



Code of Governance 2015

YARLINGTON HOUSING GROUP CODE OF GOVERNANCE

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CODE OF GOVERNANCE

A 'Introduction/Preamble and Principles'

Our regulators the Homes & Communities Agency (HCA) and the Charity Commission expect high standards of our Board and the regulation of governance of Yarlington Housing Group (YHG) by its regulators will be based on our Code of Governance.

YHG's code aims to provide clarity over responsibilities, expectations and standards expected by members in being competent, accountable and independent. This code sets out what is expected of members as best practice and is mandatory on all YHG members and its subsidiaries.

YHG have adopted the structure and best practice guidance set out by the NHF in their document "Code of Governance; Promoting Board Excellence For Housing Associations 2015" and this Code of Governance is based on the NHF code. These Standing Orders provide a framework for the governance of YHG and all of its subsidiary companies.

This Code augments but is subordinate to the Articles of Association for each member of the Group, legislation and the regulations issued by the HCA and The Charity Commission to which reference should be made.

This Code is intended to set out the core principles to be followed by YHG and reference should be made to the comprehensive set of policies and procedures which augment this code.

The foundation of good governance is that there will be a balanced, diverse and effective Board which leads and controls the organisation. The Board will ensure that the organisation upholds the following principles:

Ethics

It operates according to high ethical standards, explicit values and the Federation's Code of governance and conduct.

Accountability

There is proper accountability to, and involvement of, all YHG's stakeholders, primarily its residents.

Customer First

YHG will put the needs of their existing and potential service users at the heart of business decisions and strategy.

Openness

There is a spirit of openness, making full disclosure of governance matters and other information.

Diversity and Inclusion

There is fairness and equality of opportunity and recognition of diversity in all aspects of YHG's governance.

Review and Renewal

There are formal and open processes for the periodic review of the Board's own performance, and to ensure its renewal on an ongoing basis.

Clarity

There is clarity of roles and responsibilities between YHG's Board members, paid staff and shareholders.

Control

There are effective systems for internal delegation, audit, risk management and control. The Board receives adequate and timely reports and advice to inform its decisions. The Board has an effective relationship with internal auditors, external auditors and regulators

Structures

There are effective staffing and committee structures to support the Board's work.

These principles are entirely faithful to the National Housing Federation's guidance as described in its document "Excellence in Governance – Code for Members and good practice guidance" Revised Edition

B Constitution Standing Orders and Composition of the Board

The Board

The Articles of Association define matters such as Board membership, co-option, elections, member retirements and aims.

The Company Acts define procedures for matters such as Annual General Meetings, the filing of statutory accounts and Duties and Responsibilities of Directors of the Company.

In the case of any inconsistency, the law and the Articles of Association shall prevail over these Standing Orders.

These orders shall apply to YHG and all of its subsidiary companies, where appropriate, and as defined by the relevant Articles of Association and approved Terms of Reference.

Purpose

The Board of YHG has ultimate responsibility for the governance of the organisation and the group as a whole. The Board's central role is to direct and control the organisation's work that is to determine strategic direction; to establish and oversee control and risk management frameworks; and to ensure that the organisation achieves its aims and objectives (as stated in the Strategic Plan). Management, that is the implementation of Board policies, is delegated to staff.

The Board of YHG are responsible for the conduct of all subsidiary Boards and are responsible for the selection, removal and appointment of all Board members and co-optees to all of its subsidiary companies and committees. This Code of Governance applies to all Board, Sub-Boards and Committee members.

The purpose of the Board is to determine strategy and to control YHG's affairs; management of the organisation is delegated to YHG staff via its Executive.

This section of the code defines the responsibilities of Board members and sets out guidelines for effective operation.

All Board members share responsibility for its decisions. Each should act only in the best interests of YHG and not on behalf of any constituency or interest group. Board members should put the interests of the organisation before their own interests.

The number of Board members who are paid staff of other housing providers will be limited to two.

Each Board member is given a formal agreement/contract specifying their obligations and asked to sign a copy to indicate acceptance. Agreements set out the key role and duties of Board membership and the principle that any approved remuneration is linked to fulfilling the specified role and duties. In addition, members agree to:-

- (1) Uphold the values and objectives of the organisation;
- (2) Uphold the organisation's core policies, including those for equality and diversity.
- (3) Ensure they understand the constitutional and legislative framework as it applies to YHG, and act within its powers.
- (4) Contribute to and share responsibility for the Board's decisions, including its duty to exercise reasonable care, skill and independent judgement;
- (5) Prepare for and attend meetings, training sessions and other events;
- (6) Attend and participate in reviews linked to individual performance or that of the whole Board;
- (7) Represent the organisation as appropriate;
- (8) Declare any relevant interests and avoid conflicts of interest;
- (9) Respect confidentiality of information; and
- (10) Uphold YHG's Code of Governance and code of conduct.

