



# **SOUTH ESSEX HOMES LIMITED**

## **CODE OF GOVERNANCE**

Prepared by	Company Secretary
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Approved by	Board

# **Code of Governance**

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# **SOUTH ESSEX HOMES LIMITED**

## **CODE OF GOVERNANCE**

### **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:-
- 1.2 Empower our residents Provide excellent services and quality homes Engage with our communities; and Work in partnership with Southend-on-Sea Borough Council This code of governance (the "Code") is based upon the Articles of Association of the Organisation (the "Articles") and addresses wider issues of governance.
- 1.3 This Code will be reviewed annually by the Organisation's non-executive directors (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 (the "Council") is the only member of the Organisation. 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 Articles. This provides for a Board consisting of up to 11 Board Members as follows:
- i. 3 Council Board Members nominated by the Council;
  - ii. 3 Tenant Board Members; and
  - iii. 5 Independent Board Members.
- 3.2 No Board Members other than Tenant Board Members shall be Tenants and no Board Members other than Council Board Members shall be Local Authority Persons (as such terms are defined in the Articles).
- 3.3 The non-executive directors of the Organisation and Board Members are one and the same. The selection or election and appointment of Board Members for each class of Board Members is described below.
- 3.4 The procedure for the selection or election and appointment of Board Members is set out in the Articles and the relevant recruitment policy and is summarised as follows:-
- 3.4.1 The 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 and disqualification which apply to all Board Members).

- 3.4.2 The Tenant Board Members will be elected in accordance with the relevant policy and then formally appointed by the Board.
- 3.4.3 The Independent Board Members will be selected and appointed by the Board in accordance with the relevant policy.
- 3.4.4 The Tenant Board Members and Independent Board Members will be appointed for a fixed term of three years or less if required in order to make sure that the appointment does not contravene the maximum period of time (normally being 9 years for which a person can serve on the Board).
- 3.4.5 The provisions for the maximum period of service as a Board Member apply to the Council Board Members also.
- 3.5 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.
- 3.6 All Board Members are bound by the obligations set out in the Articles and by any rules made under the Articles. They shall cease to be a Board Member in the circumstances set out in the Articles.
- 3.7 Under the Articles, the Council has the power at any time by notice in writing to the Secretary to remove any Board Member.
- 3.8 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;
  - vii. legal matters; and
  - viii. any other matters which are included in the job description and person specification of Board Members which may be adopted from time to time.

- 3.9 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.
- 3.10 On appointment each Board Member will be required to sign a letter of appointment, specifying amongst other matters, his or her obligations as a Board Member. These include obligations to:-
- i. uphold the Organisation's aims, values, objectives and policies;
  - ii. contribute to and share responsibility for the Board's decisions;
  - iii. attend meetings, training sessions and other events and to prepare for these as appropriate;
  - iv. represent the Organisation as required;
  - v. in accordance with the relevant Articles, declare any relevant interests and to refrain from voting or influencing any decision where interests may be seen to conflict;
  - vi. respect confidentiality of information; and
  - vii. uphold the Code.
- 3.11 The Company Secretary will ensure that all new Board Members receive induction training and that effective on going 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 officers and employees.
- 4.2 The Board's main functions include duties to:-
- i. define and ensure compliance with the values and objectives of the Organisation;
  - 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 financial regulations;
  - 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. establish a Risk Management Strategy for the Organisation and monitor and ensure compliance with the same;
- vii. oversee the Organisation's Health and Safety and Safeguarding Policies and compliance with the same and to review these policies on at least an annual basis;
- viii. monitor the Organisation's performance in all key areas on an exception basis;
- ix. appoint (and, if necessary, dismiss) the Chief Executive and be represented in the appointment of the Senior Management Team ("SMT");
- x. ensure that, when necessary (e.g. resignation or retirement), the Chief Executive is replaced in a timely and orderly fashion;
- xi. determine the remuneration of the Chief Executive and the SMT and ensure a proper annual appraisal process is carried out with the Chief Executive;
- xii. satisfy itself that the Organisation's affairs are conducted lawfully and in accordance with generally accepted standards of performance, conduct and priority;
- xiii. monitor the performance of any subsidiary of the Organisation in all key performance areas.

4.3 The Board can only delegate in accordance with the provisions contained in the Articles. If it wishes to delegate any of its main functions then this should be in accordance with Terms of Reference approved by the Board for each Committee Leadership Group or a Joint Committee with the Subsidiary .

