

Code of conduct 2012

with good practice for members

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Introduction

The *Code of conduct 2012* and its associated guidance has been issued by the National Housing Federation to help its members achieve the highest standards of conduct and safeguard the sector's long-standing reputation for integrity. It is a reformatted, expanded and updated version of the Federation's *Excellence in standards of conduct: code for members*, 2010.

This version

In response to members' feedback, this revised version follows the format of the Federation's code of governance (*Excellence in governance*) in distinguishing between the code itself – with which members would be expected to comply – and good practice guidance that members may choose to follow wholly or in part. As with *Excellence in governance*, the code itself comprises a set of main principles and provisions.

The main principles define each section, providing clarity on excellence in conduct for the wide range of housing associations and related organisations that comprise the Federation's membership.

The provisions underpin the main principles. They highlight the key measures – the policies, procedures, processes, registers – that housing associations must have in place to comply with the main principles. It is appreciated that the policies and procedures that best meet the requirements of each member will vary from one organisation to another, based on the scale and complexity of that organisation. The code does not, therefore, dictate the content of policies and procedures but expects each member to develop its own as required.

The code itself is set out in its entirety in Part 3. It is then repeated with its accompanying good practice at Part 4. This good practice is not part of the code but is intended to help associations to interpret and implement it.

This revised version takes account of key legislative and regulatory changes since the code was originally published. It also reflects the increased role played by many residents and other service users in the running of their housing association. It contains no major policy changes from the original version, although some of the detail varies. A comparison between versions is at Appendix 5.

Application of the code

Most housing associations will already have adopted a code of conduct defining the standards required of their board members, staff and involved residents. Following the repeal of the legislation which formerly governed matters of probity, many members will have also defined a 'probity policy' or similar. This code defines a standard against which associations can assess their own standards and codes. As with the Federation's code of governance, associations are expected either to comply with the code in full or to be able to explain the reasons for areas of non-compliance.

Although compliance with a code of conduct is, at present, not a regulatory requirement, Federation members are expected to provide an annual statement of compliance with this code and make a reasoned statement about any areas where they do not comply. In considering their compliance with the code, associations should focus on the code itself, and not on the associated guidance.

Guiding principles

The code's provisions relate to the main areas where attention to probity and propriety need to be exercised. It is neither a comprehensive blueprint nor a substitute for the exercise of judgement as to what constitutes proper conduct.

Associations will inevitably face situations not directly addressed by the code. In such situations they should be guided by the seven Principles of Public Life established by the Committee on Standards in Public Life. Although housing associations are not public bodies, there is a general acceptance that they should uphold the same values of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These are set out in full at Appendix 4.

Constitutions

Organisations should adopt constitutions, legal instruments, financial regulations, standing orders and other governance frameworks which support and enable their implementation of this code. They should be kept up to date and reflect current company, charity, industrial and provident society law and statutory provisions.

Conduct of the individual

The code requires (provision A3) that associations adopt, and ensure compliance with, a code of conduct for their board members, staff and involved residents aimed at upholding the highest standards of probity and conduct. A model code of conduct called *Conduct becoming*, suitable for this purpose, is included at Appendix 1. Associations may, however, choose to customise this, or indeed to adopt another model, as they see fit.

Terminology

In this code and the associated guidance and model documents:

- The terms ‘housing association’ and ‘association’ refer to all organisations that are members of the National Housing Federation. This includes other types of housing organisation – such as charities, co-operatives and companies – that are members of the Federation.

Note: For organisations within a group structure, the main governing body will need to decide whether the code applies to organisations within the group that are not Federation members.

- ‘Board’ includes any board of management, management committee, board of trustees, and all similar governing bodies under whatever designation.
- ‘Board member’ includes all members of governing bodies whether they are formally known as directors, trustees, board members, management committee members etc. It includes co-optees and any other nominee. This applies whether or not the co-optees or nominees enjoy voting rights.
- ‘Board member’ in this context also includes all members of board committees who are not also members of the main governing body.
- ‘Staff member’ and ‘staff’ includes the organisation’s paid employees and any other persons fulfilling the role of a paid employee, such those employed by an agency or on secondment from another organisation.
- ‘Residents’ and ‘other service users’ includes residents, tenants, leaseholders and users of other services provided by the association.
- ‘Involved resident’ includes residents and other service users (as defined above) who are involved in delivering, or scrutinising, the organisation’s business activities. This includes members of standing committees – such as scrutiny panels and other residents’ boards and committees – and members of ad hoc panels convened to assist in selecting contractors or staff, determining the allocation of resources or resolving complaints or appeals from other residents. It does not include – as they are covered elsewhere –

residents and other service users who are also members of the organisation's governing body or its committees or who are members of staff.

Note: Some residents and other service users may have only a very limited and occasional involvement. Each association will need to decide who is and is not an 'involved resident' for the purposes of this code.

- 'Contractors' includes those other than board members, staff and involved residents who are directly involved in delivering the organisation's business activities. This includes contractors, sub-contractors, consultants and agents.

Family members and close connections

The code refers to persons with whom board members, staff or involved residents are 'closely connected'. A 'closely connected' person includes family members and persons with whom the individual has a close association.

The guidance on good practice and excellence accompanying the code suggests that 'family member' be given a very wide meaning and include persons who might reasonably be regarded as similar to family members even where there is no relationship by birth or in law. It would include:

- a partner (someone to whom the individual is married, a civil partner or someone with whom they live in a similar capacity);
- parent, parent-in-law;
- son or daughter, stepson or stepdaughter, the child of a partner;
- brother or sister, brother or sister of a partner;
- grandparent, grandchild;
- uncle or aunt, nephew or niece;
- the partners of any of these people;
- any dependents; and
- any person on whom the individual depends.

It would include estranged, separated and divorced family members (and estranged, separated and divorced persons who might reasonably be regarded as similar to family members).

A person with whom the individual has a 'close association' would be someone with whom they were in regular or irregular contact over a period of time who was more than

an acquaintance. It would be someone a member of the public might reasonably think the individual would be prepared to favour or disadvantage when discussing a matter that affects them. It may be a friend, colleague, neighbour, business associate or someone known through general social contacts.

Connection with an organisation

Someone is connected with a company, partnership or other organisation if he or she, or a family member, or close connection:

- is employed by the organisation, either directly or as a sub-contractor or agent;
- is a director, owner, board member, trustee, or has some other controlling or financial interest in the organisation;
- holds shares in the organisation, or has some other financial stake or interest in its success; or
- if there is some other connection or link that a reasonable person could take to create a conflict of interest.

Code of conduct 2012

The main principles of the code

- A Probity:** Housing associations must maintain the highest standards of probity and conduct.
- B Loyalty and conflicts of interest:** Housing associations must ensure that their board members, staff and involved residents act, and are seen to act, wholly in the interests of the organisation and its residents and other service users. All actual or potential conflicts or dualities of interest must be openly declared and properly resolved.
- C Remuneration:** Remuneration decisions must be lawful, transparent, fair and proportionate.
- D Personal benefit:** Housing associations must demonstrate that board members, staff and involved residents, and those with whom they are closely connected, receive no preferential consideration in the provision of benefits such as housing accommodation or employment.
- E Prevention of bribery and corruption:** Housing associations must adopt and comply with appropriate policies and procedures to prevent bribery and corruption.
- F Respect:** Housing associations must adopt and promote standards to ensure that the conduct of board members, staff and involved residents at meetings, events, and in the workplace demonstrates respect for all and promotes the values of the organisation.

A Probity

Main principle

Housing associations must maintain the highest standards of probity and conduct.

Provisions

- A1** Associations must comply in full with the principles and provisions of this code or openly explain areas of non-compliance.
- A2** Associations must adopt, and comply with, a set of policies and procedures for ensuring compliance with statutory and regulatory requirements and this code, and for dealing with any breaches.
- A3** Associations must adopt, and ensure compliance with, a code of conduct for their board members, staff and involved residents aimed at upholding the highest standards of probity and conduct. (A model code called *Conduct becoming*, suitable for this purpose, accompanies this code.)
- A4** The responsibilities of individual board members, staff and involved residents with regard to probity and conduct must be clearly set out in their terms of appointment and form part of their induction training.
- A5** Associations must use reasonable endeavours to ensure that contractors directly involved in delivering the association's business activities are obliged to comply with the association's relevant policies, procedures and codes of conduct.
- A6** Associations must encourage board members, staff or others with serious concerns about any aspect of their work to come forward and express those concerns and must adopt, and comply with, appropriate policies and procedures for handling any such concerns.
- A7** Associations must promote a culture of transparency and accountability, consistent with the needs of the organisation.

B Loyalty and conflicts of interest

Main principle

Housing associations must ensure that their board members, staff and involved residents act, and are seen to act, wholly in the interests of the association, its residents and other service users. All actual or potential conflicts or dualities of interest must be openly declared and properly resolved.

Provisions

- B1** Associations must have, and comply with, appropriate policies to ensure that no conflict arises, or could reasonably be perceived to arise, between the duties of board members, staff, involved residents and their personal interests, financial or otherwise.
- B2** The requirement on board members, staff and involved residents to act and be seen to act, wholly in the interests of the association, its residents and other service users – and their responsibilities in this regard – must be clearly set out in their terms of appointment and form part of their induction training.
- B3** A register of interests, in which all interests declared by board members, staff and involved residents are recorded, must be maintained and be available for public inspection.
- B4** Where a potential conflict has arisen, the organisation and the person concerned must consider how to ensure that it has been dealt with so as to protect the association and its reputation; in certain circumstances, this could include the resignation of the person concerned.

C Remuneration

Main principle

Remuneration decisions must be lawful, transparent, fair and proportionate.

Provisions

- C1** Housing associations must have, and comply with, formal and transparent procedures for developing policy on board and executive remuneration, for determining remuneration levels and for authorising any non-contractual payments to staff or payments to residents.
- C2** Levels of executive staff remuneration should be sufficient to attract, retain and motivate staff of the quality required to run the association successfully and deliver its strategic aims, but associations must avoid paying more than is necessary for this purpose.
- C3** Levels of board member pay must be proportionate to the association's size, complexity and resources.
- C4** Payment of board members must be linked to members collectively and individually carrying out specific functions against which performance is reviewed.
- C5** An annual disclosure must be made in the association's certified accounts on the level of payment made to the chair and individual board members, and the level of the chief executive's remuneration.

D Personal benefit

Main principle

Housing associations must demonstrate that board members, staff, involved residents and those with whom they are closely connected, receive no preferential consideration in the provision of benefits such as housing accommodation¹ or employment.