The Board will also:-

- (1) Set the strategic direction of the company
- (2) Approve and monitor performance against the Financial Plan, the 3-Year Strategy, and the annual budgets and to set Key Performance Indicators.
- (3) Ensure that Internal Control Systems are appropriate and effective.
- (4) Approve corporate funding arrangements.
- (5) Ensure that all regulatory and legislative requirements are met.
- (6) Approve the annual report and financial statements of the group.
- (7) Appoint and dismiss the Chief Executive and Executive Directors and to set their pay and conditions.
- (8) Uphold the requirements and obligations of YHG's Code of Governance and Code of Conduct.

C Board Recruitment, Renewal and Review

The Board will ensure its continuing effectiveness. This needs clarity of purpose and a focus on performance and renewal. The Board, including its subsidiary Boards and committees, will review its own performance at least annually and take action to address any identified areas for improvement.

Board renewal is important for good governance. While the contribution of experienced Board members is vital, Boards also need new members who can provide an independent challenge to long-standing practices and thinking.

The Board will delegate to the Remuneration Committee the implementation of succession-planning arrangements, to ensure planned refreshing and renewal of skills and experience over a period of time. This will be carried out for the Board, any subsidiary Boards and Committees, and is especially important if the Board has a large proportion of long-serving members. In doing so, the Board will bear in mind the need for diversity in its composition. Recruitment to Board vacancies will be open and transparent, based on merit and objective selection and assessment techniques. New members are subject to a six month probationary period.

The Articles of Association allow for the Chief Executive and the Executive Director of Finance and Corporate Services to become Board Members.

New members are recruited, selected or elected on a systematic and continuous basis, thus avoiding bigger changes at infrequent intervals. The Board has agreed and published its policies for:-

- (1) The recruitment, selection or election of new members, including the Chair;
- (2) Agreed role profiles and competency frameworks for the Board;
- (3) The preferred composition of its membership;
- (4) Fixed terms of appointment. Board members are appointed for three-year terms, subject to annual appraisal after one year. Board members are appointed or elected with the expectation that they will serve for at least three years, even though under the organisation's constitution they may face re-election after a shorter period. The term of office is calculated from the date when the Board member is either elected or co-opted to the Board;
- (5) Overall maximum terms of office for individual Board members, the Chair and other officers. To support Board renewal, the maximum term of office is three terms, with an overall maximum period of Board service for non-Executive Board members of no more than nine years. This principle applies to group Boards, subsidiaries and any committees with the exception of the Customer Services Committee (CSC), members of CSC will be elected on an annual basis with a maximum term of up to three years, this is to maximise opportunities for residents to become involved in the Committee.

- (6) Establishing a process for succession planning; steps are taken to identify potential Board members who may have no connection with the organisation or existing Board members. A range of recruitment techniques are considered to secure a wider choice of candidates. The Remuneration Committee has responsibility to the Board for approval of suitable candidates to fill Board member vacancies. Board will delegate Board member recruitment to the Chair and Vice-Chair of the Board who will make recommendations to the Remuneration Committee for final approval by the Board. Executive members may advise as appropriate.

The Company Secretary ensures that all new members receive a suitable and tailored induction process.

The Board will carry out a regular (normally annually) appraisal of its own performance and an annual appraisal of individual Board members.

The regular appraisal will:-

- (1) Review how well the Board performs, its key roles and how successful it has been;
- (2) Review the effectiveness of Board relationships and its role as a team;
- (3) Assess how the Board is viewed by the key contacts, e.g. regulators, investors, local authorities, tenant groups etc;
- (4) Review the organisation's ability to recruit and retain the balance of Board members it needs;
- (5) Assess the effectiveness of Board processes, including its accountability;
- (6) Review the training and development needs of individual Board members as well as the Board as a whole;
- (7) Include the assessment of the Chairs and Vice-Chairs;
- (8) Maintain a clear plan to support continuous improvement of the Board to meet the challenges faced by the organisation; and
- (9) Review whether the Board provides sufficient support, scrutiny and challenge to the Management Team.

Board Member Payment

The Board has agreed to the remuneration of Board Members and will review on a regular basis the business case for such remuneration. The Remuneration Committee will review payments for Board Members and make a recommendation to the Board for approval.