## **5. THE ROLE AND RESPONSIBILITIES OF THE CHAIRMAN AND VICE OR DEPUTY CHAIRMAN**

5.1 The Chairman is elected by the Board in accordance with the Articles, normally, in September of each year unless there is a vacancy in this post in year. Persons so elected are appointed for a term of one year and cannot serve as Chairman for more than 6 consecutive years unless the Board agrees otherwise. Any Vice Chairman will be appointed on the same terms as the Chairman or otherwise the Vice Chairman or Deputy Chairman will be appointed on such terms as the Board sees fit.

5.2 A Board Member appointed as a Chairman, must act on behalf of and in the interests of the Board as a whole and not in isolation.

5.3 The responsibilities of the Chairman include:-

- i. acting lawfully;
- ii. ensuring the efficient conduct of the Board's business and any general meetings of the Organisation;

- iii. ensuring that all Board Members are given the opportunity to express their views before any decision is taken;
- iv. establishing a constructive working relationship with, and providing support for, the Chief Executive;
  - i. ensuring that the Board delegates sufficient authority to its Committees or Joint Committees with the Subsidiary, the Chairman, and others to enable the business of the Company to be carried on effectively between meetings of the Board, and ensuring that the Board monitors the use of those delegated powers;
- v. ensuring that the Board receives professional advice when it is needed;
- vi. representing the Organisation, as required;
- vii. making decisions delegated to the Chairman and, where practicable, working in consultation with other Board Members and the Chief Executive;
- viii. 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;
- ix. together with any Vice or Deputy Chairman, conducting an appraisal of all the Board Members in accordance with the Board Appraisal Policy as agreed by the Board from time to time;
- x. ensuring that the Organisation's affairs are conducted in accordance with generally accepted codes of performance, conduct and propriety;
- xi. together with the Chairman of the Personnel & Remuneration Committee or Vice or Deputy Chairman, conducting an appraisal of the Chief Executive on an annual basis.

5.4 The Vice or Deputy Chairman will deputise for the Chairman in his or her absence. . . Where the Chairman or Vice or Deputy Chairman are not present at a meeting of the Board, the Board Members present will elect a chairman for the meeting from amongst them. The appointment of such a chairman shall be the first item on the agenda but the person so appointed will only be the chairman of that meeting.

5.5 In the case where it is necessary for an urgent decision to be made which is not within the delegated authority of the Executive Management Team and it is not possible to convene a meeting of the Board or relevant Committee, a decision may be taken by the Chairman and the Vice or Deputy Chairman or either of the aforementioned and at least one of the Chairperson or Vice or Deputy Chairman of any Committee, based on the recommendations of the Executive Management Team. Any such decision will be reported to the Board at its next meeting.

## **6. THE CONDUCT OF BOARD BUSINESS**

- 6.1 Effective conduct of Board business is vital to good governance. Subject to the provisions of the Articles, 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 3 meetings in each calendar year.
- 6.3 One third of the total number of Board Members (or such whole number of Board Members nearest to one third) may request the Company Secretary to 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 any 4 Board Members are present.
- 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. Reports sent to the Board, its Committees or any other group set up by the Board will be laid out in accordance with the reporting template agreed by the Board from time to time;
  - iii. 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;
  - iv. the 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;
  - v. at times it may be necessary 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.

## **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 post for the time being.

- 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 their roles 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, personnel and remuneration 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 (including sending formal notices calling 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 at meetings, ensuring that the voting is carried out accurately; co-ordinating the administration and minuting of meetings;
- 7.3.3 ensuring that the Organisation complies with its Articles and, drafting and incorporating amendments in accordance with correct procedures;
- 7.3.4 maintaining the following statutory registers:
- 7.3.4.1 members;
- 7.3.4.2 company charges, mortgages and debentures;
- 7.3.4.3 directors and secretary;
- 7.3.4.4 directors' interests;
- 7.3.5 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:
- 7.3.5.1 annual returns;
- 7.3.5.2 report and accounts;
- 7.3.5.3 any changes to the Articles;
- 7.3.5.4 notices of appointment and removal or resignation of directors and the Company Secretary;
- 7.3.5.5 notices of removal or resignation of the auditors;
- 7.3.5.6 change of registered office;
- 7.3.5.7 resolutions as required by the Companies Act.

