



**Report to the Board
21 November 2013**

Title: Code of Governance

Report of: Managing Director

Purpose of Report

1. To recommend to the Board proposals identified by the Audit Committee to meet the actions identified in the Action Plan following agreement to adopt the National Housing Federation: Excellence in Governance as the Company's Code of Governance.

Background

2. The Audit Committee, at its meeting on 13 March 2013, recommended to the Board the adoption of the National Housing Federation: Excellence in Governance as the Company's Code of Governance. This was subsequently adopted by the Board, at its meeting on 21 March 2013 and it was agreed that the Audit Committee would receive updates on progress meeting the actions identified in the action plan.
3. The Audit Committee, at its meeting on 16 October 2013, considered a report recommending a number of proposals to meet the actions identified in the action plan. Progress to date, including any comments made by the Audit Committee, are detailed below.

Progress to date

Board Appraisals

4. One of the actions identified as good practice was that consideration should be given to whether the Chair of the Board should be appraised by an independent third party or Chair of Audit Committee.
5. The Chair is currently appraised by members of Resources Committee. In line with good practice, it is proposed that in future the Chair of the Board should be appraised by the Chair of Audit Committee and the Chair of Resources Committee.
6. The Audit Committee also considered that the Managing Director should have an input into this process.

Board Recruitment Policy

7. The NHF guidance advises that Boards should consider any potential conflicts of interest and adopt policies limiting the number of board members who are the paid staff or board members of other housing providers. As previously reported in the action plan, there are no paid staff on the TGHC Board of Directors.
8. In respect of potential conflicts of interest regarding the number of board members of other housing providers, the Company has previously had directors who are board members of other housing providers and this has never proved an issue. The Company has in place appropriate mechanisms for recording and declaring any interests and therefore it is proposed that there is no need to amend the Recruitment Policy to reflect this.
9. The Audit Committee, also recommended that the current application form for the appointment of Independent Directors should be reviewed.

Relationship between TGHC and Keelman Homes

10. The Action Plan recommends a more structured reporting mechanism in place between TGHC and Keelman Homes. Recently a number of reports have been considered by Keelman Homes and reported to the Board for information which addresses this issue.
11. In addition, the TGHC and Keelman Homes Board Meetings in September 2013 were both held at Kibblesworth Lounge with a joint visit of the new build site. This also provided an opportunity for both Boards to interact with each other.
12. It is the recommendation of this report that the Board receives the minutes of the Keelman Homes Board for information.

Board Champions

13. The company currently has an informal arrangement whereby the committee chairs are Board Champions for these areas. It is proposed that the Governance and Risk Officer carry out further investigations into arrangements within other organisations and report back to the next meeting of the committee.

Governance Handbook

14. A number of policies within the Governance Handbook were out of date and with the exception of the Senior Management Key Responsibilities and Delegation to Managers (which are currently being reviewed) have now been updated to reflect the current committee and senior management structures.
15. The Protocol for Meetings of the Board and its Committees is substantially out of date and most of this is no longer relevant or is picked up elsewhere within the organisation. It is proposed that the Protocol be deleted from the Governance Handbook.

Board Induction Process

16. The current Board induction process has been in place since the Company was established. On appointment, new directors are provided with a comprehensive Induction Pack, a mentor is identified and training needs are identified. In addition, new directors have an informal meeting with the Chair of Board after six months of service to see how they are settling in and whether they have any issues.
17. The Action Plan recommended that a time limited task group be set up to look at this. It is proposed that volunteers to sit on the task group be sought at the Board Meeting in November.

Code of Conduct for Directors of the Company

18. The Code of Conduct for Directors of the Company was re-written by Arvinda Gohil, Housing Quality Network in line with best practice and agreed by the Board in July 2008. The Code of Conduct has not been reviewed since then.
19. The National Housing Federation: Excellence in Governance which the Company's Code of Governance is based on was also written by Arvinda Gohil. A review of the Code of Conduct has been carried out to ensure it complies with this. Consultation has also been carried out with other ALMOs to identify any good practice.
20. Following the review, it appears that the Company's Code of Conduct for Directors of the Company already complies with good practice. However, updates are proposed in the following areas: -
 - Relationship between Board Members and Staff
 - Employment Matters
 - Clarification of the exemptions for Board Members receiving housing or other benefits from the company
 - Conduct outside of Board Meetings
 - Statement of Board Members' Obligations (this will replace the current obligation signing up to the Code of Conduct)
21. The updated Code of Conduct for Directors of the Company is attached at the Appendix to this report and amendments are highlighted in blue.
22. Additional amendments were also suggested by the Audit Committee in relation to paragraphs 13, 15.2 and 19 of the Code and these are highlighted in red.

