS PLAN (BP)**

- 20.1. This Business Plan details the key aims and objectives of East Midlands Shelter for the Homeless CIC. They have been formulated to provide an agenda for the organisation as well as making clear the direction to which we would like to go in, being a provider of social housing.
- 20.2. This document supports the financial and governance policy set out by EMSH and adheres to all government guidelines set out by the Housing and Regeneration Act. Our Board of Management have been fully present in the development of the business plan contributing to such aspects as strategy, growth and finance.
- 20.3. In producing this information, we considered business planning from three housing association whom share the same/similar aims and objectives to that of EMSH. Between the Nottingham City Homes Business Development Strategy, Nottingham City Councils Housing Revenue Account Business Plan and ACIS Group Business Plan 2015-2018, we have gathered a substantial amount of information and research assisting in the full development of the business plan ensuring that EMSH remain sustainable as a provider of social.
- 20.4. EMSH believes these current housing associations to be satisfactory for us to base our business plan on for the following reasons:
- They are in a similar area to where EMSH operate therefore are prepared and have plans in place concerning similar geographical matters such as rental rates and local institutions
  - They are all much larger than us therefore our plans are future proof if we were to expand at any rate in the future

- They have the same business model aims and objectives as EMSH

## **21. BP AIMS**

- 21.1. To offer the homeless in Nottingham with a choice of accommodation within our resources.
- 21.2. To provide a fair, open and accountable service.
- 21.3. To provide accommodation under the Homelessness Act (2002) and Housing and Regeneration Act 2008
- 21.4. To ensure that EMSH adheres to all government guidelines and regulators standards.

## **22. BP OBJECTIVES**

- 22.1. Direct applicants to the appropriate local organisations where specialist advice is needed.
- 22.2. To provide a clear and positive attitude to social housing and accommodation for the homeless.
- 22.3. Alter the service provided for each service user meeting their specific needs as well as that of the partner organisations.
- 22.4. To empower the homeless and provide publications in English language, have translations, large print and reading facilities for service users/ tenants.
- 22.5. To address the housing needs of the homeless in Nottingham.



- 22.6. To increase understanding of homelessness and how to prevent it.
- 22.7. Set out a clear standard for the service we provide so all users are aware of what to expect.
- 22.8. Have a transparent process in which all decisions reflect our policy and all decisions are given in writing so that we can audit the policy and make the necessary changes.

**23. RISK ASSESSMENT**

Objective	Risks	Actions
Direct applicants to the appropriate local organisations:	<ul style="list-style-type: none"> <li>- Not available to service user.</li> <li>- Service user unwilling to cooperate</li> <li>- Demand too high</li> </ul>	<p>Liaise with local authorities identifying the reasons why.</p> <p>Inform the organisation in question and request they assist in the case.</p> <p>Contact alternative services to arrange the appropriate care.</p>
Alter service to suit tenants needs:	<ul style="list-style-type: none"> <li>-No way of the service being altered.</li> <li>-Difference in opinion between EMSH and the service user.</li> </ul>	<ul style="list-style-type: none"> <li>- Provide care under a standard structure and consider alternative services.</li> <li>Seek advice on the legal grounds for social housing. Seek advice from local authorities as to what options are available.</li> </ul>
Provide publications to service users:	<ul style="list-style-type: none"> <li>-Information could be misinterpreted.</li> <li>-Service user unable to read.</li> </ul>	<p>Work with service users in understanding the content of the publication before presenting.</p>
Provide staff with a high level of understanding of homelessness:	<ul style="list-style-type: none"> <li>-The appropriate level of staff training not achieved.</li> </ul>	<p>Hold a 'training week' with all new members of staff ensuring that they are knowledgeable and understand government restrictions and EMSH policy.</p>
Operate a transparent process which reflects our governance and financial policy:	<ul style="list-style-type: none"> <li>-Policies become outdated.</li> </ul>	<p>Annual review of both governance and financial policy and CODE of governance</p>
Set out a clear standard to allow service users to better understand the process:	<ul style="list-style-type: none"> <li>-Lack of understanding from service user</li> </ul>	<p>Procedures to be relayed to all new service users before signing up to EMSH. Involve local authorities/councils where necessary and support groups.</p>

## 24. Key Financial Risks

### 24.1. Change of Benefits Structure

24.1.1. During year one, two and three, a large proportion of EMSH rental income will be housing benefit. With a percentage of housing benefits under schemes such as Universal Credit going straight to the tenant, there is an increased risk of EMSH not receiving rental payments for many service users. This would have a dramatic effect on cash flow and may ultimately result in other services being compromised to meet our objectives under standards set by the board of management.

24.1.2. To prevent this from occurring, the board have devised a structure that will put preventative measures in place to reduce the risks identified. During year one and two, we plan to include in our policy a condition that the service user must agree to payments being made directly to EMSH. This will be administered under the standard method of completing a 'Direct Payments to Landlord' form and submitting this to the local council. This will ensure that there will be minimal issues with cash flow and will not pose a risk to the general running of the housing association.