- 7.3.6 co-ordinating the publication and distribution of the Organisation's final accounts and interim statements, in consultation with the Organisation's internal and external advisers, in particular, when preparing the directors' report;
- 7.3.7 communicating with the Council as a member of the Organisation;
- 7.3.8 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;
- 7.3.9 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 as required by the Companies Act or Board policy;
- 7.3.10 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 the company name plates are displayed in a conspicuous place; and
- 7.3.11 monitoring and laying in place procedures which allow for compliance with relevant regulatory and legal requirements particularly under the Companies Act 2006 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 establish one or more Committees (including establishing a leadership group) 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 meeting of the Board.
- 8.3 The Board may collapse and/or replace Committees or vary the Committees' terms of reference as and when it sees fit to do so and when required under 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 operating at the time and any working groups established with a view to ensure that any such Committees and

groups remain relevant and appropriate and should continue to work as part 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. where possible and appropriate involve tenants, Council and community representatives in its decision-making processes;
- ii. ensure that Board meetings and other meetings are conducted as openly as possible save where confidential or commercially sensitive matters are being discussed;
- iii. respond clearly and openly to questions from stakeholders, the public or press on all matters other than confidential or commercially sensitive items;
- iv. create specialist Committees and working 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 are 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 review any arrangements made as a result of these commitments on a regular basis and consider any 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, the Council and other community groups. The involvement of tenants and other residents must, however, be the main focus of accountability.

10.2 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 may include:

- i. a handbook for tenants;
- ii. a regular newsletter;
- iii. the publication of service standards to enable tenants and other residents to judge value for money;
- iv. monitoring to ensure a consistent service to tenants and other residents across the organisation via the Resident Scrutiny programme of work; and
- v. a complaints and compliments procedure for tenants and others;

## **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. The Organisation will operate in accordance with its Equal Opportunities Policy.

## **12. BOARD MEMBERS AND EMPLOYEES INTERESTS**

12.1 The Company Secretary shall keep a record of all declarations of conflicts of interests of employees and Board Members and make this record available for inspection as required by any statute or policy. The Articles and the Code of Conduct set out the conflicts which need to be disclosed by the Board Members.

12.2 Any candidate for a position of employment in the Organisation who canvasses Board Members directly or indirectly will be disqualified.

12.3 No Board Member may recommend anyone for appointment or promotion, although if requested a written reference in a standard format can be given.

12.4 Any applicant for a job with the Organisation shall declare on their application form details of any relationship with any Board Member or employee of the Organisation. Any applicant who fails to make such a disclosure will be disqualified and, if appointed, will be subject to dismissal proceedings.

## **13. INSOLVENCY PROCEDURES**

13.1 The Board is responsible for ensuring that the Organisation ceases to trade if there are reasonable grounds for believing that the Organisation is insolvent or unable to meet its liabilities when they fall due.

13.2 As soon as it is believed that the Organisation may be trading insolvently, the Chief Executive and the Executive Director(s) shall notify the Chairman, the Vice or Deputy Chairman and the Council who will agree the action to be taken. This may include an external review of its financial position and the seeking of external advice, prior to notifying the Board.

13.3 This is in addition to the Board Members' statutory obligations.

## **14. AUDIT**

- 14.1 Effective audit is essential to good governance.
- 14.2 The Organisation will observe the rules, regulations and policies set out in the Organisation's Financial Regulations.

## **15. CONDUCT AND PROBITY**

- 15.1 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.
- 15.2 Board Members are required to be meticulous about declaring conflicts of interest. The Organisation maintains records of the interests of Board Members which are available for public inspection in the form of a Register of Interests.
- 15.3 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 of Interests, 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.
- 15.4 Unless specifically invited to remain, a Board Member with a conflict of interest which is not expressly authorised or permitted under the Articles is required to withdraw from that part of the meeting where the item concerned is being discussed.
- 15.5 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 of Interests.

## **16. RESPONSIBILITIES**

- 16.1 The Board, having formally adopted the Code of Governance for the Organisation, accepts responsibility for its implementation and for monitoring its effectiveness.
- 16.2 Day to day responsibility lies with the Chief Executive and the Executive Management Team. The Chief Executive will be the nominated "Controlling Authority" and will therefore be responsible for the day to day management, governance, administration and overseeing of the running of the Organisation.
- 16.3 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.

**17. MONITORING**

- 17.1 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.