Governance Publications

23. The NHF suggested that all Board Members should be provided with copies of the following publications in order to familiarise themselves with them: -
 - Excellence in Governance: Code for Members
 - Excellence in Standards of Conduct: Code for Members
24. A request has been made to the NHF for sufficient licences to post these on the Board Members Website and the cost of these is being awaited.

Link to Values

25. This report links to the following company values: -

- Being a listening and learning organisation
- Being honest, accountable and transparent

Risk Management Implications

26. Failure to manage effective corporate governance has been identified as a strategic risk of the company and the adoption of the Code of Governance will mitigate further this risk.

Financial Implications

27. There are no financial implications directly arising from this report. However, there may be some financial implications obtaining licences to post the NHF publications on the Board Members Website.

Equality and Diversity Implications

28. There are no equality and diversity implications directly arising from this report.

Health Implications

29. There are no health implications directly arising from this report.

Environmental Implications

30. There are no environmental implications directly arising from this report.

Value for Money Implications

31. There are no value for money implications directly arising from this report.

Consultation carried out

32. The Governance and Risk Officer has consulted with other ALMO Governance Officers to ascertain whether their recruitment policies limit the number of board members of other housing providers and none of those who responded made this provision.

33. In respect of the updated Code of Conduct, the Audit Committee raised a concern around the wording in the 'Purchasing' Section. The Governance and Risk Officer has consulted with other ALMO Governance Officers to ascertain what wording is used in other Codes of Conduct.

Impact on Customers

34. There is no impact on customers as a result of this report.

Recommendations

35. It is recommended that the following proposals outlined in the report be approved: -
- The Chair of the Board be appraised by the Chair of Audit Committee and Chair of Resources Committee, with input from the Managing Director.
 - No amendments be made to the Recruitment Policy regarding the number of board members of other housing providers.
 - The current application form for the appointment of Independent Directors be reviewed.
 - Further investigations be carried out into arrangements around Board Champions within other ALMOs.
 - The Protocol for Meetings of the Board and its Committees be deleted.
 - The Board receive the minutes of Keelman Homes for information.
 - Volunteers to sit on time limited task group to look at the current induction process be sought.
 - The updated Code of Conduct for Directors of the Company be approved.
 - The Action Plan be updated and posted on the Board Members Website.



CODE OF CONDUCT FOR DIRECTORS OF THE COMPANY

This code of conduct is relevant to all directors of the board and staff.

All individuals are expected to be aware of its contents and to adhere to the requirements of the code.

1 Introduction

The board of Gateshead Housing Company have ultimate responsibility for all actions carried out by board of directors. This responsibility encompasses trusteeship of large sums of public money and the housing and care of large numbers of people. Therefore our conduct should give confidence to residents, partners, stakeholders and funders. We will do this by demonstrating integrity at all times; avoiding any suggestion of influence by improper or biased motives.

This code of conduct respects the seven principles of public life adopted by the Nolan committee and was adopted by the board on 3 July 2008 and represents the agreed policy of the company. It applies to all directors of the board, including co-optees and members of committees. Where 'director' is used it is intended to encompass all these people.

The seven principles are:

Selflessness

To take decisions solely in terms of the Gateshead Housing company values and purpose and not in order to gain financial or other material benefits for family, friends or ourselves.

Integrity

Not to place ourselves under any financial or other obligation to outside individuals or organisations that might influence the performance of our duties.

Objectivity

To ensure impartiality in the delivery of services, the appointment of staff, or the awarding of contracts and that choices are made on merit alone.

Accountability

To accept accountability for our decisions and actions towards our residents, the providers of public funds and other stakeholders and to submit ourselves to whatever scrutiny is appropriate.

Openness

To be as open as possible about all the decisions and actions that we take. We should give reasons for our decisions and restrict information only when individual or commercial confidentiality demands.

Honesty

To declare any private interests relating to duties and to take steps to resolve any conflicts arising in a way that is lawful and protects the Gateshead Housing company reputation, values and purpose.

Leadership

To promote and support these principles by leadership and example.

2 Disclosures of interest

To show that directors of the board do not receive improper personal benefits because of activities of the organisation, a 'disclosure of interest' return will be completed annually.