### 24.2. Maintenance Costs Too High

24.2.1. As EMSH grows and more properties are let with more service users in those properties, there is a great risk of maintenance costs being too high during any given month during the calendar year. For example, during one week three properties could have central heating damage in one week. If such an event was to occur, the capital would not be available to give full repair to all three properties, resulting in the properties being deemed hazardous due to cold and out of use until funds become available, this will affect the Home standards we must

abide to. This would have a dramatic effect on the finances of the organisation and could potentially result in the organisation under great financial stress.

24.2.2. To prevent financial stress from occurring, EMSH will put in a strict maintenance regime in which properties are checked monthly from both structural damage to minor improvements. This will be managed by the 'head of maintenance' whom we plan to hire during year two. During year one, maintenance of properties will be ran by the Board until such a position is filled.

24.2.3. To reduce this risk we are only going to be leasing properties which already have HMO Licenses, this is to ensure that the properties we lease are to a suitable standard and we will negotiate with the landlords a maintenance plan with-in the leases contract. Pre assessment and regular monitoring and checking the properties is vital to making aware of any maintenance problems that could potentially occur in the future.

### 24.3. Fund raising

24.3.1. By the end of year one, we aim to become a self-sufficient fully functioning housing association without the need of financial support from any local funding source or 3<sup>rd</sup> party investment. This will be made possible using Dr Khamba's business relationships and industry knowledge. This will enable to EMSH to provide supported accommodation to service users without the need for bank loans or any other funding sources.

24.3.2. During year two, we plan to hold a meeting amongst board members to discuss the possibility of funding and how this would prove to be benefit or detriment to the long-term development of EMSH into

year two and three. Failure to receive such funding could have a damaging effect financially.

24.3.3. Dr Khamba has donated £1500 to EMSH to help start us with our first lease. This is a one off donation and carries no terms of repayment

#### **24.4. Administrative Errors Resulting in Benefits Not Being Paid**

24.4.1. Under certain bands of EMSH's Allocation policy it will be the responsibility of the service users to managing their own application for benefits. This may result in errors occurring during that process which will halt the application from being processed, thus becoming a service user with EMSH.

24.4.2. This could result in lettings being vacant for extended periods of time providing no income to the organisation and could have a harmful effect on cash flow. To remedy this, we will include in our policy that during year one and two, an agreement between EMSH and the service user that we will organise permission for us to speak to their respective benefits office on their behalf

24.4.3. This will not only reduce the risk of cash flow being harmed but also provide security for the service user that their application is being managed. This will be administered under the standard method of completing a 'Authority to Disclose' form and submitting this to the local council.

#### **24.5. Cost of Utilities**

24.5.1. We will constantly look at obtaining the cheapest utility costs by using comparison websites and making sure we have a minimum of at

least 5 quotations. The board will discuss these utilities and then choose the most reliable service provider.

#### 24.6. **Cleaning Costs**

24.6.1. Cleaning of properties is essential as to help with identifying property issues that can potentially occur but to also maintain the service user a good level of social hygiene. Cleaning will be done by a reputable company, with reference enquiries made to the standard of work they perform.

### 25. **RISK MANAGEMENT FRAMEWORK**

25.1. EMSH has agreed upon a risk management policy which states: “EMSH recognise the importance of risk management and will do the utmost to ensure that full measures are put in place to prevent the occurrence of anything socially or economically hazardous to both service users and our organisation.” (Michael Comerford, 2016)

25.2. In practise, EMSH have developed a comprehensive risk management plan comprised of a fully robust structure and policy driven procedure as well as comprehensive insurances which will make up our Risk Management Strategy.

25.3. We understand that it is impossible to prepare for every eventuality, however we plan to hold meetings amongst the board of management monthly and will include in that meeting, a discussion on our Risk Management Strategy and what has changed since the last discussion was held. We will change our living document according to these meetings.

25.4. **Specific Areas Covered:**

- 25.4.1. Board Control
- 25.4.2. Compliance with Legislation
- 25.4.3. Development
- 25.4.4. Housing Management
- 25.4.5. Housing Maintenance
- 25.4.6. Financial Management
- 25.4.7. Insurances
- 25.4.8. Human Resources (HR Issues)
- 25.4.9. Equality & Diversity
- 25.4.10. Health & Safety
- 25.4.11. Staff Security
- 25.4.12. Security of Buildings and Assets
- 25.4.13. Business Strategy
- 25.4.14. Unforeseen events
- 25.4.15. Business Continuity

**26. RISK ASSESSING**

26.1. Risks are assessed and given a rating of between 1 (low) to 3 (high) for two categories; 'impact' and 'likelihood of occurring'. The two scores are multiplied and make up the following results:

<b>Score</b>	<b>Risk</b>
1 to 3	Low Risk
4 to 6	Medium Risk
7 to 9	High Risk

26.2. Risk ratings are assessed quarterly by the board of management and

by year three will be managed by the newly appointed financial team.  
All medium and high risks will be reported and documented and will be  
paid immediate attention.

## 27. Financial Forecast

27.1. Please see the independent financial forecast produced by Brampton  
Group Limited