

Model entitlements, payments and benefits policy with accompanying guidance notes

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Contents

1. <u>Introduction</u>	p1
2. <u>What is the Model EPB Policy?</u>	p1
3. <u>How to use the Model EPB Policy</u>	p2
4. <u>Declaring and Managing Interests</u>	p3
5. <u>Use of Contractors</u>	p4
6. <u>Awarding contracts to connected people</u>	p4
7. <u>Participation in Meetings</u>	p6
8. <u>Financial Limits</u>	p6
9. <u>Registers</u>	p7
10. <u>Safeguards</u>	p8
11. <u>Reporting</u>	p8
12. <u>Notifiable events</u>	p9
13. <u>Key principles and aims</u>	p9

Appendix A: [Model Entitlements, Payments and Benefits Policy](#) p11

1. Introduction

This guidance supports the SFHA Model Entitlements, Payments and Benefits (EPB) Policy, which was updated in January 2026. SFHA commissioned Linda Ewart to draft the revisions on our behalf.

The update followed a comprehensive review process, which included:

- A survey of all SFHA members
- Consultation with a working group of SFHA members
- Input from the Scottish Housing Regulator

SFHA would like to acknowledge and thank all who contributed to this process.

The model EPB policy aims to support RSLs in conducting their affairs openly and accountably. It also supports compliance with the Regulatory Standards of Governance and Financial Management, specifically Standard 5: *“The RSL conducts its affairs with honesty and integrity”*. It is important to emphasise that the model policy aims to *protect* RSLs and their people by ensuring that, in most circumstances, if a connected person is entitled to receive something from the RSL, they are able to. The policy is intended to ensure that a connected person should not be unfairly disadvantaged because of their role with the RSL; equally, a connected person should not benefit unfairly from their involvement. Declaring interests openly and managing them transparently are critical elements of good practice and key requirements of the model policy.

The guidance consists of the Model Policy ([Appendix A](#)) and supporting guidance on how the model can be implemented. SFHA has published separate guidance on [the Registers that RSLs should maintain](#), including those relevant to EPB: where relevant, this guidance refers to the relevant registers and guidance.

2. What is the Model EPB Policy?

Each RSL has a constitutional requirement to maintain a policy on payments and benefits¹ and for GBMs to make an annual declaration of any personal or other interests that are relevant to their role with the RSL²

The 2024 Regulatory Framework contains specific requirements relating to managing interests and payments and benefits:

¹ SFHA Model Rules 38.1 *“The Committee shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Association or serves on the Committee or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In making any payment or conferring any benefit the Association shall act at all times with transparency, honesty and propriety.”*

² Model Rules 38.2

Regulatory Standard 1.6 states that “*Each governing body member always acts in the best interests of the RSL, its tenants and service users, and does not place any personal or other interests ahead of their primary duty to the RSL*” and Standard 5.4 states that: “*Governing body members and staff declare and manage openly and appropriately any conflicts of interest and ensure they do not benefit improperly from their position*”

Additionally, SHR’s constitutional standards require RSLs to have “a clear process to identify and address any conflicts of interest”³ which reflect Rule 38.1. Using the Model ([Appendix A](#)) allows RSLs to comply with the Regulatory Standards.

The policy applies to:

- everyone who is employed by the RSL,
- those involved in or responsible for its governance and
- those who undertake a volunteering role.

It covers the following topics:

- Managing interests held by people the policy applies to
- People closely connected to those to whom the policy applies
- Use of the RSLs contractors/suppliers by those the policy applies to

3. How to use the Model EPB Policy

As with all of SFHA’s model documents, the Model EPB policy is not intended to be prescriptive. The Model can be tailored to meet the particular circumstances of individual RSLs: when considering amendments, members should be mindful of regulatory and constitutional requirements and good practice. Amendments do not require either regulatory or the SFHA’s approval – but members should be able to explain why the model has been varied or why alternative provisions have been preferred, if asked by the SHR.