2.1 All directors are required to sign a 'disclosure of interest before taking up their duties and then on an annual basis. Directors must ensure that:

- Private and personal interests do not influence their decisions, which impact upon the company.
- They do not use their position, or the company's activities, to obtain a personal or business gain either for themselves, or their families, friends and associates.

2.2 Declarations should be made in the following cases:

- **Duality of interest:** where circumstances could potentially bring about some personal or business gain
- **Conflicts of interest:** where both a company interest and a personal/business interest occurs
- **Family interest:** any interest of any kind whether financial or non-financial where the company and you, or a close member of your family, (including partners and their families) are involved or connected in any way
- **Business interest:** any relationship with a business, company or organisation that, to your knowledge, has contracted with the company or are on the company's contractors or consultants lists.

2.3 All types of interests must be disclosed and could include the following:

- An interest in any property being purchased by the company
- An interest in any company selling or acting as agent for any property being purchased by the company

- A business or a personal relationship with any person or firm earning fees from work placed by the company
- A business or personal relationship with any person or firm entering into a contract to carry out work for the company.

2.4 Disclosures of interest are held in a register by the ~~company secretary~~ **Managing Director**, which is open to public scrutiny.

3 Relationships with residents

Staff and board directors should be especially careful of relationships with residents. Any personal relationship must not conflict with the best interest of the resident concerned, or bring undue pressure to bear in matters concerning their rights as residents:

- Staff and board directors must never allow themselves to be compromised by, nor take advantage of, their relationships with residents. The relationship of trust must never be abused
- Handling money belonging to residents should be avoided whenever possible. If there is no alternative, extreme care should be taken and any transaction must be properly receipted and recorded in accordance with policies and procedures.

4 Relationship between Board Directors and Staff

The company is keen to promote and encourage a positive working relationship between staff and Board directors. However, office visits by Board directors should normally be undertaken by appointment and directors should not become directly involved in dealing with operational matters.

5 Employment Matters

- 5.1 Board directors involved in making appointments should ensure that these are made on the basis of merit alone. It is unlawful to make an appointment based on anything other than the ability of the candidate to undertake the duties of the post. Personal preferences should not influence judgements to be made.
- 5.2 Board directors must not be involved in an appointment where they are related to an applicant or have a close personal outside relationship with him or her. Any such relationship should be declared.
- 5.3 Similarly, Board directors should not be involved in decisions relating to discipline for any employee who is a relative, partner or close personal friend.
- 5.4 Board directors must not canvas the support of other directors or officers for any candidate applying for employment.

6 Gifts

Giving and receiving gifts creates a relationship that can be seen to influence the company's judgement. Therefore board directors should always avoid gifts except in the very limited circumstances below:

- The giving and receiving of other than normal gifts should be avoided and gifts of cash must never be accepted. Staff must not put themselves in a position that may influence them or be perceived to influence them in the conduct of their duties
- Personal gifts must not be solicited under any circumstances. Anyone offering gifts should be asked to donate them for residents' benefit or should be pooled for donation, raffled or gifted to an external charity.

Exceptions and how to deal with gifts:

- Only small personal gifts with a value of under £25 (e.g., diaries, calendars, stationery, flowers, and chocolates) may be accepted when refusal would offend
- Any other gifts received should be pooled and used for residents or other charitable benefit. No personal benefit to individuals or groups of staff or board directors is permitted
- Modest gifts to another individual or organisation may be made only in exceptional circumstances and with the prior approval of an executive director or chair
- It is particularly important board directors do not accept gifts of value from residents or potential residents, although birthday cards or a small gift of modest value may be accepted.

All gifts received must be declared and recorded in a register held by the [company secretary Managing Director](#).

7 Entertainment and hospitality

Entertainment and hospitality should be avoided except in the limited circumstances set out below:

- Directors may not solicit hospitality and may not give or receive repeated or lavish hospitality or entertainment. Occasional and modest hospitality is permitted with a manager's approval
- An exception must have prior approval from the chair or the chair of audit in the chairs absence or if it relates to the chair
- Hospitality must always be recorded in the register held by the [company secretary Managing Director](#).
- Business lunches are permissible but must have the consent of an executive director and must be recorded in the hospitality book.

8 Permitted payments

A board director may not receive any payment or benefit (except as set out below) from the Gateshead Housing company.

The following payments are permitted:

- The payment/reimbursement of reasonable travel and other out of pocket expenses

- Board directors may not receive any payment, loan or grant from funds associated with the company unless it is in accordance with employment conditions or relevant policies and procedures.

