

Code of governance

Introduction

Governance is about ensuring that our organisation complies with its constitution and the law. It is the task of defining the goals and standards of an organisation and ensuring that there are effective management and other structures that will enable us to achieve those goals and standards and be a viable business.

A Constitution and composition of the Board

The Board must be effective in leading and controlling the organisation and acting wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.

1. The primary purpose of the Board is to determine strategy, direct, control, scrutinise and evaluate the organisation's affairs.
2. All members of the Board share the same legal status and have equal responsibility for decisions taken.
3. Part D of our rules set out the functions, composition, terms of office, quorum, interests and operation of the Board.
4. We will strive to reserve one third of the places on the Board for residents of homes owned or managed by the CLT, where residents express an interest in standing.
5. The role of Chair of the Board must be held by a member, not a co-optee.

B Essential functions of the Board

The Board must be clear about its duties and responsibilities and those of their Chair, Secretary and Treasurer. These must be set out and made available to all existing and potential Board members.

1. The essential functions of the Board are recorded in Part D of our Rules.
2. The Board's core responsibilities will include as a minimum:
 - a. Ensuring compliance with the values, vision, mission and strategic objectives of the organisation as directed by its membership.
 - b. The appointment and if necessary the dismissal of the Senior Staff Member and the approval of their salaries and terms of employment or in the case of a Service Agency the approval of their fees and management agreement.

- c. Satisfying itself as to the integrity of financial information, approving each year's budget and business plan and annual accounts prior to publication.
 - d. Establishing, overseeing and reviewing annually a framework of delegation and systems of internal control.
 - e. Establishing and overseeing a risk management framework in order to safeguard the assets of the organisation
3. The Board, through its terms of reference, must draw up a schedule of significant matters specifically reserved for the Board's decision, which cannot be delegated to individual members, staff, Service Agencies or Sub Committees.

C Induction and information

All Board members should receive appropriate induction on joining and should regularly refresh and update skills. The Board must be supplied in a timely manner with information in a form and quality appropriate to enable it to discharge its duties.

1. All Board members should participate in training programmes that enable them to be effective in their roles.
2. The Board must receive up-to-date, clearly presented and accurate information to enable them to make decisions.

D Recruitment, renewal and review

Recruitment to Board vacancies must be open and transparent. The Board must undertake an annual appraisal of its members and of the Board as a whole.

1. While the contribution of experienced Board members is important, the Board will also strive to involve newer members who can provide a fresh challenge to long-standing practices and thinking. The organisation will maintain a succession plan for Board involvement and link this to training programmes for members. Our Rules provide that the term of office for each Board member is three years, and that no Board member can stand for more than three successive terms, i.e. no longer than 9 years continuous service.
2. The Board must carry out an annual appraisal of its own performance and of its individual members including the Chair.
3. If the organisation is paying Board members, it must ensure that it has a mechanism for establishing payment levels that are independent of the Board, possibly through a Remuneration Committee, an independent advisor or by using published guidance and industry norms. Payments must be disclosed to all members and be proportionate to the organisation's size, complexity and resources and be linked to the carrying out of specified duties against which performance will be reviewed.

E Responsibilities of the Chair, Secretary and Treasurer

The Board must appoint members to act as Chair, Secretary and Treasurer who are aware of their duties.

1. The Chair has particular duties and responsibilities. Pursuant to rule E5, these shall include:
 - a. Ensuring the efficient conduct of meetings and compliance with the Code of Conduct.
 - b. Ensuring that all members have an opportunity to express their views.
 - c. Creating an appropriate environment for employees and contractors.
 - d. Ensuring proper delegation of authority within the organisation and to third parties as appropriate.
 - e. To make decisions under 'Chair's Action' when absolutely necessary.
 - f. Getting professional advice for the Board when appropriate.
 - g. Ensuring that the Board has the right mix of skills knowledge and experience and to address shortfall through training and co-option

2. The Secretary has particular duties and responsibilities, which include as a minimum:
 - a. Arranging and minuting meetings.
 - b. Preparing agendas and papers for meetings.
 - c. Providing procedural guidance for the Board and advice on compliance with the organisations governing documents.
 - d. Reviewing legislative, regulatory and corporate governance developments.
 - e. Ensuring that the Annual Return is prepared and filed with the Financial Conduct Authority.
 - f. Maintaining the Register of Interests for Board members.
 - g. Maintaining the Members/Share Register.
 - h. Organising new member and Board inductions

3. The Treasurer has particular duties and responsibilities, which include as a minimum:
 - a. Overall financial control of the organisation.
 - b. Ensuring that a procedure and timetable are established for preparing and agreeing an annual budget.
 - c. Ensuring that financial accounts are maintained and that at each financial year end they are appropriately audited.
 - d. Providing financial reports to the Board and membership.
 - e. Ensuring compliance with the Financial Standing Orders.
 - f. Ensuring that adequate accounting records are maintained in order to protect the organisation's assets and prevent fraud.
 - g. Ensuring that suitable accounting policies are consistently applied.

G Conduct of the Board's business

The Board must act effectively, making clear decisions based on timely and accurate information.

1. The Board and its sub committees must have clear terms of reference in order that their conduct is transparent, effective and in the interests of the cooperative; often referred to as a Code of Conduct which should include as a minimum:
 - a. Guidelines on how meetings will be conducted
 - b. A requirement that Board members declare all relevant conflicts of interest and that at all times they represent the interests of all members
 - c. Details of how information will be communicated within the organisation; its reporting channels
 - d. A statement regarding confidentiality and how information will be handled to such that the organisation complies with its obligations under data protection legislation
 - e. A statement regarding collective responsibility and details regarding how decisions will be made (by majority, super majority or consensus)
 - f. Guidelines for dealing with matters arising that ensure that previous debates are not routinely reopened at subsequent meetings
 - g. Guidelines for managing any other business at meetings
 - h. A policy on receiving and giving hospitality and gifts
 - i. A policy on how breaches of the Code of Conduct will be managed
2. Board decisions should be, wherever possible, based on full agendas and documents circulated to members sufficiently in advance of meetings. Decisions and agreed actions should be recorded in the minutes.
3. Urgent decisions between Board meetings may be taken if a majority of Board members respond by email or telephone to a request for a decision, and if at least three days' notice is given.

H The Senior Staff Member or Service Agency

Should the Board decide to appoint a Senior Staff Member or Service Agency to be responsible for the operation of the CLT there must be clear working arrangements between the Board and the Senior Staff Member or Service Agency and clear delegation of authority.

1. The Senior Staff Member or Service Agency must be clear about the essential duties of the role and have clarity over their role, legal responsibilities, delegation of authority and relationship with members.
2. Like all employees, the Senior Staff Member must have a written and signed contract of employment; a Service Agency must have a written and signed management or service level agreement.
3. The Board must ensure that there is effective and transparent scrutiny of the Senior Staff Member or Service Agency and that this is reflected in decisions on the remuneration package for the Senior Staff Member or fee for the Service Agency; these costs must be disclosed in the annual financial statements in accordance with relevant accounting practice.

I Sub Committees

Subcommittees may be established where the Board determines that they will provide expertise, enable it to scrutinise and deliver effective corporate governance and manage risk or for operational purposes.

1. Each subcommittee must have clear terms of reference approved and reviewed by the Board on a regular basis.
2. Paid employees or Service Agents and co-optees must not chair sub Committees or form the majority of the membership of these committees.

J Openness, transparency and accountability

The Board must provide leadership in operating in an open and transparent manner, having satisfactory dialogue with members and must demonstrate democratic accountability to members and other key stakeholders.

1. The Board must make an annual report to its members regarding the organisation's activities and performance.
2. The organisation must have in place a strategy for ensuring that it operates in a fair and democratic manner and for communicating information about its work to its members.
3. The organisation should review its policies for admission to membership on a regular basis.
4. Board members must disclose any gifts or hospitality received in their capacity as a member of the board, and must ensure that these do not unduly influence their actions and decisions on the board. The Board may ask, by a simple majority, the member to return or refuse gifts or hospitality if they feel they may create a risk of conflicts of interest, or cause reputational damage to the CLT.

K Diversity and inclusion

The Board must demonstrate leadership and commitment to equality, diversity and inclusion as outlined in the Equality Act 2010 across all its activities.

1. The Board must comply with current legislation and keep its policies for involvement and inclusion under review.
2. The Board must provide leadership and clear strategies on how the organisation will meet the needs its community and the steps it will take, including through lawful positive action, to ensure in so far as it is able that it can reflect its community in its governance structures.

3. The Board must ensure that the organisation demonstrates, throughout all its functions, its commitment to the characteristics protected by the equalities legislation, and develop action plans to implement this commitment.

L Audit and risk

The Board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls (policies, procedures and processes) and manages risk.

1. The CLT must have effective internal controls.
2. The CLT's external auditors or accountants must be independent and effective.
3. The organisation must have in place appropriate arrangements for enabling members to scrutinise performance.