Generally, amendments made to an RSL’s policy that is based on the SFHA Model should not have the effect of permitting something (a payment or benefit) that is not permitted by the Model, unless specific circumstances apply (e.g. in remote rural areas).

Where financial values are identified in the Model, these should be regarded as guideline maximum sums, rather than recommendations. Individual RSLs are free to set their own values which can be lower but should not normally exceed the sums set in the Model. SFHA revises its guidance and models on a three-yearly cycle: this means that financial values may seem less relevant over time. RSLs may choose to implement an annual uprating, linked to e.g. business planning or budget assumptions to ensure that EPB values are maintained. Any agreed uprating mechanism should be

³ Regulatory Framework (2024) Constitutional Standard 23

set out in the EPB policy and the amount approved annually as part of the budget approval process.

In some circumstances, making a payment and/or conferring a benefit on an employee may incur a tax liability: RSLs are advised to seek advice from their auditor.

The Model will require some 'customisation' by individual RSLs to meet your specific circumstances (e.g. in terms of references to the governing body, listing the policies which are relevant/connected to the EPB and appending the list of 'approved' contractors). At several points square brackets are included as a prompt to insert details pertinent to your RSL, e.g. [XXHA].

4. Declaring and Managing Interests

The 2025 Model is heavily based on the 2021 version. As well as covering entitlements, payments and benefits (EPB), the Model deals with declaring and managing interests – a fundamental tool to evidence transparency, propriety and accountability.

The purpose of openly declaring interests is to safeguard individual governing body members and staff against allegations of impropriety or misconduct. Maintaining an up-to-date register of interests enables any potential conflicts to be identified and managed appropriately.

It is important to emphasise that identifying and declaring an interest does not inevitably establish that there is a conflict (either actual or potential). It does ensure that there is transparency: this can be critical in demonstrating that situations have been managed properly and informed decisions have been taken objectively. This is especially important when considering tenants who are GBMs or staff with their landlord. The core principle of EPB is to ensure that an individual is neither denied something they are entitled to, nor do they personally benefit inappropriately from their role with the RSL. For the avoidance of doubt, GBMs who are tenants should not be excluded from discussion or decision-making about matters that affect all or a substantial proportion of the RSL's tenants, including the annual rent increase. It is only where an individual tenant GBM is personally involved in a discussion (e.g. decant arrangements in a retro-fit or remedial project) that they would be required to withdraw from discussions and the decision-making process.

Similarly, it is only where an individual tenant who is affected by the EPB policy receives a payment or benefit or service that is not provided / available to all or a substantial number of tenants that it would require to be included in the Register. For example, receiving a universal payment to help with heating costs should not be regarded as an individual benefit that is connected with the tenant's role as a GBM or member of staff; consequently, it does not need to be recorded (the tenancy should already be recorded, of course).

5. Use of Contractors

There has been considerable debate over the years about the application of the provisions relating to an RSL's 'approved' contractors i.e. those businesses which provide goods or services. If one of 'our people' contracts with one of these suppliers for their own use, there is a potential risk of a perception being created of impropriety or inappropriate benefit. Consequently, the EPB requires any unavoidable use to be declared⁴.

It is important to emphasise that there are no restrictions applicable to the use of large contractors or suppliers (e.g. banks, major retailers such as Amazon), utilities (energy and phone/internet providers) or in respect of routine purchases (e.g. sandwich shops).

Similarly, the policy makes provision for unavoidable use e.g. in emergency or in the case of specialist providers or where there are no suitable alternatives. It is important to be clear that there has to be a pragmatic and realistic approach taken to achieving – and demonstrating – that no one is either unfairly advantaged or disadvantaged by their connection with an RSL. Where it can be demonstrated and evidenced that it is reasonable, in all the circumstances of the specific situation, that a contractor or supplier is used, the register should contain the necessary information to support the decision and action taken, including the steps taken to manage the situation.