9 Provision of housing and other benefits

Board directors must not receive housing or other benefits from the company except as allowed by special exemptions agreed by the Audit Commission and those on Schedule 1 of the 1996 Housing Act, [namely](#)

- [where the person can meet the criteria applied to all applicants by the company;](#)
- [where it is possible to justify the action to the wider public in terms of housing need; and](#)
- [the person has had no involvement in or influence over the process by which the company allocates housing.](#)

10 Financial grants and loans

Keeping personal money totally separate from the company's money and work, will avoid problems

- Board directors and their close relatives may not receive loans from residents and may not give loans from their personal money to residents
- Board directors should not in any way involve or mix their personal money with the company's funds except in an emergency. In such cases, the [chief executive](#) [Managing Director](#) must be notified as soon as possible and a record made.

11 Confidentiality and 'whistle blowing'

11.1 The company is committed to working openly, however its work involves confidential information about customers and the company's business and that confidentiality must be respected. With the obvious exception of personal information, the business will only be confidential if this is unavoidable. It is the company's policy to publish performance information and to make available for inspection the agenda and papers for board and committee meetings. These are available on the company's website. In addition the board meets in public session at all its meetings, where members of the public are welcome to attend.

11.2 However, board directors must treat the following as confidential:

- Information concerning people, e.g., residents, staff, applicants or people associated with the company
- Those matters of the company's commercial business which are defined as confidential
- Matters relating to the company's funders, agents or partner organisations
- Any information covered by the relevant data protection and similar legislation.

11.3 Where it is essential that information is released outside the company, this must be with the express consent of the individual concerned, except in meeting overriding

legal requirements. If in doubt, an executive director, the ~~chief executive~~ **Managing Director**, the ~~company secretary~~ or the chair must be consulted.

11.4 'Whistleblowing'

- Board directors who become aware of any breach of this code, or other procedures, or any impropriety, have a duty to draw this to the attention of the chair, vice chair or the ~~company secretary~~ **Managing Director**
- In matters of serious concern or sensitivity, board directors have the right to take reasonable, independent legal advice at the company's expense. This should be done after consultation with the chair, vice chair or ~~company secretary~~ **Managing Director**.
- As a final step, board directors may make their concerns known to the Audit Commission
- In no circumstances will anyone raising legitimate concerns by following these procedures be penalised in any way for doing so. Equally, abusing this process by raising unfounded or malicious allegations is a serious disciplinary matter.

12 Gateshead Housing company's vision, values and objectives

Vision

12.1 To provide excellent homes and housing services.

Mission Statement

12.2 To work in partnership with residents and the community to create homes and neighbourhoods that meet the aspirations of the people of Gateshead.

Values

12.3 We will achieve this by:

- Being customer focused, innovative and professional
- Being honest, accountable and transparent
- Caring and respecting
- A commitment to all our employees
- Being motivated, trained, and committed across the company
- Embracing equality
- Being a listening and learning organisation.

13 **Outside Political and Outside Activities**

13.1 Board directors may well be involved in political activities and may be nominees of the local authority. However, they must be aware that the company is non-political and ensure that it cannot be brought into the political arena or its reputation or status damaged by the personal political activities of individual board directors.

13.2 Staff and board directors should make a disclosure of interest if they are a member of any organisation not open to the public that has secrecy about its rules or conduct.

14 Equality and diversity

Gateshead Housing Company is committed to attaining equalities and diversity in all of its work. Board directors must through their actions seek to uphold the company's equality and diversity policy and ensure that discrimination does not occur. They must also be aware of the scope for discrimination in the granting of tenancies, contracts of employment and contracts for goods and services. The company monitors the ethnic origin, gender and disability of board directors. Board directors are encouraged to supply this information to ensure the company reflects the communities it serves.

15 Purchasing

Board directors must avoid suspicion of preferential treatment of suppliers by separating their private purchase from the company's.

15.1 In order to avoid any suspicion that a supplier may give or receive favourable treatment, board directors must try to achieve separation between their personal purchasing decisions and those for the company.

15.2 Board directors may not normally use for personal or private business any of the company's professional advisors, consultants, contractors or suppliers of goods or services. ~~(except monopolies, or near monopolies such as utilities, e.g., gas, water, BT).~~ Where this is unavoidable, board directors must obtain the approval of the chair confirming that no financial advantage will be secured. [1]

16 Conduct at board, committee and internal meetings

16.1 Board directors are expected to attend the vast majority of board meetings and to notify the company administrator if they need to give their apologies for absence from a particular meeting. Directors who are unable to attend meetings regularly should contact the chair in order to explore a way forward which is acceptable to all parties.

