

SOUTH ESSEX HOMES LIMITED

CODE OF GOVERNANCE



Code of Governance

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1. INTRODUCTION

- 1.1 South Essex Homes Limited ("the Organisation") seeks to conduct all its activities in accordance with its mission statement which sets out that the Organisation is working together to:-
- i. involve residents
 - ii. invest in decent homes
 - iii. improve services; and
 - iv. build strong and proud communities
- 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 Members.

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. Southend-on-Sea Borough 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 consisting of up to 15 Board Members as follows:
- (1) up to 5 Local Authority Board Members nominated by the Southend-on-Sea Borough Council;
 - (2) up to 5 Tenant Board Members (which shall include one Lessee except where the proviso in Article 17(3) applies);
 - (3) up to 5 Independent Tenant Board Members.
- 3.2 The Directors of the Organisation and Board Members are one and the same. The appointment of Board Members for each class is described below.
- 3.3 The appointment of Board Members is set out in the Articles of Association and is summarised:-
- 3.3.1 Southend-on-Sea Borough Council has the right to appoint or remove the Council Board Members at any time where such Council Board Member/s have served a

term not less than one year subject to the Articles relating to eligibility for disqualification.

- 3.3.2 The Tenant Board Members will be elected by the selection committee of the Tenants' Federation. The Independent Board Members will be chosen by the other members of the Board.
- 3.3.3 The Tenant and Independent Board Members will retire by rotation in accordance with the arrangements set out in the Articles i.e. at the first AGM one Tenant Board Member and one Independent Board Member shall retire and at the second and third AGM two Tenant Board Members and two Independent Board Members shall retire.
- 3.4 All Board Members 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 Board Members of the Organisation are bound by the obligations set out in the Organisation's Memorandum and Articles of Association and by any rules made under the Articles. They shall cease to be a Board Member in the circumstances set out in the Articles.
- 3.6 Board Members 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 Members, steps will be taken, as necessary, to identify potential Board Members. Advertising will be used to secure a wide choice of candidates.
- 3.9 Each Board Member 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;
 - ii. agree the Annual Delivery Plan with the Southend-on-Sea Borough 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 Board Members receive induction training and that effective ongoing training arrangements are made to enhance the skills and motivation of all Board Members.

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 forecast planning 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;
- viii. ensuring that, when necessary (e.g. resignation or retirement), that the Chief Executive is replaced in a timely and orderly fashion; and
- ix. annually appraising the performance of the Chief Executive and determine the remuneration of the Chief Executive and other senior staff;
- x. 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 AND VICE CHAIRPERSON

5.1 The Chairperson and the Vice Chairperson re-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 Members 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 Members and with the advice of the Chief Executive;
- ix. in consultation with other Board Members, annually reviewing the composition of the Board and the skills of its individual Board Members and ensuring that appropriate action is taken to remedy any deficiencies;
- x. ensuring that the Organisation's affairs are conducted in accordance with generally accepted codes of performance, conduct and propriety;
- xi. conducting an appraisal of the Chief Executive on an annual basis and reporting the details of such appraisal to the Board.

5.4 The Vice-Chairperson will 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 Members present will elect a Chairperson for the meeting from amongst them. The appointment of such a Chairperson shall be 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 Members may regulate its proceedings as they see fit.

- 6.2 Although not prescribed in the Articles, the Board will hold at least 4 meetings in each calendar year.
- 6.3 Any Board Member may, and the Company Secretary at the request of a Board Member will, call a meeting of the Board.
- 6.4 Notices of Board meetings will be sent to all Board Members, unless they are absent from the United Kingdom, at least 5 working 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 6 Board Members are present which must include 1 Council Board Member, 1 Tenant Board Member and 1 Independent Board Member.
- 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;
 - iv. at times it may be necessary for the Board to supply certain personal details about the Board Members however this will be undertaken at all times in accordance with the Data Protection Act 1998 and where reasonably practicable with the consent of the relevant Board Member/s.
- 6.7 The Board Members 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 COMPANY SECRETARY

- 7.1 The Board acknowledges that it is not a legal requirement to have a Company Secretary however for the efficient working of the Organisation shall retain a Company Secretary at all times.
- 7.2 The Company Secretary is an officer of the Organisation and under the Companies Act he or she may be criminally liable for defaults committed by the Organisation including failure to comply with filing requirements.
- 7.3 The Company Secretary will be expected to fulfil the following duties, including other such duties ancillary to the Company Secretary's role as determined by the Board:

- 7.3.1 facilitating the smooth operation of the Organisation's formal decision making and reporting machinery; organising board and board committees meetings (e.g. audit, remuneration, nomination committees etc.); formulating meeting agendas with the chairman and/or the chief executive and advising management on content and organisation of memoranda or presentations for the meeting; collecting, organising and distributing such information, documents or other papers required for the meeting; ensuring that all meetings are minuted and that the minute books are maintained with certified copies of all minutes and that all board committees are properly constituted and provided with clear terms of reference;
- 7.3.2 ensuring that an annual general meeting is held in accordance with the requirements of the Companies Act and the Organisation's Articles of Association; obtaining internal and external agreement to all documentation for circulation to members; preparing and issuing notices of meetings, and distributing proxy forms; trying to prepare directions for any shareholder questions and helping them create briefing materials; overseeing the preparations for security arrangements;
- 7.3.3 at meetings, ensuring that proxy forms are correctly processed and that the voting is carried out accurately; co-ordinating the administration and minuting of meetings;
- 7.3.4 ensuring that the Organisation complies with its Memorandum and Articles of Association and, drafting and incorporating amendments in accordance with correct procedures;
- 7.3.5 maintaining the following statutory registers:
 - 7.3.5.1 members;
 - 7.3.5.2 company charges;
 - 7.3.5.3 directors and secretary;
 - 7.3.5.4 directors' interests in shares and debentures;
- 7.3.6 filing information with the Registrar of Companies to report certain changes regarding the Organisation or to comply with requirements for periodic filing. Of particular importance in this regard are:
 - 7.3.6.1 annual returns;
 - 7.3.6.2 report and accounts;
 - 7.3.6.3 amended Memorandum and Articles of Association;
 - 7.3.6.4 notices of appointment, removal and resignation of directors and the secretary;
 - 7.3.6.5 notices of removal or resignation of the auditors;
 - 7.3.6.6 change of registered office;
 - 7.3.6.7 resolutions in accordance with the Companies Act.
- 7.3.7 co-ordinating the publication and distribution of the Organisation's annual report and accounts and interim statements, in consultation with the Organisation's internal and external advisers, in particular, when preparing the directors' report;
- 7.3.8 communicating with the members;

- 7.3.9 continually reviewing developments in corporate governance; facilitating the proper induction of directors into their role, advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with company law and, if applicable charity law;
- 7.3.10 ensuring the safe custody and proper use of any company seals;
- 7.3.11 establishing and administering the registered office; attending to the receipt, co-ordination and distribution of official correspondence received by the Organisation, sent to its registered office; ensuring the provision of facilities for the public inspection of company documents;
- 7.3.12 ensuring that all business letters, notices and other official publications of the company show the name of the Organisation and any other information as required by the statutes and that company name plates are displayed in a conspicuous place; and
- 7.3.13 monitoring and laying in place procedures which allow for compliance with relevant regulatory and legal requirements particularly under the Companies Act including legal requirements on retention of documents; retaining the minimum set of records required for commercial reasons; ensuring that procedures are in place to allow adequate historical archive to be maintained.

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, more particularly including development and leadership. The proceedings at all Committees will be properly recorded and the minutes reported to the next available meeting of the Board.
- 8.3 The Board has established a Leadership Committee and a Development Committee and may establish further Committees or vary the Committees as and when it sees fit to do so in accordance with clause 8.5 below.
- 8.4 The Board may from time to time, in addition to Committees, 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.
- 8.5 The Board will annually review 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.
- 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, Southend-on-Sea Borough 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 respond 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 reviewed 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 Members 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 complaints upheld;
- ii. finances;
- iii. recruitment and selection procedures for Board Members;
- iv. a profile of Board Members 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, Southend-on-Sea Borough 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 Southend-on-Sea Borough Council's formal structures for involving tenants in its decision-making process. (the Tenant Compact).

10.3 The Organisation will with the Tenant's/Representative Group 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 Southend-on-Sea Borough 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; and
 - iv. staff recruitment, training and conditions of service.
- 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 on the anniversary of the Organisation's first annual general meeting and annually thereafter, 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. its 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 Members 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 Members.
- 13.2 Board Members are required to be meticulous about declaring conflicts of interest. The Company maintains records of the interests of Board Members 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 Member 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 Member with a prejudicial interest is required to withdraw from that part of the meeting where the item concerned is being discussed. If invited to remain, the Board Member 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 Member 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 Members are regarded as a prejudicial interest. A Tenant Board Member 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 as often as is necessary to ensure that the policies established remain relevant and appropriate to ensure that the Organisation is able to achieve its objectives.