Provisions

- D1** Associations must have, and comply with, fair and transparent policies relating to the provision of housing accommodation for board members, staff, involved residents or others to whom such persons are closely connected.
- D2** Associations must have, and comply with, fair and transparent policies relating to the offer of employment to involved residents or board members or persons who are closely connected to a board member, member of staff or involved resident.
- D3** Associations must have, and comply with, fair and transparent guidelines for the provision of social and welfare benefits to board members, staff, involved residents or others to whom such persons are closely connected.

¹ This may not apply to certain fully mutual co-operatives, which may comply with own rules where these permit a different approach.

E Prevention of bribery and corruption

Main principle

Housing associations must adopt and comply with appropriate policies and procedures to prevent bribery and corruption.

Provisions

- E1** Associations must comply with anti-bribery legislation. They must adopt, and comply with, anti-bribery and corruption policies.
- E2** Associations must have, and comply with, procedures relating to the giving, receipt and recording of gifts, hospitality and other benefits by board members, staff, involved residents and others directly involved in delivering the association's business activities.
- E3** The requirement on board members, staff and involved residents to comply with the association's anti-bribery and corruption policies and procedures – and their responsibilities in this regard – must be clearly set out in their terms of appointment and form part of their induction training.
- E4** Associations must exercise due diligence in dealing with consultants, contractors, suppliers, joint venture partners and agents to ensure that they have anti-bribery and corruption policies and procedures that are consistent with their own.
- E5** Associations must be aware of and comply with s122 of the Housing and Regeneration Act 2008, which restricts the making of gifts, and the payment of dividends and bonuses, to members of registered providers and certain other people and organisations.

F Respect

Main principle

Housing associations must adopt and promote standards to ensure that the conduct of board members, staff and involved residents at meetings, events, and in the workplace, demonstrates respect for all, and promotes the values of the organisation.

Provisions

- F1** Housing associations must have policies and procedures that enable them to address promptly and effectively any failure to adhere to required standards of conduct at meetings, events and in the workplace.
- F2** The responsibilities of board members and involved residents with regard to meeting attendance, preparation and conduct must be clearly set out in their terms of appointment and form part of their induction training.

Part 4

The code with associated good practice

A Probity

Main principle

Housing associations must maintain the highest standards of probity and conduct.

Provisions

- A1** Associations must comply in full with the principles and provisions of this code or openly explain areas of non-compliance.
- A2** Associations must adopt, and comply with, a set of policies and procedures for ensuring compliance with statutory and regulatory requirements and this code, and for dealing with any breaches.
- A3** Associations must adopt, and ensure compliance with, a code of conduct for their board members, staff and involved residents aimed at upholding the highest standards of probity and conduct. (A template code called *Conduct becoming*, suitable for this purpose, accompanies this code.)
- A4** The responsibilities of individual board members, staff and involved residents with regard to probity and conduct must be clearly set out in their terms of appointment and form part of their induction training.
- A5** Associations must use reasonable endeavours to ensure that contractors directly involved in delivering the association's business activities are obliged to comply with the association's relevant policies, procedures and codes of conduct.
- A6** Associations must encourage board members, staff or others with serious concerns about any aspect of their work to come forward and express those concerns and must adopt, and comply with, appropriate policies and procedures for handling any such concerns.
- A7** Associations must promote a culture of transparency and accountability, consistent with the needs of the organisation.

Section A – Probity: Good practice and excellence

- 1 Responsibility should be assigned, at both senior officer and board level, for ensuring that appropriate policies and procedures are developed, implemented, complied with and kept under review to ensure that they continue to reflect statutory and regulatory requirements and good practice.

Policies and procedures

- 2 The association's policies and procedures for ensuring compliance with statutory and regulatory requirements and the highest ethical standards should cover:
 - (1) the conduct of board members, staff, involved residents and contractors;
 - (2) declarations of interest;
 - (3) openness and transparency;
 - (4) bribery and corruption (including gifts and hospitality);
 - (5) payments and benefits;
 - (6) remuneration and expenses;
 - (7) fraud;
 - (8) procurement of goods and services;
 - (9) data protection;
 - (10) equality and diversity;
 - (11) bullying and harassment;
 - (12) meeting conduct;
 - (13) use of the association's funds and other resources (including IT);
 - (14) health, safety and security;
 - (15) alcohol, illegal drugs and substance abuse;
 - (16) complaints and feedback;
 - (17) confidential reporting (whistle-blowing).
- 3 Policies, procedures and codes should be readily accessible – in terms of their structure, language and format – to board members, staff and involved residents.

Training and awareness

- 4 As set out in the provisions of the code, the responsibilities of individual board members, staff and involved residents with regard to probity and conduct must be included in their terms of appointment and form part of their induction training. Arrangements should be made to ensure that staff employed by agencies or on secondment from other organisations are similarly made aware of their responsibilities in this regard. Others directly involved in delivering the association's business activities – such as consultants, contractors and agents – should also be required, in their terms of appointment, to comply with relevant policies, procedures and codes of conduct.
- 5 Residents who are not considered to be 'involved residents' but who participate in scrutiny or other activities for the association should be made aware as part of their initial briefing that they are required to behave in an appropriate manner. Key requirements should cover: general conduct including respect for others, adherence to data protection and information handling procedures, adherence to guidelines relating to impartiality and conflicts of interest.
- 6 Training programmes on key aspects of probity and conduct, and arrangements for regular refresher training, should be developed, implemented and monitored for board members, staff and involved residents.

Access to advice

- 7 Arrangements should be made to ensure that board members, staff and involved residents have access to expert and up-to-date advice and guidance. This is likely to include:
 - (1) employing a suitably qualified and experienced company secretary or equivalent;
 - (2) assigning 'lead responsibility' to individual senior officers, and/or board members, for key areas such as ensuring compliance with data protection legislation or preventing bribery.

Arrangements should also be made to ensure that the board has access to appropriate sources of external advice.

Compliance

- 8 Arrangements should be made for regular monitoring of compliance with policies, procedures and codes, including by internal and external audit.
- 9 Staff and board member supervision and appraisal arrangements should explicitly cover compliance with the code and the policies and procedures that underpin it. Any areas of non-compliance should be addressed promptly, robustly and effectively.

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- 10 Associations should ensure that any alleged or suspected material breaches of the code, or the policies and procedures that underpin it, are appropriately investigated and, where necessary, corrective action fully and quickly implemented.

Response plans

- 11 Associations should adopt, and comply with, an appropriate set of response plans, providing a checklist of actions and guidance to be followed where serious concerns arise. Response plans should cover:
- (1) **Whistle-blowing** – where a serious concern is raised on a confidential basis about any aspect of the association’s work or the conduct of individuals. The charity Public Concern at Work² can assist in matters relating to whistle-blowing
 - (2) **Fraud and bribery** – in the event that fraud or bribery is suspected.
- 12 Response plans should include informing the regulator at an early stage where a significant breach of legal or regulatory requirements is alleged or suspected or where any other serious concern arises.

Transparency and openness

- 13 Associations should adopt, and comply with, a policy of transparency and openness that complies with the relevant principles and provisions of the Federation’s *Excellence in governance* (Section 1 ‘Openness, transparency and accountability’) and takes account of the Federation’s guidance in *Excellence in service delivery and accountability* (Section B ‘Accountability’).
- 14 In determining their policy and practice in this area, associations should take account of current and evolving best practice across government and the wider public and charitable sectors.

Other guidance

- 15 Other documents setting out policies, procedures, strategies and guidelines that cover aspects of probity and conduct are likely to include:
- (1) staff recruitment policy, remuneration framework, employment terms and conditions, staff rules;
 - (2) board member recruitment policy, competency framework, remuneration framework, appraisal framework;

2 www.pcaw.org.uk.

- (3) role descriptions for board members and involved residents;
- (4) code of governance;
- (5) financial principles, regulations and standing orders;
- (6) shareholding policy;
- (7) risk management framework;
- (8) efficiency and value for money strategy;
- (9) internal controls, internal and external audit procedures;
- (10) service standards;
- (11) the organisation's constitution and standing orders.

B Loyalty and conflicts of interest

Main principle

Housing associations must ensure that their board members, staff and involved residents act, and are seen to act, wholly in the interests of the association, its residents and other service users. All actual or potential conflicts or dualities of interest must be openly declared and properly resolved.

Provisions

- B1** Associations must have, and comply with, appropriate policies to ensure that no conflict arises, or could reasonably be perceived to arise, between the duties of board members, staff, involved residents and their personal interests, financial or otherwise.
- B2** The requirement on board members, staff and involved residents to act and be seen to act, wholly in the interests of the association, its residents and other service users – and their responsibilities in this regard – must be clearly set out in their terms of appointment and form part of their induction training.
- B3** A register of interests, in which all interests declared by board members, staff and involved residents are recorded, must be maintained and be available for public inspection.
- B4** Where a potential conflict has arisen, the organisation and the person concerned must consider how to ensure that it has been dealt with so as to protect the association and its reputation; in certain circumstances, this could include the resignation of the person concerned.

Section B – Loyalty and conflicts of interest: Good practice and excellence

Recruitment

- 1 In the recruitment of board members, staff and involved residents, careful consideration should be given where the interests of the individual – or a person with whom he or she is closely connected – indicate an actual or potential conflict with those of the association. Where, after proper scrutiny, the evidence shows that there is likely to be an actual or potential serious or continuing conflict of interest, an appointment should not be made.

Declaration of interest

- 2 On appointment, board members, staff and involved residents should be required to complete a form to register any personal financial and other interests that could potentially conflict with their role. Board members should be required to complete, sign and submit their initial declaration of interest form before attending their first meeting as a board member.
- 3 Board members, staff and involved residents should be required to amend their declaration of interest form whenever a change occurs – in either their own interests or those of a person closely connected to them – which could potentially conflict with their role.
- 4 Board members and involved residents should be required to review their continuing membership or involvement, and if necessary take advice on whether they should stand down, when changes occur in either their own interests or those of a person closely connected to them, which may give rise to a potentially serious or continuing material conflict with those of the association.
- 5 Declaration of interest forms submitted by board members, senior staff and involved residents should be reviewed on receipt by the company secretary or equivalent. The forms should be counter-signed and dated by the company secretary to acknowledge receipt and confirm that, to the best of his or her knowledge, the form has been completed correctly. It is not expected that the company secretary would make enquiries to verify the accuracy of declarations of interest but that he or she would apply their knowledge of the individual's circumstances and of the information provided on earlier declarations.
- 6 Although review by the company secretary can provide a useful check that no obvious errors have been made, it is stressed that it is the responsibility of the individual board

member, member of staff or involved resident to ensure that their interests are fully, properly and promptly declared.

Wrongful declarations/failure to declare

- 7 Where there is evidence that an individual has withheld information or provided misleading information about their interests or those of a person closely connected to them – whether deliberately or through taking insufficient care in making a declaration – the board should consider removal from membership or, in the case of a member of staff, disciplinary action or dismissal.

Defining interests

- 8 Relevant personal interests take many forms, including:
- (1) employment, self-employment;
 - (2) company directorships, business partnerships;
 - (3) ownership or significant shareholding in a company or partnership providing products or services to the housing association sector;
 - (4) significant ownership of land and/or property in the area of operation of the association;
 - (5) tenancy or leasehold interest of a property owned by the association;
 - (6) membership of a campaigning, residents' or community association which has interests in the business and/or operation of the association;
 - (7) positions of public responsibility;
 - (8) membership of another association or unregistered 'not-for-profit' body with interests in the area of operation of the association;
 - (9) membership of secret societies and similar organisations.
- 9 In the interests of transparency, membership of political parties, secret societies and pressure groups should always be declared. Membership of other boards or committees within the same group structure should also be declared, if only for the record.
- 10 Board members should declare if they are newly disqualified from acting as a company director or charity trustee. Any current or spent disqualifications should have been declared prior to appointment as a board member.

- 11 Board members who serve on the board as nominees of a local authority should regard such a nomination as a declarable interest in itself. A more direct interest – such as a proposed development in a councillor’s own ward – should also be declared. So too should any circumstance where the interests of the local authority may conflict with those of the association.
- 12 Board members who are the paid staff or board members of, or who provide goods and services to, other housing or not-for-profit organisations should declare their interests in those organisations.

Family members and close connections

- 13 A person ‘closely connected’ to a board member, member of staff or involved resident includes family members and persons with whom the individual has a close association.
- 14 A ‘family member’ should be given a very wide meaning and include persons who might reasonably be regarded as similar to family members even where there is no relationship by birth or in law.
- 15 The Terminology section gives detailed guidance on defining the terms ‘family member’ and ‘close connection’.
- 16 Board members, staff and involved residents are not expected to research into the employment, business interests and other activities of all persons with whom they are ‘closely connected’. However, they must not ignore the existence of interests which, from the point of view of a reasonable and objective observer, they should have been aware.

When to declare

- 17 No written guidance is likely to cover all circumstances in which an interest should be declared. Board members, staff and involved residents should be advised, when in doubt, to seek advice from the company secretary or equivalent. If doubt remains, the advice would always be to declare the matter.
- 18 Board members, staff and involved residents should be required to ensure that where an item of business arises – at a board, committee, panel or other meeting – in which they or a person closely connected to them has an interest, however slight, this is notified to the chair of the meeting. This applies whether or not the interest has already been entered in the register. Where the individual with an interest to declare is the chair, he or she should be required to notify the meeting.

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- 19 Wherever possible, interests should be declared at the start of the meeting as an initial agenda item. There may, however, be occasions when an individual's interest becomes apparent only when the item is under consideration. In such a case the individual should declare his or her interest as soon as the interest becomes apparent. Any and all interests declared, before or during the meeting, should be recorded in the minutes.
 - 20 Involved residents, and board members or staff who are residents of the association, should regard matters specifically concerning their individual circumstances as a clear and substantial conflict of interest. Matters affecting neighbours or other individual residents or groups of residents with whom the individual has a close association should also be regarded as a conflict. Matters affecting residents more generally need be declared only where they create a specific conflict of interest.

Dealing with declarations

- 21 Where the declared matter represents a clear and substantial conflict of interest – for example, where it is a financial interest or where a personal benefit may arise or be seen to arise – the individual should offer to remove him or herself from the meeting for the duration of the item. They should only remain if the meeting decides that it is appropriate and the meeting's decision in this regard is recorded in the minutes.
- 22 Where the individual is invited to remain, he or she should refrain from participating in the discussion and in any decision. If the individual is invited to participate in the discussion, this should be minuted. As a general rule, all action taken to prevent any conflict of interest from arising should be recorded in the minutes.
- 23 The register of interests, maintained by the company secretary and available for public inspection, should state the interest and by whom it was declared but does not need to include potentially sensitive detail.
- 24 Charities should have regard to Charity Commission guidance on conflicts of interest for charity trustees. Companies should have regard to the Companies Act 2006 (s175).

C Remuneration

Main principle

Remuneration decisions must be lawful, transparent, fair and proportionate.

Provisions

- C1** Housing associations must have, and comply with, formal and transparent procedures for developing policy on board and executive remuneration, for determining remuneration levels and for authorising any non-contractual payments to staff or payments to residents.
- C2** Levels of executive staff remuneration should be sufficient to attract, retain and motivate staff of the quality required to run the association successfully and deliver its strategic aims, but associations must avoid paying more than is necessary for this purpose.
- C3** Levels of board member pay must be proportionate to the association's size, complexity and resources.
- C4** Payment of board members must be linked to members collectively and individually carrying out specific functions against which performance is reviewed.
- C5** An annual disclosure must be made in the association's certified accounts on the level of payment made to the chair and individual board members, and the level of the chief executive's remuneration.

Section C – Remuneration: Good practice and excellence

Board remuneration

- 1 Housing associations contemplating the payment of board members should ensure that they have the power to do so under their rules or constitution. Guidance issued by the Federation³ should be considered and, if necessary, legal advice taken on whether amendments are required to permit payment. In the case of charities registered with the Charity Commission, the detailed guidance issued by the Charity Commission (CC11 and any related guidance) should always be followed and any necessary approvals obtained.
- 2 The decision on whether to pay should be taken only after careful consideration of all relevant factors. Associations should pay particular attention to the following:
 - (1) how payment will improve governance and encourage the recruitment and retention of board members with particular skills and knowledge currently unavailable to the association;
 - (2) the method of payment to be used, such as a fixed fee or attendance allowance;
 - (3) the impact payment will have on current and future board members who are in receipt of state benefits (and in particular on the attraction and retention of board members who are also tenants of the association), having regard to the fact that current benefit rules may treat payment as income even if the board member declines to accept it;
 - (4) the amount of payment and any differentials to reflect specific responsibilities, such as chair, committee chair and so on;
 - (5) in setting the amount, industry norms and comparables both among similar associations and other relevant comparable organisations;
 - (6) the impact payment will have on the costs of the association and its services;
 - (7) the views of residents and other service users and key stakeholders;
 - (8) the arrangements for reviewing payment and for performance review.
- 3 Guidelines issued by the Federation should be considered in reaching a decision on the level of payment. It is for the board to determine the exact amount, recognising the reputational risk to the association and the sector of setting a level which significantly exceeds that paid in similar bodies or is disproportionate to the turnover of the association.

3 *Board member pay: Principles and practicalities*. National Housing Federation, 2009.

- 4 Once a decision to pay has been taken, a statement should be included in the audited accounts, stating:
- (1) the amount to be paid and how it is calculated;
 - (2) the proportion which the total amount paid forms of the association's annual turnover;
 - (3) the arrangements for performance assessment of individual board members and for the board as a whole and for determining whether payment of board members remains appropriate.

Executive staff remuneration

- 5 The association should ensure that its board has responsibility for:
- (1) setting the association's overall remuneration budget;
 - (2) the remuneration, recruitment and severance terms of the members of the executive team;
 - (3) the appointment of the chief executive;
 - (4) all executive staff contracts.

The board may choose to delegate these responsibilities to a remuneration committee. The board should ensure that it has the skills and experience, and advice from suitably qualified persons, to fulfil these responsibilities properly, fairly and in line with best practice.

- 6 The board should be responsible for appointing any external advisers in respect of executive staff remuneration. Where staff are involved in advising or supporting the board in these matters, care should be taken to recognise and avoid conflicts of interest.
- 7 In setting and reviewing the level of remuneration for the chief executive and any other executive staff, boards should give careful consideration to the following:
- (1) job content and responsibilities, based on an independent, analytical job evaluation;
 - (2) the size and complexity of the business;
 - (3) market comparisons drawn from independent analysis of appropriate comparators;
 - (4) how executive pay and benefits fit into the overall remuneration policy of the association;
 - (5) the impact of overall pay and executive costs on the association's management costs;

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- (6) published guidance and industry norms.
- 8 In reaching a decision on the level of remuneration to be offered, boards should be mindful of the reputational risk to the association and the sector of setting a level that significantly exceeds that paid in other comparable organisations and/or is disproportionate to the management costs of the association.
- 9 In setting and reviewing terms and conditions for the employment of the chief executive and other executive staff, boards should ensure that proper consideration is given to all relevant matters and in particular to:
- (1) basic salary level, arrangements for review and the impact of increases on other benefits such as pensions;
 - (2) equality of pay/benefits;
 - (3) bonus payments and methods for setting and reviewing objectively measured targets;
 - (4) employer's pension contributions and any additional costs associated with the provision of pensions;
 - (5) any additional benefits to be provided such as car and/or allowances, relocation expenses, health insurance etc;
 - (6) notice periods which should be reasonable and which ensure that payments in lieu of notice do not exceed reasonable levels;
 - (7) severance arrangements, if any, which should be reasonable and fair. In considering severance arrangements the impact on the total cost of severance, of the treatment of notice and pension arrangements should be considered.

Non-contractual payments to staff

- 10 Associations should establish fair and open remuneration and severance policies which limit the necessity for discretionary, non-contractual payments. Where, however, it is appropriate for consideration to be given to making discretionary payments, arrangements need to be carefully scrutinised and handled to avoid any suggestion of impropriety or discrimination.
- 11 Other than in respect of very small amounts, non-contractual payments should always be approved by the chief executive or other members of the executive team for staff who are not executives, and approved by the board, or a properly authorised committee, for the chief executive and members of the executive team. Where the board delegates authority to a committee, it should ensure that the delegation is clear, that the committee is of an

appropriate size and composition, that meetings are formally convened and conducted and that minutes of the meeting are recorded. Delegation to small, informal, or ad hoc bodies should be avoided.

Bonus and *ex gratia* payments

- 12 Payment of performance awards should normally be in accordance with employment contracts or a separate bonus policy. Where this is not provided for, boards should only consider making a discretionary bonus payment on evidence of exceptional performance, or in exceptional circumstances, and at a level which avoids any reputational risk to the association and/or the sector.
- 13 *Ex gratia* payments should be considered only where no other options exist to reward or compensate staff in the light of exceptional performance or exceptional circumstances. They should be one-off payments set at a level that avoids any reputational risk to the association and/or the sector.

Severance and redundancy payments

- 14 Associations should ensure that they have clear, fair and open policies in respect of severance, including early retirement, and redundancy. For many organisations it will be appropriate to establish a system of authority limits which include the HR department being authorised to sanction payments up to a limit. Proposals for the award of severance and redundancy payments should always be carefully scrutinised to ensure they are reasonable, in line with the best interests of the association and are lawful. Charities need to ensure that they are consistent with their charitable objects and in accord with any guidance issued by the Charity Commission.
- 15 In considering the amount of any severance or redundancy payment, associations should ensure that they take advice from suitably qualified persons and act in accord with published best practice. They should consider the total value of the severance package (including the costs associated with any pension arrangements and the impact of the treatment of notice where appropriate). Particular caution should be exercised in cases where staff are subject to disciplinary action that directly relates to the reason for their departure. The aim should be to avoid rewarding poor performance.
- 16 Settlement is likely to depend on a number of factors. Those to which boards should give particular consideration are:
 - (1) reasons for departure and length of service;
 - (2) total value of remuneration including benefits such as pension contributions, bonuses, car and/or allowances;

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- (3) any contractual entitlement to severance or redundancy and length of notice period;
 - (4) full costs to the association, and other impacts, of the settlement proposed, including any additional costs (over and above normal employer contributions) associated with pensions;
 - (5) legal and financial risks and costs to the association, and other impacts, of failing to agree a settlement.
- 17 Particular care needs to be exercised in relation to the handling of executive and senior staff settlements to ensure there is no appearance of impropriety.
- 18 The executive (or the board if appropriate) should reach a decision on the amount of any redundancy or severance payment. In doing so it should take into account the reputational risk to the association and/or the sector of agreeing to a settlement which significantly exceeds that paid in similar circumstances in comparable organisations.

Out-of-court settlements

- 19 Where proposals arise for an out-of-court settlement in relation to a case referred to an employment tribunal, the executive (or the board if appropriate) should make sure that it is aware of all relevant facts and has the advice of independent legal advisers.
- 20 Settlements should be entertained only where a business case substantiates the necessity for early resolution, and in particular the evidence and advice received indicates any of the following circumstances:
- (1) extended delays or protracted proceedings are likely to give rise to substantial costs over and above any predicted employment tribunal settlement;
 - (2) operational performance is likely to be adversely affected if the case is not resolved quickly;
 - (3) defence of the action is unlikely to be successful given the nature of the claim.
- 21 Associations should exercise particular care to avoid any suggestion of secrecy or impropriety in cases where management failings and/or poor performance or conduct of individual staff members have resulted in the employment tribunal action.
- 22 It is for the board (or the executive if appropriate) to reach a decision on the amount to be offered in an out-of-court settlement. In doing so, account should be taken of the reputational risk to the association and/or the sector of agreeing to a payment that significantly exceeds that paid in similar circumstances in comparable organisations.

Payments to residents

- 23 The decision to make payments to residents to incentivise or reward participation or other behaviour or activity – whether in cash, shopping vouchers, ‘cash back’, or entry into a ‘prize draw’ – should be taken only after consideration of all relevant factors. Associations should pay particular attention to:
- (1) how the reward or incentive will enable the association better to meet its aims and objectives;
 - (2) the views of residents and other service users and key stakeholders;
 - (3) any published guidance and/or sector norms.
- 24 Associations should ensure that any reward or incentive scheme or arrangement, and the type and amount of payment, is:
- (1) determined by the board;
 - (2) transparent, fair and proportionate;
 - (3) kept under review to test whether outcomes are being achieved in line with expectations;
 - (4) not susceptible to abuse;
 - (5) not in contravention of s122 (see Section E and Appendix 2);
 - (6) subject to effective internal and external audit.

Charities need to ensure that any such scheme is consistent with their charitable objects and in accord with any guidance issued by the Charity Commission.

D Personal benefit

Main principle

Housing associations must demonstrate that board members, staff, involved residents and those with whom they are closely connected, receive no preferential consideration in the provision of benefits such as housing accommodation⁴ or employment.

Provisions

- D1** Associations must have, and comply with, fair and transparent policies relating to the provision of housing accommodation for board members, staff, involved residents or others to whom such persons are closely connected.
- D2** Associations must have, and comply with, fair and transparent policies relating to the offer of employment to involved residents or board members or persons who are closely connected to a board member, member of staff or involved resident.
- D3** Associations must have, and comply with, fair and transparent guidelines for the provision of social and welfare benefits to board members, staff, involved residents or others to whom such persons are closely connected.

⁴ This may not apply to certain fully mutual co-operatives, which may comply with own rules where these permit a different approach.

Section D – Personal benefit: Good practice and excellence

- 1 In the case of staff, entitlement to benefits, such as car and subsistence allowances, should normally be recorded as part of contractual terms and conditions. In the case of board members and involved residents, governance and resident involvement policies should establish what benefits are available to assist them in carrying out their role, for example, provision of childcare or computer facilities.

Housing accommodation

- 2 In the event that a member of staff, a board member, an involved resident or a person with whom he or she is closely connected, applies for housing accommodation (including where he or she is nominated by the local authority or referred by a referral agency), the association should ensure that:
 - (1) there is disclosure of the individual's interest or connection;
 - (2) consideration of the application is based solely on published allocation criteria;
 - (3) no person having any direct personal knowledge of the applicant plays any part in the assessment or decision.
- 3 Provided the applicant is able to demonstrate that he or she meets all of the selection criteria, an association may decide to offer accommodation.
- 4 Decisions should be agreed by the board if they relate to executive staff or board members. Some associations may choose not to house board members or members of the executive staff team.
- 5 In cases where staff, board members, involved residents or others with whom those persons are closely connected are existing tenants and apply for a transfer or re-housing, associations should ensure that:
 - (1) there is disclosure of the individual's interest or connection;
 - (2) no preferential consideration is given to the application.

Involved residents, and board members or members of staff who are also tenants of the association, should not be disadvantaged in applying for either a transfer or re-housing, but should ensure that they play no part in nor exert any influence over the handling of their application.

Employment

- 6 In cases where an applicant for employment is an involved resident or has close connections to a board member, involved resident or member of staff, associations should ensure that:
- (1) there is disclosure of the individual's connection;
 - (2) consideration of the application is based solely on merit and suitability in relation to the requirements of the post;
 - (3) no person having any personal knowledge of the applicant plays any part in the assessment or decision.

Where the connection is with a board member or a senior member of staff, the general presumption is often taken to be against offering employment.

- 7 Provided the applicant is able to demonstrate that he or she fully meets the post's requirements, an association may decide to offer employment. Where this concerns a senior post, that decision needs to be made only after careful consideration by the full board. Charities may need to seek the approval of the appropriate regulator when the offer concerns a person closely connected to a board member.
- 8 The association should have a policy on whether or not board members themselves may apply for employment. Where this is envisaged:
- (1) the applicant should immediately declare their interest and resign from the board;
 - (2) there should be no presumption that the applicant would necessarily be reappointed to the board if unsuccessful in their application for employment.
- 9 Where the employment of a relative or other closely connected person is approved, measures should be put in place to ensure that the supervision and appraisal of the member of staff is not compromised. Relatives and others closely connected with the member of staff should not be involved in their direct line management.
- 10 Charities should ensure they adhere to Charity Commission guidance.

Support for social or welfare purposes

- 11 Boards should establish general guidelines for the provision of social and welfare benefits. These should clarify the sort of situations in which it is reasonable for benefits to be given in the form of direct payments, use of premises or staff time, for example, a leaving party or gift to a long-serving member of staff.

- 12 Within the general guidelines set, managers should be trusted to make sensible decisions on what support to provide in individual cases. These need not be recorded and reported to the board other than in exceptional and potentially controversial cases.

Provision of services

- 13 Other than duly agreed remuneration (where applicable), associations should not pay board members for services provided to the association. The only exception is in respect of charities where Charity Commission dispensation has been granted for payment for professional services to trustees.

E Prevention of bribery and corruption

Main principle

Housing associations must adopt and comply with appropriate policies and procedures to prevent bribery and corruption.

Provisions

- E1** Associations must comply with anti-bribery legislation. They must adopt, and comply with, anti-bribery and corruption policies.
- E2** Associations must have, and comply with, procedures relating to the giving, receipt and recording of gifts, hospitality and other benefits by board members, staff, involved residents and others directly involved in delivering the association's business activities.
- E3** The requirement on board members, staff and involved residents to comply with the association's anti-bribery and corruption policies and procedures – and their responsibilities in this regard – must be clearly set out in their terms of appointment and form part of their induction training.
- E4** Associations must exercise due diligence in dealing with consultants, contractors, suppliers, joint venture partners and agents to ensure that they have anti-bribery and corruption policies and procedures that are consistent with their own.
- E5** Associations must be aware of and comply with s122 of the Housing and Regeneration Act 2008, which restricts the making of gifts, and the payment of dividends and bonuses, to members of registered providers and certain other people and organisations.

Section E – Prevention of bribery and corruption: Good practice and excellence

- 1 Housing associations should establish policies and procedures to make it clear that:
- (1) the association does not permit the giving or acceptance of lavish hospitality or expensive gifts;
 - (2) modest, proportionate and appropriate activities and token memorial souvenir gifts, in keeping with the nature of the occasion, may occasionally be offered to external organisations and their officials. The giving of hospitality or gifts should always require prior approval at an appropriate level;
 - (3) staff, board members and involved residents are only permitted to accept and keep token gifts of very low value such as pens, diaries and small promotional items. In the rare circumstances where a more substantial gift cannot be declined or returned – for example, where declining may cause significant offence – the gift may be accepted and donated to charity or displayed and retained as the association’s property;
 - (4) staff, board members and involved residents should decline all corporate hospitality offered by third parties unless there are good business reasons to accept. A specific exemption is likely to be made in relation to refreshments and modest lunches taken during a business meeting. In all other circumstances, acceptance of hospitality should always require prior approval at an appropriate level;
 - (5) permission to attend sporting events, shows, concerts or similar events paid for by third parties will not normally be granted. A specific exemption is likely to be made in relation to attendance at an award event that is relevant to the association’s business;
 - (6) in the circumstances when permission to accept corporate hospitality is granted, the hospitality should be ethically, morally, socially and politically acceptable. Nothing should be accepted that would or could bring the association or the sector into disrepute;
 - (7) staff, board members and involved residents are not permitted to receive from external third parties any paid travel, accommodation or general subsistence except for reasonably priced travel and accommodation arrangements in connection with activities such as speaking at a conference for a third party. In the rare circumstances where it may be impractical for board members, staff or involved residents independently to arrange travel or accommodation, prior approval at an appropriate level should always be sought;

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- (8) staff, board members and involved residents must report to the appropriate person any attempt to undermine impartiality by the offer of substantial gifts or other inducements.
- 2 Associations should provide board members, staff and involved residents with sufficiently clear and detailed guidance and examples to enable them to interpret correctly concepts such as ‘a token gift of low value’ or ‘a modest working lunch’.

Hospitality and gifts register

- 3 A register of hospitality and gifts should be maintained, and made available for inspection by persons with a legitimate interest in the affairs of the association. An entry in the register should be required to record all gifts offered, whether accepted (and donated) or declined (or returned). All hospitality given or received should be recorded except in the case of modest working lunches provided by or to a third party. There would not normally be a requirement to record hospitality declined unless it was considered that the hospitality offered was inappropriate. Entries in the register should normally be required to be made within five working days of the offer of a gift or receipt/provision of hospitality.
- 4 The register should record:
- (1) the date (that the hospitality was received/provided or the gift was offered);
 - (2) name of the recipient;
 - (3) name of the organisation or individual providing/receiving the hospitality or offering the gift;
 - (4) description of the hospitality or gift and, known or estimated, monetary value;
 - (5) whether the gift was declined/returned, accepted and donated or accepted and retained;
 - (6) details of the charity to which an accepted gift was donated;
 - (7) name of the authorising officer.

Sponsorship

- 5 Associations should establish policies and procedures in relation to endorsement and sponsorship that ensure compliance with the highest ethical standards and safeguard the reputation of the association and the sector.

Other measures

- 6 Associations should establish appropriate measures to eliminate or reduce the likelihood of bribery and should ensure effective internal and external auditing.

Compliance with s122

- 7 Section 122 of the Housing and Regeneration Act 2008 repeats what was paragraph 1 of Part 1 of Schedule 1 to the Housing Act 1996. It is reproduced in full at Appendix 3. Section 122 applies only to registered providers, and it restricts the making of gifts, and the payment of dividends and bonuses, to people who are members of registered providers or members of their families. It also applies to companies of which such people are directors (meaning company directors).
- 8 In this context, a ‘member’ of a registered provider is someone who is entitled to attend and vote at a general meeting of the association. For an industrial and provident society, this will be a shareholder – typically someone who has paid £1 to become a member.
- 9 Three classes of gift/dividend/bonus are permitted under s122. Where the legislation has been breached, any payment made may be recovered. If the payment is not recovered, the regulator (now the Homes and Communities Agency) may direct recovery. Note that s122 does not restrict payments made in accordance with a contractual entitlement (such as, for instance, when board members are remunerated for their services) but it generally prohibits gifts and other non-contractual payments. This would technically apply to a leaving present for a board member who is also a member of the association.
- 10 The application of s122 is not always straightforward, and if the association has any concerns that a contemplated action may bring it into breach, legal advice should be obtained in advance. However, for most associations, the possibility of being in breach will seldom or never occur.
- 11 Following lobbying by the Federation, the Localism Act 2011 has introduced a new power for ministers to introduce new exemptions from the restrictions imposed by s122. It is anticipated that this power will be used to allow some types of payment to tenant shareholders, and this will be important for associations with a large number of shareholders among their tenants.

F Respect

Main principle

Housing associations must adopt and promote standards to ensure that the conduct of board members, staff and involved residents at meetings, events, and in the workplace, demonstrates respect for all, and promotes the values of the organisation.

Provisions

- F1** Housing associations must have policies and procedures that enable them to address promptly and effectively any failure to adhere to required standards of conduct at meetings, events and in the workplace.
- F2** The responsibilities of board members and involved residents with regard to meeting attendance, preparation and conduct must be clearly set out in their terms of appointment and form part of their induction training.

Section F – Respect: Good practice and excellence

Conduct at meetings

- 1 The standard of conduct required at board and other formal meetings simply reflects the importance of the role and responsibilities, the principles of good governance, and ordinary good manners. As such, to a great extent, it could ‘go without saying’.
- 2 It is useful, however, to define the standard for four main reasons:
 - (1) board members, staff and involved residents come from all walks of life. Having an agreed way of behaving towards each other and working together can help the board, committee or panel to conduct its business efficiently and effectively, particularly when there are difficult issues to tackle;
 - (2) a defined standard gives board members and involved residents practical guidance on what is expected of them, helping new members to become confident in their role;
 - (3) it helps the board, committee or panel to deal impartially and effectively with any incident of inappropriate behaviour by one of its members;
 - (4) it helps the board, committee or panel to fulfil its commitment to conducting its business in an open and accountable way, with clear policies and procedures.
- 3 The following sections set out the areas that associations may find useful to include in defining their standards of meeting conduct.

Attendance

- 4 With regard to meeting attendance, board, committee and panel members must:
 - (1) make every effort to attend scheduled meetings and any extraordinary general meetings or ad hoc meetings that are called;
 - (2) ensure that the company secretary, or other designated person, receives their apologies if they are unable to attend a meeting;
 - (3) communicate to the chair of the board, committee or panel any significant objections to a report’s recommendations if they are unable to attend a meeting;
 - (4) discuss their continuing membership with the chair of the board, committee or panel if circumstances arise in which they will be unable to attend regularly;
 - (5) arrive promptly for the start of the meeting;
 - (6) dress appropriately for the meeting;

- (7) not attend a meeting under the influence of alcohol or drugs;
- (8) remain until the end of the meeting. Where, exceptionally, there is a need to leave before the end, seek the chair's permission to leave.

Preparation

5 Board, committee and panel members must:

- (1) read all papers in advance of the meeting, and be sure that they have understood their contents and any decisions they are being asked to take;
- (2) contact the chief executive, or other designated member of the senior staff team, in advance of the meeting if there is a need for clarification or if there are aspects of a report or issues on which the member has significant concern;
- (3) prepare any comments or questions;
- (4) come to the meeting with all relevant papers and any other necessary materials, for example, a diary if meeting dates are likely to be considered.

Conduct

6 Attendees must observe the rules of good meeting behaviour:

- (1) be courteous to other attendees, respect their views and allow them the opportunity to speak without interruption;
- (2) keep contributions brief and to the point;
- (3) avoid jargon or explain what it means;
- (4) indicate a wish to speak and wait until invited to speak by the chair;
- (5) refrain from talking when others are talking and not hold side conversations;
- (6) switch off mobile phones;
- (7) remain measured and controlled even in stressful situations;
- (8) not use offensive, provocative, abusive or racist language;
- (9) not use an aggressive or discourteous tone of voice or body language, or make personal remarks;
- (10) not use threatening behaviour or violence or otherwise disrupt the meeting.

7 Meeting attendees must also:

- (1) share responsibility for the meeting's decisions. Even if a member is unhappy with a decision, provided it has been properly considered by the meeting as a whole, members must support that decision;
- (2) not re-open old debates or decisions taken by other committees unless there has been a material change in the circumstances in which the decision was made;
- (3) when reaching decisions, take account of any relevant advice given by the association's senior staff, professional advisers and company secretary;
- (4) act in the best interests of the association, its residents and other service users. Board members and involved residents should not be lobbyists, campaigners or advocates for any particular 'constituency' on the board, committee or panel or for any individual or group;
- (5) always maintain independence, not forming part of any sub-group or clique within the board, committee or panel;
- (6) refrain from bringing up personal business and not raise issues concerning individual (or friends' or neighbours') tenancy matters (using instead, where relevant, the association's customer complaints or feedback procedures);
- (7) declare an interest if the board, committee or panel discusses an item which poses a conflict of interest to the individual member, or which others might perceive as a conflict of interest;
- (8) critically evaluate information and constructively challenge when necessary;
- (9) ask for help to understand issues whenever necessary;
- (10) seek clarification, and further clarification, as necessary – but not ask for more information or analysis than is needed to enable the board, committee or panel to make good decisions;
- (11) support other members in understanding issues that are complex or new to them;
- (12) express their own views – including expressing disagreement when necessary (whilst being mindful that the decision-making process is a collective one);
- (13) not mislead other attendees. In contributing to discussion and decision-making, attendees must present facts and relevant matters truthfully, not ignoring inconvenient facts or relevant considerations.

8 More generally, meeting attendees should support and promote an organisational culture in which:

- (1) the interests of residents and other service users are put first;

- (2) attitudes which demean or denigrate other people (individuals or groups) are challenged;
- (3) there is a strong focus on performance and a real desire to improve;
- (4) poor performance is tackled and achievements and success are recognised;
- (5) assessments are made on fact and evidence, using good quality information, advice and support;
- (6) constructive challenge and open debate are the norm;
- (7) the emphasis is on finding solutions and getting things right in future not criticising past behaviour and apportioning blame;
- (8) external comparison and challenge is invited.

Dealing with disruption

- 9 The association should have, and comply with, policies and procedures for handling a situation in which a meeting attendee ignores the chair's rulings, behaves wrongly or offensively, or deliberately prevents the meeting from going ahead.
- 10 Although the chair has prime responsibility for the good conduct of the meeting, there may be occasions when another attendee can usefully propose action to deal with, for example, the misconduct of a member, a general disturbance or a particularly heated discussion. There is no reason why any attendee should not propose a brief adjournment where there is a general disturbance or where the meeting would benefit from a short break.

Carers and attendants

- 11 There may be circumstances in which a member of the board, committee or panel needs to be accompanied at a meeting by a carer or other person providing personal support. It is the responsibility of the member to ensure that the person accompanying them understands, and complies with, the standard of conduct expected at the meeting.

Feedback

- 12 Associations should have measures in place to collect, consider and respond to, feedback on the conduct of board, and other formal, meetings. Measures may include:
 - (1) a regular 'review of the meeting' item at the end of the agenda;
 - (2) regular or occasional use of a short feedback questionnaire completed by attendees at the end of each meeting;

- (3) board member and senior staff assessment of meeting conduct as part of the annual board appraisal exercise;
 - (4) occasional meeting observation by an experienced, external adviser.
- 13 If a board member or involved resident has concerns about the way in which meetings are conducted or chaired, he or she should raise their concerns with the chair of the board, committee or panel or with the chief executive. Staff members should raise any concerns about meeting conduct with their line manager or other appropriate manager.

Conduct at events

- 14 Board members, staff and involved residents are likely to be regarded as ambassadors for the association at any formal or informal event that involves the association's residents, its various partners or other outside bodies. Associations should ensure, therefore, that its board members, staff and involved residents understand what is required of them in these circumstances.
- 15 Many of the principles and provisions of this code and its good practice guidance – for example, in relation to giving and accepting hospitality, respect for others and general conduct – will of course apply to conduct at events. Associations should ensure, however, that they have policies to guide conduct in any situation that has the potential to bring the association into disrepute, for example, in relation to the use of a company credit card at a social event.
- 16 Board members, staff and involved residents who are required to represent the association at events should have ready access to advice and guidance on matters such as the correct form of dress for the occasion. Some associations have policies that enable them to meet the reasonable expenses of appropriate clothing and accessories being hired by board members, staff and involved residents required to represent the association at a formal event.

Conduct in the workplace

- 17 It is expected that the procedures that govern workplace behaviour will be defined in detail in the set of policies and procedures identified in Section A above (paragraph 2). These include policies and procedures relating to:
- (1) equality and diversity;
 - (2) bullying and harassment;
 - (3) use of the association's funds and other resources (including IT);

- (4) health, safety and security;
 - (5) alcohol, illegal drugs and substance abuse;
 - (6) data protection.
- 18 Associations should provide staff with sufficiently clear and detailed guidance and examples to enable them correctly to interpret the association's policies with regard to acceptable and unacceptable workplace behaviour. For example, with regard to bullying and harassment, guidance should distinguish – using examples – between bullying behaviour and the legitimate raising of issues about poor performance in the correct way and proper forum.
- 19 In addition to these policies and procedures, the association's staff rules and/or its terms and conditions of employment are also likely to cover aspects of workplace behaviour such as working hours and attendance, personal appearance and personal relationships between staff. Some associations have also found it useful to define the standard of conduct required of managers in relation to the staff they manage, and the standard required of staff in relation to their manager.

Appendix 1

Conduct becoming

**A model code for board members, staff
and involved residents**

Preamble

The code of conduct for members of the National Housing Federation requires that Federation members adopt and ensure compliance with a code of conduct for board members, staff and involved residents to uphold the highest standards of probity and conduct. This model code of conduct is suitable for that purpose.

This model code is issued as an accompanying resource to the Federation's *Code of conduct 2012* for members but does not form part of that code. It can be adopted as it stands, but the Federation recognises that members may choose another form of code. Where they do, it is expected that it would be broadly consistent with the scope and content of this model code.

Members who choose to use this model code can, of course, modify some of its terminology to match the particular terms used by their association. The main terms used in this code are defined at Part 2: Terminology.

Attention is drawn in particular to the definition given of 'involved resident'. Some residents may have only a very limited and occasional involvement. Each Federation member will need to decide who is and is not an 'involved resident' for the purposes of the code.

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Introduction

Conduct becoming defines the conduct required of all individuals directly involved in delivering the association's business activities. Except where otherwise indicated, the code applies equally to board members, staff and involved residents.

It provides guidance on how to ensure that your actions and behaviour are consistent with the association's values and the high standards of conduct required to maintain confidence in the association and its work.

You must familiarise yourself with the contents of the code and act in accordance with its principles and provisions at all times. Failure to comply with the code may be an employment or governance disciplinary matter.

If board members or involved residents have any doubts or questions regarding the application of the code, or in relation to a specific issue, they should seek advice and guidance from the company secretary. Members of staff should seek advice and guidance from their line manager or the company secretary if they prefer.

The main principles of the code

- A General responsibilities:** You must fulfil your duties and obligations responsibly, acting at all times in good faith and in the best interests of the association, its residents and other service users.
- B Conflicts of interests:** You must take all reasonable steps to ensure that no undeclared conflict arises, or could reasonably be perceived to arise, between your duties and your personal interests, financial or otherwise.
- C Bribery, gifts and hospitality:** You must not offer, seek or accept bribes or inducements to act improperly or corruptly. You must not seek or accept gifts, hospitality or other benefits from individuals or organisations that might reasonably be seen to compromise your judgement or integrity or place you under an obligation to those individuals or organisations.
- D Funds and resources:** You must not misuse the association's funds or resources.
- E Confidentiality:** You must handle information in accordance with the law and the association's policies and procedures.
- F Respect for others:** You must treat others with respect at all times.
- G Relationship between board members, staff and involved residents:** Board members, staff and involved residents must maintain a constructive, professional relationship based on a sound understanding of their respective roles.
- H Relationship with residents and other service users:** You must maintain high standards of professionalism, fairness and courtesy in all your dealings with residents and other service users.
- I Health, safety and security:** Your conduct must not endanger the health, safety or security of yourself or others.
- J Conduct at meetings:** Your conduct at board and other meetings must meet a high standard of integrity, commitment and courtesy.
- K Representing the association:** In representing the association at external events and in dealings with outside bodies, you must uphold and promote the association's values, objectives and policies.
- L Learning and development:** In partnership with the association, you must take responsibility for your own learning and development, regularly updating and refreshing your skills and knowledge.
- M Reporting concerns:** You must report any reasonable and honest suspicions you may have about possible wrongdoing.

A General responsibilities

Main principle

You must fulfil your duties and obligations responsibly, acting at all times in good faith and in the best interests of the association, its residents and other service users.

Provisions

- A1** You must comply with the law, your terms of appointment and the association's policies and procedures relating to your role.
- A2** You must not conduct yourself in a manner which could reasonably be regarded as bringing the association into disrepute. This includes membership of, or participation in, activities organised by groups or organisations whose values are inconsistent with the association's (for instance, racist organisations) which could create reasonable doubt in your ability to comply with the association's values and this code.
- A3** You must not bring the association's name into disrepute or affect its integrity by your actions or words, either within the organisation or outside. This includes the use of, or entries on, social networking sites (such as Facebook, Twitter, YouTube and others).
- This includes making derogatory comments about the association, its residents or other service users, partners or services, either in person or in writing or via any web-based media such as a personal blog or other site. This also applies if you do not name the association but where its identity can reasonably be inferred, or where you use a pseudonym but your identity can reasonably be inferred.
- If you have a genuine concern about possible wrongdoing, you must report it to the appropriate senior person within the organisation (see section M below).
- A4** You must not act in a way that unjustifiably favours or discriminates against particular individuals, groups or interests.
- A5** You must respect the appropriate channels for handling tenancy and service provision issues. You must not act outside the association's established procedures in any matter concerning any resident or other service user.
- A6** You must not misuse your position, for example, by using information acquired in the course of your duties for your private interests or those of others.
- A7** You must respect the principle of collective decision-making and corporate responsibility. This means that once the board has made a decision you must support that decision.

A8 You must not engage in any political or campaigning activity that might compromise the position of the association. Board members or involved residents intending to stand for political office must discuss the matter with the chair; members of staff with their line manager.

Board members

A9 If you take up new employment or appointments during your term of office on the board, you must make any necessary declaration of interest. Any such work or position must not interfere with your role as a board member.

Staff members

A10 You must consult your manager before taking on any outside work or any position, paid or unpaid. Any such work or position must not interfere with your existing job or conflict with the interests of your job or the association.

B Conflicts of interests

Main principle

You must take all reasonable steps to ensure that no undeclared conflict arises, or could reasonably be perceived to arise, between your duties and your personal interests, financial or otherwise.

Provisions

- B1** You must comply with the association's policies and procedures for declaring, recording and handling conflicts of interest. Amongst other things, these require you to declare any private interests which may, or may be perceived to, conflict with the duties of your role.
- B2** You must ensure that your entry in the association's register of interests is complete, accurate and up-to-date.
- B3** You must comply with the association's policies and procedures relating to the application for employment or housing from members of staff, board members, involved residents or others to whom they are related or closely connected.¹
- B4** You must not be involved in the appointment of staff where you are related, or are closely connected, to an applicant. You must declare any such relationship to the appropriate person. You must not be involved in decisions relating to discipline, promotion, pay or benefits for any member of staff to whom you are related or closely connected.
- B5** You must not be involved in the appointment of a contractor or supplier where you are related, or closely connected, to an organisation or individual applying or tendering for a contract. You must declare any such relationship to the appropriate person. You must not be involved in establishing the terms of a contract, or its ongoing monitoring and management, where you are related, or closely connected, to the contractor or supplier.
- B6** Except where specifically permitted, you must normally avoid using the association's contractors and suppliers for private purposes. Where this is unavoidable, you must not receive a favourable service as a result of your connection with the association. Prior approval must be sought before using the supplier or contractor and a written declaration made confirming that no financial or other advantage has been secured as a result of the relationship with the association.
- B7** You must not use, or attempt to use, your position to promote your personal interests or those of any connected person, business or other organisation.

¹ The association's policies and procedures are designed to ensure, and to demonstrate, that no preferential consideration is given to any such application.

C Bribery, gifts and hospitality

Main principle

You must not offer, seek or accept bribes or inducements to act improperly or corruptly. You must not seek or accept gifts, hospitality or other benefits from individuals or organisations that might reasonably be seen to compromise your judgement or integrity or place you under an obligation to those individuals or organisations.

Provisions

- C1** You must comply with the law and the association's policies and procedures in relation to:
- (1) bribery and corruption; and
 - (2) the giving, receipt, approval and recording of gifts and hospitality.
- C2** You must not canvass or seek gifts or hospitality or other benefits.
- C3** If you are offered gifts or hospitality, they should either be declined, or prior approval sought for their acceptance. The only exceptions are gifts of token value or modest hospitality given in connection with normal work meetings. The association's policies give further guidance.

D Funds and resources

Main principle

You must not misuse the association's funds or resources.

Provisions

- D1** You must comply with the association's policies and procedures regarding the use of its funds and resources. 'Resources' includes staff, information, telephone, computer and other IT facilities, equipment, stationery and transport.
- D2** You must ensure that the organisational funds and resources entrusted to you are used efficiently, economically and effectively.
- D3** You must comply with the association's policies and procedures regarding procurement, ensuring value for money and fairness in decision-making.
- D4** You must take reasonable measures to protect the association's funds, resources, property and assets from theft, damage and misuse.
- D5** You must comply with the association's policies and procedures relating to the acceptable or unacceptable use of email, intranet and internet services. Amongst other things, these policies and procedures prohibit access to pornographic or racist material, and the use of unauthorised or unlicensed software.
- D6** You must claim reimbursement only for expenditure that was properly and reasonably incurred in carrying out the association's business. You must ensure that any expenses claim you make is accurate and complies with the association's policies and procedures.

E Confidentiality

Main principle

You must handle information in accordance with the law and the association's policies and procedures.

Provisions

- E1** You must comply with the provisions of the Data Protection Act 1998 which governs the protection of personal data. All personal data held about residents and other service users, employees and others, whether on paper or electronically is subject to the provisions of the Act. The association's policies and procedures give further guidance.
- E2** You must not disclose without authority any confidential business information. This duty continues to apply after you have left the association or relinquished your position.
- E3** You must not, without permission, pass or distribute to the press or media or any other external recipient(s) information or materials relating to the association.
- E4** In your capacity as a board or staff member or involved resident, you must not, without prior authority:
- (1) appear to represent the views or position of the association;
 - (2) write letters to the press or other recipient(s);
 - (3) write media articles, blog posts or tweets etc., about the association and its activities;
 - (4) make comments or statements to the media – if approached you must pass the enquiry to the appropriate person.
- E5** You must not prevent another person from gaining access to information to which they are entitled by law.

F Respect for others

Main principle

You must treat others with respect at all times.

Provisions

- F1** You must comply with the law and with the association's policies and procedures relating to equality and diversity. Equality laws prohibit discrimination on grounds including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation and impose positive duties to eliminate unlawful discrimination and promote equality. The association's policies give further guidance.
- F2** You must not harass, bully or attempt to intimidate any person. The association's policies give further guidance.
- F3** You must not display materials in the workplace which other people might reasonably find offensive or use language which board or work colleagues or customers might reasonably find offensive.

G Relationship between board members, staff and involved residents

Main principle

Board members, staff and involved residents must maintain a constructive, professional relationship based on a sound understanding of their respective roles.

Provisions

Board members

- G1** You have a duty of loyalty and support towards the association and this must be reflected in a constructive, professional relationship with its staff.
- G2** You must not go beyond your role as a board member and become inappropriately involved in operational matters.
- G3** In your dealings with staff, formally and informally, you must set an example by demonstrating the highest standards of integrity and ethics and your alignment with the values, policies and objectives of the association.

Board members and involved residents

- G4** Where it is necessary to raise issues of poor staff performance at a formal meeting, these must be raised in a constructive way, aimed at getting things right in future, and not at criticising individuals. Any concerns about the performance of individuals must be discussed in confidence with the chair of the board, committee or panel, or with the chief executive.
- G5** You must not appear to undermine the authority of a senior officer in his or her dealings with a more junior member of staff.
- G6** You must avoid inappropriate personal familiarity with members of staff.
- G7** You must not ask or encourage a member of staff to act in any way which would conflict with compliance with this code or the association's policies and procedures.

Involved residents

- G8** You must not seek to instruct or direct a member of staff or contractor. The relevant manager or member of staff must convey all instructions.

Staff members

- G9** If your work brings you into contact with the board, a committee or a residents'/service users' committee or panel, you must:
- (1) take direction from the board, or in accordance with any delegated authority of a committee or panel;
 - (2) respond constructively to questioning or challenge;
 - (3) respond willingly to requests for information.
- G10** You must avoid inappropriate personal familiarity with board members and involved residents.
- G11** You must not use informal channels to lobby or influence board members or involved residents on matters of the association's business.
- G12** You must not knowingly mislead the board or any of the association's committees or panels. In presenting information you must set out the facts and relevant issues truthfully.

H Relationship with residents and other service users

Main principle

You must maintain high standards of professionalism, fairness and courtesy in all your dealings with residents and other service users.

Provisions

- H1** You must treat all residents and other service users with courtesy and respect.
- H2** You must not allow any personal relationship with a resident or other service user to conflict with your role and responsibilities.
- H3** You must not give gifts or loans of money to, or receive loans or gifts of money from, residents or other service users.
- H4** You must take great care in handling residents' and other service users' money, ensuring that a receipt is completed for every transaction.
- H5** You must not invite or influence a resident or other service user to make a will or trust under which you are named as executor, trustee or beneficiary.
- H6** When handling information relating to residents and other service users, you must comply with the law and the association's policies and procedures relating to the protection of personal data.

I Health, safety and security

Main principle

Your conduct must not endanger the health, safety or security of yourself or others.

Provisions

- I1** You must comply with the association's health and safety policies and procedures and bring to the attention of the appropriate person any risks to yourself or others. In particular:
- (1) where you are provided with protective clothing this must be worn; and
 - (2) for your own safety, you must comply with the association's policy and procedures relating to lone working.
- I2** You must comply with the law and the association's policies on smoking and on the use of alcohol, illegal drugs and other substances.
- I3** You must comply with the association's policies relating to the security of premises.

J Conduct at meetings

Main principle

Your conduct at meetings must show respect for all, and comply with the association's standards.

Provisions

- J1** You must be courteous to all other attendees, and respect the position of the meeting chair.
- J2** You must not use threatening or aggressive behaviour, or act in a disruptive way.
- J3** You must not attend meetings while intoxicated or under the influence of drugs.
- J4** Once a board, committee or panel meeting has properly reached a decision, you must share responsibility for that decision, even where you had not supported it.

K Representing the association

Main principle

In representing the association at external events and in dealings with outside bodies, you are an ambassador for the association and must uphold and promote its values, objectives and policies.

Provisions

- K1** You must not become involved in, or be seen to endorse, any activity that may bring the association into disrepute. This includes but is not limited to illegal, immoral, racist or other discriminatory activity.
- K2** In engaging in activities which promote the work of the association to the outside world, you must demonstrate commitment to the association and support for its values, policies and goals.
- K3** In representing the association at formal or informal events, you must be appropriately dressed for the occasion.

L Learning and development

Main principle

In partnership with the association, you must take responsibility for your own learning and development, regularly updating and refreshing your skills and knowledge.

Provisions

- L1** You must play an active part in the association's supervision and performance appraisal processes and welcome constructive feedback.
- L2** At the appropriate induction, appraisal or supervision meeting, you must make clear your personal training and development needs, so that they can be taken into account in the association's forward budgeting and planning.
- L3** Unless there are exceptional reasons, you must attend all learning and development events that have been arranged, either for you alone or as part of a group.

Board members

- L4** You must take responsibility for keeping your knowledge up to date in those areas in which you are a specialist.

M Reporting concerns

Main principle

You must report to the appropriate senior person within the association any reasonable and honest suspicions you may have about possible wrongdoing.

Provisions

- M1** If you are aware of potentially dishonest or fraudulent activity, or material breaches of this code – by board members, staff or others – you must report it to the appropriate senior person within the association. The association’s policies and procedures relating to fraud and confidential reporting (whistle-blowing) give further guidance.
- M2** If you believe that you are being required to act in a way which conflicts with this code, you must report it to the appropriate senior person within the association.
- M3** You must not victimise any person who has used – or intends to use, or is suspected of having used – the association’s confidential reporting procedures to report the misconduct, or alleged misconduct, of others.

Appendix 2

Model declaration form

This form should be completed annually, and also at any time when a new matter to be declared arises. Any fields that do not apply should be left blank. Completed forms should be given to the Company Secretary, and will be recorded as appropriate in the association’s register of interests, or the register of gifts and hospitality.

Your details

Your name		
Your position with the association – please note all that apply	Board member	
	Staff member	
	Resident or service user	

Declaration of compliance

I declare that I have read and understood the association’s Code of Conduct and agree to comply in full with it. In accordance with the Code, I make below a full declaration of any and all interests which may, or may be perceived to, conflict with my position with the association.

Details of the declaration

Please give details of whom this declaration concerns – you, a family member, friend or other person.	
Describe the actual or potential conflict of interest, stating for instance whether it relates to:	
(a) an employment matter	
(b) a business matter	
(c) a company directorship	
(d) land or property	
(e) a tenancy or leasehold matter	
(f) membership of an organisation or society	
(g) a position of public responsibility	

Give further details of any firm, business, agency, society or other organisation involved.	
Give details of any payment, benefit, transaction, contract, property, land, that is involved (with details such as date, location and sums involved)	
Give details of any gift or hospitality that is involved (with details such as date, location and estimated value)	
Give details of any job applicant or other employment matter that is involved	
Give details of any tenancy or leasehold matter, application for housing etc that is involved.	
Please add any further details about the matter you are declaring	
Is there any reason why this declaration should not placed on the association's register? Please give details	

Signed	
Signed (for and on behalf of the association)	
Position	
Date	

Appendix 3

Section 122 of the Housing and Regeneration Act 2008

122 Payments to members etc.

- (1) This section restricts the making of gifts, and the payment of dividends and bonuses, by a non-profit registered provider to—
 - (a) a member or former member of the registered provider,
 - (b) a member of the family of a member or former member,
 - (c) a company which has as a director a person within paragraph (a) or (b).
- (2) A gift may be made, and a dividend or bonus may be paid, only if it falls within one of the following permitted classes.
- (3) Class 1 is payments which—
 - (a) are in accordance with the constitution of the registered provider, and
 - (b) are due as interest on capital lent to the provider or subscribed in its shares.
- (4) Class 2 is payments which—
 - (a) are paid by a fully mutual housing association (within the meaning of section 1(2) of the Housing Associations Act 1985 (c. 69)),
 - (b) are paid to former members of the association, and
 - (c) are due under—
 - (i) tenancy agreements with the association, or
 - (ii) agreements under which the former members became members of the association.
- (5) Class 3 is payments which—
 - (a) are in accordance with the constitution of the registered provider making the payment ('the payer'), and
 - (b) are made to a registered provider which is a subsidiary or associate of the payer.
- (6) If a registered company or industrial and provident society contravenes this section—
 - (a) it may recover the wrongful gift or payment as a debt from the recipient, and
 - (b) the regulator may require it to take action to recover the gift or payment.

Appendix 4

Principles of Public Life

Housing associations will inevitably face situations not directly addressed by the code. In such situations they should be guided by the seven principles of public life established by the Committee on Standards in Public Life.

Although housing associations are not public bodies, there is a general acceptance that those holding positions of leadership in associations should uphold the same values of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These are defined below.

Selflessness: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or friends.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: Holders of public office should support and promote these principles by leadership and example.

Appendix 5

Comparison with *Excellence in standards of conduct: code for members*

1 Introduction

- 1.1 The *Code of conduct 2012 with good practice for members* is a reformatted, expanded and updated version of the Federation's 2010 publication *Excellence in standards of conduct: code for members*.

Reformatted

- 1.2 In response to members' feedback, the document has been reformatted to distinguish between the code itself – with which members would be expected to comply – and good practice guidance that members may choose to follow wholly or in part. This change means that the code of conduct is now in the same format as our code of governance, *Excellence in governance*.
- 1.3 As with *Excellence in governance*, each section of the code itself consists of a main principle and a set of provisions. Our aim has been to frame the provisions of the code such that they can be adopted by the wide diversity of organisations that make up the Federation's membership. We have tried to avoid being prescriptive as to how members apply the code within their own organisation, whilst hoping that the 'good practice and excellence' sections of the document provide useful advice and guidance where it is sought.
- 1.4 Members also asked for clarity on where the code applied to the organisation and where it applied to the individuals employed by, and governing, the organisation. In response, we have prepared a separate model code of conduct for the board members, staff and involved residents of Federation members. The model code – titled *Conduct becoming* – is at Appendix 1. The use of *Conduct becoming* is optional. Federation members may choose to adopt it as it stands, to customise it, or indeed to adopt a different approach, as they see fit.

Expanded

- 1.5 The 2010 document gave broad guidance only on the general standards of conduct that should be observed. The new document covers in greater detail matters such as respect for others, confidentiality, and conduct at meetings.

- 1.6 This revised version has also been expanded in recognition of the increasing role played by many residents and other service users in the running of their housing association. In defining the standards of conduct required to safeguard the reputation of the association and sector, the new document explicitly includes ‘involved residents’ alongside staff and board members.
- 1.7 Of course, the degree of involvement of residents and other service users varies widely – from those who occasionally participate in a mystery shopping exercise or estate inspection to those who serve as members of a residents’ board or scrutiny panel. Each association will need to decide who is and is not an ‘involved resident’ for the purposes of the code.
- 1.8 There are a few instances where the document refers only to board members or to staff or involved residents. These instances are clearly indicated.

Updated

- 1.9 The new document reflects the provisions of the Bribery Act 2010 which came into force during 2011. As well as rationalising much of the existing bribery and corruption law, the Act included a new corporate offence of failing to prevent bribery. This is covered by a new section in the revised code.
- 1.10 The document also gives guidance on compliance with s122 of the Housing and Regeneration Act 2008, which came into force from April 2010, and reflects the Equality Act 2010.
- 1.11 The good practice guidance has been updated to respond to circumstances that have arisen, or become more prevalent, since the 2010 code was published. These are noted in the following section.

2 Key changes

- 2.1 The contents of the *Code of conduct 2012* are outlined below, noting the main changes compared with the 2010 code (*Excellence in standards of conduct*).

Terminology

- 2.2 As well as defining the terms used in the revised document, the Terminology section gives a more detailed definition of ‘family members and close connections’ than was included in the 2010 code. It also defines the circumstances in which an individual would be considered to have a ‘connection with an organisation’.
- 2.3 In defining the types of organisation to which the code applies, the Terminology section notes:

For organisations within a group structure, the main governing body will need to decide whether the code applies to organisations within the group that are not Federation members.

This contrasts with the 2010 document which states (page 8):

Where the association is part of a group [the code] applies to each association within that group (including ones which are not housing associations, because their actions are likely to be seen as being the actions of the housing association itself).

Section A: Probity

2.4 This new section relates to the overarching requirement to maintain the highest standards of probity and conduct. It has no direct equivalent in the 2010 code, although it covers, amongst other things, the ground covered by Section G of the 2010 code, ‘Compliance and breaches’, and some of the ground of Section F, ‘Standards of behaviour’. In doing so, it omits some of the references to the regulator that were included in the earlier version.

2.5 Here, and in most sections of the new code, the provisions require that:

- associations have, and comply with, appropriate policies and procedures (whilst leaving it to each organisation to develop its own, taking account of the nature, scale and complexity of its operations); and that
- the responsibilities of individual board members, staff and involved residents are clearly set out in their terms of appointment and form part of their induction training.

2.6 Whilst the 2010 document noted (page 21) that ‘most organisation will have some form of guidelines’ relating to board member and staff conduct, the new code makes the adoption of a code of individual conduct a requirement. Provision A3 states:

Associations must adopt, and ensure compliance with, a code of conduct for their board members, staff and involved residents aimed at upholding the highest standards of probity and conduct.

As noted above, *Conduct becoming* has been prepared as a model code that organisations may wish to adopt, and/or customise, to meet the requirements of this provision.

2.7 Another new requirement of the code is provision A5:

Associations must use reasonable endeavours to ensure that contractors directly involved in delivering the association’s business activities are obliged to comply with the association’s relevant policies, procedures and codes of conduct.

2.8 The good practice guidance accompanying this section of the code gives new/ updated guidance in a number of areas including with regard to:

- policies and procedures;
- training and awareness;
- access to advice;
- compliance;
- response plans; and
- transparency and openness.

Section B: Loyalty and conflicts of interest

2.9 As with Section B of the 2010 code, this section focuses on the requirement to declare any actual or potential conflict or duality of interest. However, the 2010 code dealt only with the interests of members of the governing body. This section of the new code deals with, and in the same way, the interests of board members, staff and involved residents.

2.10 The revised code includes the requirement not just to declare, but to resolve, any potential conflict. Provision B4 states:

Where a potential conflict has arisen, the organisation and the person concerned must consider how to ensure that it has been dealt with so as to protect the association and its reputation; in certain circumstances, this could include the resignation of the person concerned.

2.11 The new code does not include the requirement of the 2010 code to publish ‘at least annually’ a register of declared interests. Instead, the requirement (provision B3) is to have the register ‘available for public inspection’. The good practice guidance notes (paragraph 23) that potentially sensitive detail need not be included in the public register.

2.12 In considering board members nominated by external bodies such as local authorities, the 2010 document stated: ‘Such a nomination is not a declarable interest in itself...’. The good practice guidance included within the revised document suggests (paragraph 10) that such a nomination should be considered a declarable interest.

2.13 The good practice guidance adds ‘membership of secret societies and similar organisations’ to the list of personal interests that should be declared (paragraph 8). It also suggests that:

Board members who are the paid staff or board members of, or who provide goods and services to, other housing or not-for-profit organisations should declare their interests in those organisations.

- 2.14 In considering personal interests, the good practice guidance advises (paragraph 13) that ‘family member’ be given a wider meaning than it may have been given under previous guidance and that it:

...include persons who might reasonably be regarded as similar to family members even where there is no relationship by birth or in law.

The guidance clarifies however (paragraph 15) that:

Board members, staff and involved residents are not expected to research into the employment, business interests and other activities of all persons with whom they are ‘closely connected’. However, they must not ignore the existence of interests which, from the point of view of a reasonable and objective observer, they should have been aware.

- 2.15 The good practice guidance also advises (paragraphs 5 and 6) on the role of the company secretary in receiving and reviewing declaration of interest forms, whilst stressing that:

...it is the responsibility of the individual board member, member of staff or involved resident to ensure that their interests are fully, properly and promptly declared.

- 2.16 The good practice guidance notes (paragraph 7) that having taken insufficient care in making a declaration is no excuse where an individual has withheld information or provided misleading information about their interests or those of a person closely connected to them.

Section C: Remuneration

- 2.17 Section C covers the same ground, with much of the same content, as Sections C and D of the 2010 document, ‘Remuneration of board members and executive staff’ and ‘Non-contractual payments to staff’.

- 2.18 In relation to executive remuneration, the code includes a new provision (C2) which reflects the principles of the UK Corporate Governance Code:

Levels of executive staff remuneration should be sufficient to attract, retain and motivate staff of the quality required to run the association successfully and deliver its strategic aims, but associations must avoid paying more than is necessary for this purpose.

- 2.19 The good practice guidance defines the board’s responsibilities in relation to executive remuneration and notes (paragraph 5) that the board may choose to delegate these responsibilities to a remuneration committee. It notes:

The board should ensure that [the remuneration committee] has the skills and experience, and advice from suitably qualified persons, to fulfil these responsibilities properly, fairly and in line with best practice.

- 2.20 In relation to severance and redundancy payments, the good practice guidance notes (paragraph 14) that:

For many organisations it will be appropriate to establish a system of authority limits which include the HR department being authorised to sanction payments up to a limit.

- 2.21 With regard to the amount of any severance or redundancy payment ‘where staff are subject to disciplinary action that directly relates to the reason for their departure’, the good practice guidance (paragraph 15) follows the UK Corporate Governance Code in noting that:

The aim should be to avoid rewarding poor performance.

- 2.22 The new document includes (paragraphs 23 to 24) advice to associations considering making payments to residents to incentivise or reward participation or other behaviour or activity.

Section D: Personal benefit

- 2.23 This section covers the ground of Section E of the 2010 code, ‘Grant of benefits’. It relates in particular to situations in which board members, staff or involved residents, or those with whom they are closely connected, apply for housing accommodation or employment.

- 2.24 With regard to employment, the good practice guidance advises – as did the 2010 code – that careful consideration needs to be given where an applicant has a close connection to a board member or member of staff. The new document goes further (paragraph 6) noting that:

Where the connection is with a board member or a senior member of staff, the general presumption is often taken to be against offering employment.

- 2.25 The new document includes (paragraph 8) guidance on considering whether board members may apply for employment with the association, and (paragraph 9) guidance on the measures to be taken when employment of a relative or other closely connected person has been approved.

Section E: Prevention of bribery and corruption

2.26 This new section reflects the provisions of the Bribery Act 2010 and also gives guidance on compliance with s122 of the Housing and Regeneration Act 2008. It incorporates (and updates) the guidance on ‘Gifts and hospitality’ that was included in Section F of the 2010 code, ‘Standards of behaviour’.

Section F: Respect

2.27 Like Section F of the 2010 code, the subject of this section is the general conduct of the individuals associated with the organisation. The material here, however, is organised differently and includes more detailed guidance.

2.28 The good practice guidance in this section relates to conduct in three areas:

- at meetings (paragraphs 1 to 13);
- at events (paragraphs 14 to 16); and
- in the workplace (paragraphs 17 to 19).

2.29 Some of the content of Section F of the 2010 code is now included (and expanded upon) in the model code at Appendix 1 which addresses the individual directly. It covers:

- general responsibilities;
- conflicts of interest;
- gifts and hospitality;
- funds and resources;
- confidentially;
- respect for others;
- relationship between board members, staff and involved residents;
- relationship with residents and other service users;
- health, safety and security;
- representing the organisation;
- conduct at meetings;
- learning and development; and
- reporting concerns.