16.2 If board directors are present at a meeting that is discussing any item which poses a conflict of interest, they should declare the interest. If the conflict is clear and substantial, they should leave the meeting.

16.3 All meetings including those of the board and committees should be polite, professional and business like. At all meetings the chair will preside over the proceedings. Swear words, racist or sexist remarks or disruptive behaviour must never be used. Abuse of staff or board directors will not be tolerated.

16.4 Board directors must accept collective responsibility for all decisions taken at board meetings. From time to time individual board directors may privately disagree with board decisions. However it is essential that they do not dissent from the corporate decision at any subsequent public occasion.

[1] This does not include the purchase of standard goods and services at the rate available to any member of the public. However, care should be taken when entering into a personal contract at a negotiated rate.

17 Conduct outside of Board Meetings

Board Directors should be willing to attend training events, individually or with the Board, in order to expand their knowledge and to keep up to date. There may also be occasions when it is necessary to attend other meetings. When acting as a Board Director, a director should act, and be seen to act, properly and in the interests of the company at all times.

18 Special provisions for board directors and committee members

18.1 Board Directors carry special duties of accountability and, as a consequence, their conduct and personal integrity must always be beyond reproach.

18.2 Any Board Director who becomes subject to legal proceedings brought against him/her by the company or brings legal proceedings against the company, or becomes subject to any criminal or civil proceedings, the nature of which could compromise his/her position as a member shall immediately be suspended from membership of the board or committee upon which they serve. Upon conclusion of any proceedings, the board will decide whether to reinstate or seek removal of a Board Director in accordance with the company's rules. In the case of committee members who are not also board directors, the decision to reinstate or dismiss will be determined by resolution of the board.

19 Contact with media

Board directors who are approached by the media **in relation to the Company** must not respond directly and must contact the **chief executive Managing Director** or another senior member of staff immediately. Board Directors must not use the media to undermine the company in any way. Any leaking, releasing or distribution of confidential information will be viewed as a serious breach of the code of conduct.

20 General

In all cases where the personal conduct of board directors might be viewed as conflicting with their work for the company, they are required to disclose details to the **chief executive Managing Director** or chair of the company as appropriate and enter details in the register held by the **company secretary Managing Director**.

- In any case of uncertainty, board directors should always make an entry in the disclosure of interest register
- When representing the company, board directors will at all times be courteous and fair to tenants, customers and everyone with whom they come into contact
- Board directors should carry out their responsibilities in accordance with the company's policies and procedures
- Board directors who represent the company are expected to dress and conduct themselves in a way appropriate for the duty or function they are carrying out or attending
- Board directors must observe and be aware of the company's financial regulations.

21 Failure to comply

- 21.1 Board directors should recognise that failure to follow this code of conduct may damage the Gateshead Housing Company and will normally be viewed as a disciplinary matter and action will be considered in accordance with the current rules and standing orders.
- 21.2 In the event of an alleged breach of the Code of Conduct by a Board director, an investigation will be carried out in accordance with Procedure for Dealing with Complaints against Board Members.



Statement of Board Directors' Obligations

The obligations of Board directors are to: -

- (a) uphold the values and objectives of The Gateshead Housing Company
- (b) uphold The Gateshead Housing Company's core policies (including the Code of Conduct, Financial Regulations and those for equal opportunities)
- (c) ensure they understand the constitutional and legislative framework as it applies to The Gateshead Housing Company and act only within its powers
- (d) contribute to and share collective responsibility for the Board and committee decisions including their duty to exercise reasonable skill, care and independent judgement;
- (e) read the Board/committee papers, attend Board/committee meetings, training sessions of The Gateshead Housing Company and other events;
- (f) represent The Gateshead Housing Company on occasions;
- (g) declare any relevant interests and avoid conflicts of interest;
- (h) respect the confidentiality of information;
- (i) respect proper channels of communication;
- (j) uphold the National Housing Federation's Excellence in Governance Code for Members, the National Housing Federation's Excellence in Standards of Conduct code for members and good practice guidance; and
- (k) act in accordance with the Articles of Association.

The Board will review and, if necessary, amend the obligations of Board directors and the form of this statement from time to time.

FOR BOARD MEMBERS

I (Name)

Of (address)

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being a Board director of The Gateshead Housing Company confirm that I will meet my obligations to the company as set out and amended from time to time.

Signature:

Date: