

SOUTH LAKES HOUSING

CODE OF GOVERNANCE



Code of Governance

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SOUTH LAKES HOUSING CODE OF GOVERNANCE

1. INTRODUCTION

- 1.1 South Lakes Housing ("the Organisation") seeks to conduct all its activities in accordance with the following Core Values:-
- i. Equality of opportunity in the provision of services and employment
 - ii. Effectiveness and efficiency in all areas of our work
 - iii. Openness, transparency and accountability in our style of operation
 - iv. A tenant led organisation that values input from tenants
 - v. Commitment to customer care and to all our stakeholders
 - vi. Respect for all tenants and leaseholders, staff and Board Members
- 1.2 This code is based upon the Memorandum and Articles of Association of the Organisation and addresses wider issues of governance. The Organisation will set out in its annual report a statement of compliance with the Code.
- 1.3 This Code for the Organisation will be reviewed annually by the Board of Directors.

2. MEMBERSHIP OF THE ORGANISATION

- 2.1 The Organisation is registered with the Registrar of Companies as a Company Limited by Guarantee and not having a Share Capital. South Lakeland District Council is the only member of the Company. The Organisation is a Local Authority Controlled Company within the meaning set out in the Local Government and Housing Act 1989.

3. THE CONSTITUTION OF THE BOARD

- 3.1 The constitution of the Board of the Organisation is set out in the Organisation's Articles of Association. This provides for a Board of Directors consisting of up to 12 Board Directors and 2 co-opted Board Directors as follows:
- (1) up to 4 Local Authority Directors nominated by the South Lakeland District Council;
 - (2) up to 4 Tenant Directors (which includes both Secure Tenants and Leaseholders);
 - (3) up to 4 Independent Directors.
- 3.2 The Directors of the Organisation and Board Directors are one and the same. The appointment of Board Directors for each class is described below.
- 3.3 The appointment of Board Directors is set out in the Articles of Association and is summarised:-

- 3.3.1 South Lakeland District Council have the right to appoint or remove the Council Board Directors at any time although it is expected that the Council Nominated Directors will hold office for a 3 year term after the initial rotation process has been completed. At the second and subsequent AGM one Council Board Director shall retire and at the third AGM two shall subsequently retire.
- 3.3.2 The Tenant Board Directors will be elected through a process of direct or indirect election. The Board has agreed that Tenant Board Members will be elected onto the Board through elections conducted by the Tenants' Committee. The Independent Board Directors will be chosen by the other members of the Board.
- 3.3.3 The Tenant Directors and Independent Directors will retire by rotation in accordance with the arrangements set out in the Articles i.e. at the second and subsequent AGM one Tenant Director and one Independent Director shall retire and at the third AGM two Tenant Directors and two Independent Directors shall retire.
- 3.4 All Board Directors share responsibility for the Board's decisions and should act only in the best interests of the Organisation and for the benefit of the community and not on behalf of any constituency or interest group.
- 3.5 All Directors of the Organisation are bound by the obligations set out in the Organisation's Memorandum and Articles of Association and in any rules made under the Articles. They shall cease to be a Director in the circumstances set out in the Articles.
- 3.6 Board Directors should collectively possess the qualities required to take decisions and monitor the Organisation's performance. In order to discharge its responsibilities effectively, the Board needs continually to ensure that it has experience and understanding of:
- i. the housing needs to be met by the Organisation;
 - ii. general business skills, including the management of staff and property;
 - iii. finance;
 - iv. tenants' issues and concerns;
 - v. community relations and needs, including equal opportunities;
 - vi. development and building; and
 - vii. legal matters.
- 3.7 The Board will conduct an annual review of its own strengths and weaknesses in order to satisfy the above requirements. A skills audit will be actioned as part of this annual review.
- 3.8 In the case of Independent Board Directors, steps will be taken, as necessary, to identify potential Board Directors. Advertising will be used to secure a wide choice of candidates.
- 3.9 Each Board Director will be given a letter of appointment, specifying the obligations of Board membership, including a copy for them to sign and return. Board appointment will include obligations to:-
- (i) uphold the Organisation's aims, values, objectives and policies;

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- (ii) agree the Annual Delivery Plan with the South Lakeland District Council;
- (iii) contribute to and share responsibility for the Board's decisions;
- (iv) attend meetings, training sessions and other events, and to prepare for these as appropriate;
- (v) represent the Organisation on occasions;
- (vi) declare any relevant interests and to refrain from voting or influencing any decision where interests may be seen to conflict;
- (vii) respect confidentiality of information; and
- (viii) uphold the Code of Governance of the Organisation.

3.10 The Board will ensure that all new Directors receive induction training and that effective ongoing training arrangements are made to enhance the skills and motivation of all Board Directors.

4. FUNCTIONS OF THE BOARD

4.1 The main role of the Board is to direct the affairs of the Organisation in accordance with its objects, i.e. to determine strategic direction and policies. Management, i.e. the implementation of the Board's policies, is delegated to the Organisation's paid employees.

4.2 The essential functions of the Board are formally recorded in the Organisation's Articles of Association and its standing orders. The Board's main functions include duties to:

- (i) define and ensure compliance with the values and objectives of the Organisation and ensure that these are set out in each annual report;
- (ii) establish strategies, policies and plans to achieve those objectives;
- (iii) approve each year's budget and accounts prior to publication;
- (iv) establish and monitor a framework of delegation and systems of control;
- (v) agree policies and make decisions on all matters that might create significant financial or other risk to the Organisation or which raise material issues of principle;
- (vi) monitor the Organisation's performance in relation to these plans, budgets controls and decisions;
- (vii) appoint (and, if necessary, dismiss) the Chief Executive and be represented in the appointment of the senior management team; and
- (viii) satisfy itself that the Organisation's affairs are conducted lawfully and in accordance with generally accepted standards of performance, conduct and priority.

4.3 The Board cannot delegate its main functions.

5. THE ROLE AND RESPONSIBILITIES OF THE CHAIRPERSON

5.1 The Chairperson is elected by the Board at the first Board meeting after the annual general meeting each year.

- 5.2 The responsibilities of the Chairperson are formally recorded in the Articles of Association. In carrying out the duties of Chairperson, he or she is acting on behalf of the Board and not in isolation.
- 5.3 The responsibilities of the Chairperson cover:
- i. acting lawfully;
 - ii. ensuring the efficient conduct of the Board's business and the Organisation's general meetings;
 - iii. ensuring that all Board Directors are given the opportunity to express their views before any important decision is taken;
 - iv. establishing a constructive working relationship with, and providing support for, the Chief Executive;
 - v. ensuring that the Board delegates sufficient authority to its Committees, the Chairperson, the Chief Executive and others to enable the business of the Organisation to be carried on effectively between meetings of the Board, and ensuring that the Board monitors the use of those delegated powers;
 - vi. ensuring that the Board receives professional advice when it is needed;
 - vii. representing the Organisation on occasions, as required;
 - viii. taking decisions delegated to the Chairperson (where practicable), preferably working in consultation with other Board Directors and with the advice of the Chief Executive;
 - ix. in consultation with other Board Directors, annually reviewing the composition of the Board and the skills of its individual Directors and ensuring that appropriate action is taken to remedy any deficiencies;
 - x. in conjunction with other Board Directors, annually appraising the performance of the Chief Executive. The Chairperson will also be responsible for determining the remuneration of the Chief Executive and other senior staff, in conjunction with the Board;
 - xi. ensuring that, when necessary (e.g. resignation or retirement), that the Chief Executive is replaced in a timely and orderly fashion; and
 - xii. ensuring that the Organisation's affairs are conducted in accordance with generally accepted codes of performance, conduct and propriety.
- 5.4 The Board have appointed a Vice-Chairperson to deputise for the Chairperson in his or her absence. Where the Chairperson or Vice-Chairperson are not present at a meeting of the Board, the Board Directors present will elect a Chairperson for the meeting from amongst them, as the first item on the agenda.

6. THE CONDUCT OF BOARD BUSINESS

- 6.1 Effective conduct of Board business is vital to good governance. Subject to the provisions of the Organisation's Articles of Association, the Board of Directors may regulate its proceedings as it sees fit.
- 6.2 Although not prescribed in the Articles, the Board will hold at least 6 meetings in each calendar year.
- 6.3 Any Board Director may, and the Company Secretary at the request of a Board Director will, call a meeting of the Board.

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- 6.4 Notices of Board meetings will be sent to all Board Directors, unless they are absent from the United Kingdom, at least 5 days before the date of the meeting. The Company Secretary is responsible for sending out Notices and servicing meetings of the Board.
- 6.5 No meeting of the Board will be quorate unless 5 board Directors are present which must include 1 Council Board Director, 1 Tenant Board Director and 1 Independent Board Director.
- 6.6 The Board will conduct its business in accordance with the following principles:
- i. Board decisions will, wherever possible, be based upon properly structured agendas (which will be agreed in advance of the meeting with the Chairperson, as appropriate) and properly prepared documents;
 - ii. documents and papers presented to the Board for consideration and approval should be clear and concise, avoid unnecessary detail, evaluate options where appropriate, provide a summary in the case of lengthy reports and, in the case of general financial and other performance monitoring information, give brief narrative analyses of the key points;
 - iii. minutes of every Board meeting will be taken, as a true record of the proceedings of the meeting, those attending and the decisions made. The minutes will be presented to the following Board meeting and will be confirmed or amended as necessary to ensure there is a fair and accurate record of the previous meeting.
- 6.7 The Board of Directors will set aside time each year for a full discussion and review of the effectiveness with which it has conducted its business during the year.
- 6.8 Urgent decisions may be required from time to time. Such decisions are to be taken in accordance with the arrangements in the Organisation's Articles of Association.

7. THE CHIEF EXECUTIVE

- 7.1 The Organisation will establish a clear working relationship with the Chief Executive. Like all other employees, the Chief Executive has a written contract of employment which is compliant with employment law and which defines clearly:
- i. the duties and standards of performance expected;
 - ii. the procedures for monitoring the Chief Executive's performance and fixing his or her remuneration;
 - iii. how complaints and disciplinary matters will be dealt with;
 - iv. the notice period.
- 7.2 The role and responsibilities of the Chief Executive are to:
- (i) act lawfully
 - (ii) manage the affairs of the Organisation in accordance with its aims, values and objectives, and the general policies and specific decisions of the Board;
 - (iii) help the Board determine the Organisation's strategy;
 - (iv) draw the Board's attention to matters that it should consider and decide;
 - (v) ensure that the Board is given the information necessary to perform its duties and, in particular, that the Board receives advice on matters concerning

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compliance with its Memorandum and Articles of Association, the law and the need to remain solvent;

- (vi) ensure that proper systems of control are established and maintained;
- (vii) supervise, with the guidance of the Chairperson, the preparation of documents for consideration by the Board;
- (viii) assist the Chairperson in ensuring that the business of the Board is properly conducted;
- (ix) lead and manage the staff of the Organisation and ensure that their performance is appraised;
- (x) represent the Organisation as required.

7.3 It is expected that the Chairperson and the Chief Executive will have a close working and constructive relationship. Trust and confidence in both directions are essential. Their responsibilities are different and distinct; the chairperson's is about direction and the other about management.

7.4 The Chief Executive plays an important part in helping the Board to develop the strategy, policies and reputation of the Organisation. The Board, for its part, supports the Chief Executive in carrying out its plans and policies but does not involve itself in day to day management issues which are the Chief Executive's responsibility, except where they involve questions of policy or the reputation of the Organisation.

8. COMMITTEES OF THE BOARD

8.1 The Board may appoint one or more Committees for the purpose of supervising or performing any duty which can be more conveniently undertaken in this way.

8.2 Committees are established under clear terms of reference approved by the Board. These deal with the role and responsibility of the Committee, appointment of Committee members, delegated authorities from the Board, the role of the Chairperson and the conduct of business. The proceedings at all Committees are properly recorded and the minutes reported to the next available meeting of the Board.

8.3 The Board has not yet established any Committees but may do so in the future.

8.4 The Board will from time to time establish various working groups which will be non-decision making bodies but will drive forward particular issues in order to recommend a course of action/decision for the Board. The following working groups have been established:

Finance;

Human Resources; and

Policy.

8.5 The Board annually reviews the Committees reporting to it, and working groups established to ensure that the Committee structure established remains relevant and appropriate to the work of the Organisation.

9. OPENNESS AND ACCOUNTABILITY

9.1 The Organisation seeks to act in an open and accountable way in relation to residents, local communities, its staff, the Council and other interested parties.

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9.2 The Board of the Organisation accept the obligation to account for their actions in an open manner. In response to this commitment, the Organisation will:

- i. involve tenants, South Lakeland District Council nominees and local community representatives in its decision-making processes;
- ii. ensure that Board meetings and other meetings are conducted as openly as possible, consistent with the requirement to maintain confidentiality on matters of a personal nature or where decisions relating to the Organisation's competitive environment are concerned;
- iii. respond clearly and openly to questions from stakeholders, the public or press on all matters other than confidential items;
- iv. create specialist Committees and consultative groups as necessary;
- v. encourage and assist tenant and resident associations and other groups and responding to their concerns;
- vi. ensure that where errors or mistakes occur or bad practice arises, these matters will be investigated thoroughly and openly, errors corrected and where appropriate, compensation awarded and systems review where necessary;
- vii. welcome constructive criticism from whatever source and respond to such criticism where justified; and
- viii. require, through a Code of Conduct, that Board Directors conduct themselves in ways which are seen to be accountable and consistent with publicly acceptable standards;

9.3 The Board will publish an annual report on the Organisation's activities and performance. The report will include details of:

- i. summary performance information, e.g. number of found complaints;
- ii. finances;
- iii. recruitment and selection procedures for Board Directors;
- iv. a profile of Board Directors and senior management staff;

9.4 The Board will review the openness of the Organisation's arrangements on a regular basis and take account of further developments in good practice.

10. THE INVOLVEMENT OF TENANTS AND OTHER RESIDENTS

10.1 The Organisation has to balance the interests of a wide range of groups, and must be accountable in different ways to tenants, potential tenants, other residents, South Lakeland District Council and other community interests. The involvement of tenants and other residents must, however, be the main focus of accountability.

10.2 The Organisation has adopted South Lakeland District Council's formal structures for involving tenants in its decision-making process. (the Tenant Compact).

10.3 The Organisation will with the Tenant's Committee and the Council keep the Tenants' Compact under review. The Organisation will publish policies for involving tenants and other residents in the decisions that affect their lives and provide a comprehensive range of information to tenants and other residents. This will include:

- i. an annual report for tenants and other residents;
- ii. a handbook for tenants;

- iii. a regular newsletter;
- iv. the publication of service standards to enable tenants and other residents to judge value for money;
- v. monitoring to ensure a consistent service to tenants and other residents across the organisation;
- vi. a complaints procedure for tenants and others; and
- vii. opportunities to develop community regeneration initiatives.

11. EQUALITY OF OPPORTUNITY

- 11.1 The Organisation exists to serve the whole community and has equality of opportunity as a core commitment in all its activities.
- 11.2 The Organisation has adopted South Lakeland District Council's policy for equality of opportunity, which is published and made freely available to tenants and all those with whom the Organisation works or who have an interest in the Organisation's work. The Board will develop this policy from time to time in accordance with best professional practice.
- 11.3 The equal opportunities policy aims to promote equality of opportunity in all of the Organisation's work, including:
- i. the identification and assessment of needs;
 - ii. allocation of housing (and any other services);
 - iii. provision of services;
 - iv. staff recruitment, training and conditions of service; and
- 11.4 The Organisation will give consideration to the requirements of all groups within the community, which should inform service provision, e.g. translation facilities, and seek to provide those services.
- 11.5 Performance on equal opportunities will be monitored against the Organisation's policies. This will involve a comprehensive and up to date information recording and monitoring system, which will enable progress to be evaluated regularly by the Board and form a basis for future decision.
- 11.6 The Board will annually review the equal opportunities policy, its implementation and effectiveness.

12. AUDIT

- 12.1 Effective audit is essential to good governance.
- 12.2 The Organisation will observe the following principles and seek to ensure that:
- i. our external auditors are independent and effective;
 - ii. there is a proper procedure for the selection and periodic review of the appointment of external auditors;
 - iii. there are effective arrangements for discharging the functions of an Audit Committee;
 - iv. the Organisation develops and maintains effective internal controls;

- v. effective arrangements are made for discharging the internal audit function; and
- vi. regular reviews are undertaken of these principles, and the outcome of each review reported to the Board.

13. CONDUCT AND PROBITY

- 13.1 The Organisation has adopted a Code of Conduct, which requires all Board Directors to ensure that their private or personal interests do not influence their decisions, and that they do not use their position to obtain personal gain of any sort. The Code of Conduct also provides a procedural framework for personal conduct for Board Directors.
- 13.2 Board Directors are required to be meticulous about declaring conflicts of interest. The Company maintains records of the interests of Board Directors which are available for public inspection in the form of a Register of Interests.
- 13.3 When the Board discusses an item which poses a conflict of interest for any Board Director present at a meeting, that person should declare the interest. In addition to the record in the Register, all Board agendas include a specific opportunity at the start of the meeting for those present to declare an interest in any item on the agenda.
- 13.4 Unless specifically invited to remain, a Board Director with an interest is required to withdraw from that part of the meeting where the item concerned is being discussed. If invited to remain, the Board Director will not participate in the discussion or in any vote taken.
- 13.5 Where a conflict of interest reoccurs on a regular basis, the Board Director may be expected to offer to resign. Officers will report to the Board on an annual basis detailing conflicts of interest reported in the Register.
- 13.6 Matters specifically concerning the individual circumstances of Tenant Board Directors are regarded as a clear and substantial conflict of interest. A Tenant Board Director is not, however, treated as having an interest in any decision affecting all or a substantial group of tenants.

14. RESPONSIBILITIES

- 14.1 The Board, having formally adopted the Code of Governance for the Organisation, accepts responsibility for its implementation and for monitoring its effectiveness.
- 14.2 Day to day responsibility lies with the Chief Executive and the Senior Management Team. The Chief Executive will be the nominated "Controlling Authority".
- 14.3 Issue control: the management of duly authorised policies and procedures or amendments will be the responsibility of the Chief Executive who will ensure they are circulated to appropriate individuals and they are kept updated with the current versions.

15. MONITORING

- 15.1 Policies relating to Governance will be reviewed annually to ensure they are achieving their objectives.