For example, in recognition of the unique circumstances that rural and islands organisations operate under, the Highlands and Islands Liaison Group developed a variation to the policy to reflect the limited supply of contractors in those areas.

6. Awarding contracts to connected people

Within the table at Section 6 of the Model EPB policy, clauses 6.23 and 6.24 relate to entering into a contract with a contractor or service provider where one of your people, or someone closely connected to them, has significant control. These clauses highlight what is (or is not) permissible under these circumstances. These clauses have been developed with the input of further legal advice.

What is (or is not) permitted depends on whether or not the contract is within the scope of public procurement legislation. The relevant items of public procurement legislation in Scotland are:

- the Procurement Reform (S) Act 2014; and
- the Public Contracts (S) Regulations 2015.

There are certain types of contract that are excluded from the scope of that legislation, but otherwise their application is determined by financial thresholds. The relevant

⁴ SFHA Model Rules (2020) Rule 38.1 refers to the association's policy on permitted payments and benefits

thresholds⁵ as to whether a contract is within the scope of public procurement legislation are noted below:

- the Procurement Reform (S) Act 2014 applies to public works contracts with a value of £2m or more (ex VAT), and to other public contracts with a value of £50,000 or more (ex VAT);
- the Public Contracts (S) Regulations 2015 apply to public supply contracts and public services contracts with a value of £173,100 (ex VAT)⁶ and public works contracts with a value of £4,327,500 (ex VAT).

6.1 When a contract is within the scope of public procurement legislation

Where a contract is within the scope of public procurement legislation, Clause 6.23 of the model applies. This outlines that, where a bid is received as part of a public procurement exercise from a bidder that one of your people has a significant interest/control in, the legislation limits the circumstances in which the bid can be excluded due to the potential conflict of interest. Whilst the procurement legislation contains provisions relating to conflicts of interest, a bid cannot be excluded when there are less intrusive measures to manage any conflict. If consideration is being given to excluding a bid because of the involvement of a connected person, specific legal advice should be obtained.

Possible measures are outlined at Clause 6.23, including: ensuring that any person connected to a likely bidder plays no part in the development of the terms of the procurement exercise prior to it being advertised; and ensuring that no connected person is involved in the procurement process (including specification of the contract requirements or decision to award the contract). If these steps are followed, subject to the particular circumstances, that would generally satisfy the requirements of procurement legislation relating to conflicts of interest and there would be no legal basis to exclude the bid.

If such a bid is accepted, Regulatory Standard 5.4 (*“Governing body members and staff declare and manage openly and appropriately any conflicts of interest and ensure they do not benefit improperly from their position.”*) must be complied with in respect of the ongoing management/oversight (and delivery) of the contract. The RSL must therefore consider how it will manage any such conflict of interest that may exist in the management of the contract going forward.

The best method of ensuring no conflict at this stage would be to ensure that the person with the connection is not involved in the management of the contract moving forward.

⁵These procurement thresholds apply from 1 January 2026 until 31 December 2027 when they will be subject to potential further amendment.

⁶ Note that this threshold increases to £552,950 (ex VAT) for the types of services listed in Schedule 3 of the Regulations (social and other specified services).

6.2 When a contract is not within the scope of public procurement legislation

Clause 6.24 of the model applies where a contract **is not** within the scope of public procurement legislation. In these circumstances, the contract can only be awarded if:

- There is no reasonable alternative (e.g. because of geography or the specialist nature of the goods/services)

and

- The connected person is not involved in any part of the procurement process or decision or management or delivery
- The appointment is approved by the Governing Body which is satisfied that the appointment is reasonable in the circumstances

7. Participation in Meetings

The SFHA Model Rules 2020 contain a provision which requires governing body members to withdraw from a meeting where a matter in which they have an interest is being discussed and to play no part in the decision-making⁷.

Recognising that governing body members bring a wider range of knowledge and experience to their role, there can be situations where it is helpful for the governing body members to seek information from a member about something that they are knowledgeable about (because of their declared interest). In all situations, it is essential that the interest is openly declared and recorded at the start of the meeting but it is entirely reasonable for the governing body to seek factual information, clarification etc. before the governing body member leaves to allow discussion and consideration of the issue to take place and a decision to be made.

Where meetings are being conducted virtually, technological constraints may make it difficult for someone to leave and re-join a meeting. In these circumstances, any matters in which a GBM has declared an interest should be deferred until the end of the agenda to allow the member to leave and, therefore, not play any part in the discussion or decision-making.

8. Financial Limits

SFHA's Model EPB Policy includes a list of payments and benefits which can be permitted and also identifies acceptable values for them. As described at Section 3, these sums should be treated as being limits or ceilings rather than prescribed sums: an individual RSL can set a lower amount but should be able to justify exceeding the value that is indicated in the model policy.

Many RSLs make donations to charities and voluntary/community groups: Rule 79.2 requires that there is a policy in place that is kept under review and that donations,

⁷ SFHA Model Rules (2020) Rule 38.2

which must support the objects of the RSL, are reported to members. A budget should be set for charitable donations and information provided to members e.g. in the annual report about how the budget has been spent.

The Model Policy allows for gifts to be accepted that exceed what is permitted if offence would be caused by declining – but only if the donor is advised that the gift will be raffled for charity. Many RSLs have annual charity fundraising activities, some of which may include raffles. If gifts are to be raffled, it is important to check with your local council if a license is required.

9. Registers

SFHA has produced a [model Schedule of Registers](#) to support RSLs. The Schedule describes what should be recorded but it is important to recognise that individual RSLs are likely to maintain the required information in different formats and in different ways. Neither the Schedule nor this guidance are intended to be prescriptive, although legal and regulatory requirements must, of course, always be followed.

Registers must be kept up to date – and not simply reviewed and amended/updated once a year. Periodic, regular reminders to everyone affected will help to ensure that the potential for overlooking the need to update a register is minimised. The SFHA Model Schedule of Registers provides guidance on the registers that an RSL should maintain.

Clearly, RSLs must ensure that the data that they hold, including in registers, is accurate and is held for a legitimate purpose: requiring employees and GBMs to declare/disclose relevant personal interests is a legitimate requirement and the information included in registers should be covered by your Privacy Policy.

Registers should be monitored, not just maintained. When creating and maintaining the registers to support the implementation of the EPB policy, it is important to minimise the potential for uncertainty. Consequently, it is recommended that multiple registers are avoided. SFHA recommends that not more than two registers are established to support the EPB: one relating to Entitlements, Payments and Benefits (including all gifts, hospitality, non-contractual payments) and a Register of Interests. It is not recommended that separate or multiple registers are maintained for gifts, hospitality, payments, benefits etc as to do so risks creating uncertainty about where/if something should be recorded. One register for all such declarations is more secure and reliable.

Maintaining the register(s) should be a specific responsibility of a designated member of staff. The officer should liaise with the Chair and the senior officer/line managers to ensure that effective management of potential conflicts is in place and to ensure that declarations are made timeously and accurately. Additionally, the officer should be responsible for ensuring that the register(s) is reviewed at least annually by the Chair and senior officer and that this is reported to the governing body.

10. Safeguards

It is important to identify and manage potential risks to the RSL's compliance with regulatory requirements. In the context of EPB, this means asking for information to be provided by people applying:

- for a tenancy
- for employment
- to join the [**Board/Committee**]
- to be a shareholding member
- and by anyone responding to a tender or other contractual opportunity

Tenancy and employment application forms should include a question about whether the applicant is closely connected to a member of staff or the [**Board/Committee**] and, if so, to identify them and the connection.

[**Board/Committee**] recruitment processes should require a declaration from applicants that they are eligible to join the [**Board/Committee**], based on Rule 43⁸ and should also require that any connection to a current or recent (within last 12 months) staff or GBM is declared.

Tender documents should require similar information to be disclosed by the tenderer in respect of any connection between anyone involved in the procurement or subsequent management/delivery of the contract and anyone connected to the purchasing RSL.

11. Reporting

Rule 68⁹ of the SFHA Model Rules 2020 requires that the Secretary makes a report to the last meeting of the governing body before the AGM confirming that all minutes of general meetings, governing body and sub-committee meetings have been approved and that the Shareholders' Registers and Seal Register have been accurately maintained.

It is recommended that, either separately or as part of this report, the governing body should receive confirmation that the Chair has reviewed the Register(s) of Interests and EPB. This should be evidenced by the Chair signing the registers as confirmation of the review. Consideration can be given to including in such a report additional governance information such as e.g.

- governing body attendance throughout the year
- participation in training (both governing body and staff)
- the incidence of using approved contractors

⁸ SFHA Model Rules (2020) Eligibility for the Committee

⁹ SFHA Model Rules (2020) Rule 68: At the last Committee Meeting before the annual general meeting, the Secretary must confirm in writing to the Committee that Rules 62 to 67 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Committee Meeting.

In addition to evidencing compliance with constitutional requirements, an annual report will form part of the evidence you collect towards developing your Annual Assurance Statement and is a helpful tool for the governing body to monitor e.g. how well requirements are met relating to ongoing training, ensuring that members are equipped to fulfil their role and that the senior staff have the skills, knowledge and experience necessary to deliver the organisation's objectives¹⁰.

12. Notifiable Events

The Model EPB Policy supports SFHA's members to comply with Regulatory Standard 5 and Constitutional Standard 23; it is linked to the Model Codes of Conduct for GBMs and Staff. A material breach of an RSL's EPB policy should be notified to the SHR as it potentially constitutes a breach of the relevant Code of Conduct and/or Regulatory Standard 5. Whilst it is not possible to be specific, an example of a breach that is unlikely to be material might be an isolated omission/failure to register a gift or benefit (under £70) in the relevant Register; a material breach would include appointing a connected person to a role that the EPB policy does not permit.

13. Key principles and aims

In summary, the following are the key principles of the Model EPB Policy at [Appendix A](#):

- Demonstrates integrity and protects RSL and its people
- Requires relevant interests to be declared, registered and managed
- Ensures no unfair advantage or disadvantage because of connection to RSL
- Evidences openness, transparency and accountability
- Identifies and manages actual and potential conflicts of interest
- Permits declared occasional gifts and hospitality (up to £70 / £120)
- Prevents employment of anyone who is or has been a GBM in the last 12 months
- Prevents employment of anyone closely connected to a GBM or CEO
- Prevents election / co-option of GBM closely connected to employee

The table on p10 provides an overview of what to aim for and what to avoid when using the Model EPB policy.

¹⁰ Regulatory Standard 6; 6.5, 6.7

Aim to	Aim to Avoid
<p>Identify organisational / departmental responsibility for EPB – ‘trusted adviser’¹¹</p> <p>Ensure that everyone is familiar with EPB requirements and restrictions</p> <p>Ensure all registers are regularly updated</p> <p>Maintain awareness of individual responsibilities e.g. reminders in staff bulletins; highlight at 1:1s / appraisals/ annual Code of Conduct signing</p> <p>Provide targeted training / support to managers and office bearers</p> <p>Ensure all relevant documentation includes ‘connected people’ declaration (recruitment/GB nomination/ procurement/contracts)</p> <p>Include annual refresher sessions in core training for staff and GBMs</p> <p>Ensure easy access to information about requirements etc. (e.g. intranet)</p> <p>Make periodic reports on the impact of EPB to GB to support compliance and assurance</p>	<p>Confusion / uncertainty</p> <p>Gaps in information</p> <p>Complex reporting arrangements</p> <p>Out of date registers</p>

¹¹ Designated staff able to provide guidance on application of EPB requirements