Where payments to Board members are considered appropriate, the Board will ensure that:-

- (1) There is a clear business case for payment;
- (2) It has a mechanism for establishing payment levels that is independent of the Board, possibly through a remuneration committee, an independent adviser, or by using published guidance;
- (3) Agreed payment levels are proportionate to the organisation's size and resources;
- (4) Payment levels do not exceed industry norms;
- (5) Payment of Board members is linked to members collectively and individually carrying out specific functions against which performance is reviewed.
- (6) Payment for non-Executives is fully disclosed on a named basis.

D Essential Functions of the Board

Essential Key Functions of the Board

The key functions of the Board are formally recorded in the organisation's constitutional documents and include:-

- (1) The Board has overall responsibility for the Company. Subject to those responsibilities required by law to be exercised by the Board, it may delegate such matters as it may from time to time determine to committees, officers and staff
- (2) The Board has responsibility and the power to direct and monitor the activities of all parts of the Group including subsidiaries and satisfy itself that all group members are meeting statutory and regulatory requirements, and that their affairs are being conducted in accordance with generally accepted standards of performance, probity and financial prudence, delivering a common vision and shared objectives. The Boards of all organisations within the group structure will ensure effective co-operation for the benefit of the group as a whole. The Board of YHG has ultimate control of all subsidiary companies.
- (3) To set the overall values and policy objectives of the Company and to agree any amendments to these. This will be undertaken through the consideration and approval of a Financial Plan and a strategic plan proposed to the Board by the Chief Executive.
- (4) To review and approve the Company's key strategies, policies and standards of service.
- (5) To review and approve the Code of Governance and Code of Conduct.

- (6) To approve the Company's response to regulatory reports issued by the Homes and Communities Agency and to keep the implementation of their performance criteria under regular review.
- (7) To appoint and if necessary remove the Chief Executive Officer.
- (8) To appoint funders, financial advisers, bankers, auditors, and any other professional advisers to the Board and to take advice when necessary.
- (9) To approve the settlement of any material legal claims by or against the company.
- (10) To monitor the Company's performance.
- (11) To make recommendations to the Company in general meetings on the appointment and remuneration of the auditor.
- (12) To approve annual financial statements.
- (13) To approve prior to commitment all material contracts, especially those proposals that are not in the course of ordinary business.
- (14) To approve financial parameters of proposed developments or acquisitions and to consider for approval any proposals outside agreed benchmarks.
- (15) To keep under review and change when required, the structure, size and composition (including the skills, knowledge and experience) required of the Board.
- (16) To evaluate the balance of skills, knowledge and experience on the Board and prior to any appointment, prepare a description of the role and capabilities required for a particular appointment.
- (17) To review the development needs of Board members and approve appropriate training and development programmes.
- (18) To review and certify compliance against all regulatory standards of appropriate governing bodies such as the Homes and Communities Agency and the National Housing Federation
- (19) To approve and review a scheme of delegation for policies and strategies.
- (20) To review and approve financial regulations and standing orders.
- (21) To ensure that there are appropriate arrangements for members and officers liability insurance.
- (22) To appoint Board members and set members' allowances.
- (23) To periodically review the membership policy for the Company.

- (24) To approve applications for company membership.
- (25) To review the Board's terms of reference at least once every two years.
- (26) Changes to Group legal structure, including the setting up and winding up of subsidiaries;
- (27) To approve appointments, including Chairs, to subsidiary Boards and committees including the Challenge and Change Group and to determine terms of reference and delegated authority.
- (28) To appoint and if necessary remove the Company Secretary.
- (29) Approval of resolutions to be put forward by the Board at a general meeting;
- (30) To keep under review the framework of governance and the articles, and to ensure that they reflect the Company's values, culture and ethos.
- (31) Expansion of the organisation's operations into new activities or geographical areas;
- (32) Any decision to cease a material part of the organisation's operations;
- (33) To approve changes to the staffing or organisational structure at Executive Team level, including any redundancies at Executive Team level.
- (34) To act on behalf of the Company with regard to all such matters not specifically delegated to individual committees or officers, especially those which create significant risk to the Company or which raise material issues of principle.
- (35) Approval of and monitoring of annual budget and major capital programme;
- (36) Any conflicts of interests arising for individual Board Members;
- (37) Changes to the schedule of matters reserved for Board decisions; and
- (38) In respect of the subsidiary Boards, the Board is responsible for:-
 - Monitoring performance
 - Establishing policies and plans to achieve objectives
 - Approval of major strategies and policy initiatives
 - Approval of the annual budget for all subsidiary Boards and expenditure outside the budget or for inclusion in the following year's budget
 - Establishing and oversee a framework of delegation and systems of control

- Considering reports on fraud and attempted fraud
- Approval of changes to the Financial Regulations.

Representation from subsidiary Boards to Group Boards will ensure that there is a fair balance between the need to represent the interests of subsidiaries with the need for independence and scrutiny on Group Boards.

The Board has ultimate responsibility for ensuring the organisation develops positive and constructive relationships with its key stakeholders including its funders and regulators. The Board must satisfy itself that effective communication and reporting lines are in place with these bodies.

The following rules augment the requirements of the Articles of Association.

- (1) The Board must meet at least 4 times a year and will hold an AGM within 6 months of the financial year-end.
- (2) At least five clear days' notice of the date and place of Board meetings shall be given in writing by the Secretary to all members. The agenda and reports for the attention of the Board will be distributed at the same time as the notice of the meeting.
- (3) Meetings of the Board may be called either by the Secretary, or by a notice in writing given to the Secretary by the Chairman, or by two Board members, specifying the business to be transacted.
- (4) The Board shall after each Annual General Meeting elect from amongst its members a Chairman, Vice-Chair and any other officerships as it may determine from time to time. The Chairman and Vice-Chair shall be the Chairman and Vice-Chair of the association and shall be removable from office only by a vote of two-thirds of the members of the Board present at a special meeting called for that purpose.
- (5) On a show of hands each Board member present in person shall have one vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.
- (6) Board members may from time to time co-opt up to a maximum of three persons with professional skills to the Board on such terms as they think fit and may at any time revoke such co-option. Such co-optees shall not be directors within the meaning of the Act.
- (7) The Company's Chief Executive and Executive Director of Finance and Corporate Services from time to time shall be appointed as Executive Board Members without any formality.
- (8) The ruling of the Chairman on any procedural matter arising at a meeting shall be final.
- (9) The Board has approved a Code of Conduct that is binding on all Board/Committee members and involved residents and staff.

- (10) The Board has resolved to limit the number of Board members who are paid officers of other housing providers. There shall be no more than two at any one time to reduce the number of potential conflicts of interest.

E Directors' Duties

Board Members must also fulfil their duties as Directors under the Companies Act 2006 which requires them:-

- (1) To act within the powers conferred by the Company's constitution.
- (2) To promote the success of the Company for the benefit of its members;
 - Directors must have regard (amongst other matters) to a number of factors including:
 - The likely consequences of any actions in the long term;
 - The interests of the Company's employees;
 - The need to foster the Company's relationships with suppliers, customers and others;
 - The impact of the Company's operations and decisions on the community and the environment;
 - The desirability of maintaining high standards of business conduct; and
 - The need to act fairly as between members of the Company.
- (3) To exercise independent judgement;
- (4) To exercise reasonable care, skill and diligence;
- (5) To avoid conflicts of interest;
- (6) To not accept benefits from third parties; and
- (7) To disclose any interests in any proposed transaction or arrangement with the Company.

As a charitable Company, Directors must also meet their duties to manage the charity in the interests of its beneficiaries.

F Responsibilities of the Chair

The Chair of YHG has particular duties and responsibilities which are set out in this section. In carrying out these duties the Chair must always remember that he or she is acting on behalf of the Board. The Chair should seek the advice of other Board members or the Chief Executive, as necessary.

The responsibilities of the Chair are formally recorded, including a minimum of the following:-

- (1) To ensure the efficient and effective conduct of the Board's business and of the Company's general meetings.
- (2) To ensure that all Board members are given the opportunity to express their views and that appropriate standards of behaviour are maintained in accordance with a code of conduct approved by the Board;
- (3) To establish a constructive working relationship with, and provide support for, the Chief Executive and ensure that the Board as a whole acts in partnership with Executive staff;
- (4) To ensure that the Board delegates sufficient authority to its committees, the Chair, the Chief Executive and others to enable the business of the organisation to be carried on effectively between meetings of the Board; and also to ensure that the Board monitors the use of these delegated powers (Group Chair only)
- (5) To ensure that the Board receives professional advice when it is needed, either from its senior staff or from external sources;
- (6) In conjunction with the Vice-Chair(s), ensure that the organisation regularly reviews the quality of its governance in the context of prevailing good practice.
- (7) To represent the Company as appropriate.
- (8) To take decisions delegated to the Chair in accordance with the approved procedures
- (9) Working with members of the Remuneration Committee, to ensure that the Board makes proper arrangements to appraise the performance of the Chief Executive and to determine his/her remuneration and other senior staff;
- (10) To appoint, and if necessary dismiss the Chief Executive.
- (11) To ensure that the Board makes proper and appropriate arrangements for its own appraisal and that of Board members, including the Chair's own appraisal, and for implementing a succession plan for Board membership;

- (12) To ensure that the Company provides appropriate role profiles and competency frameworks for all Board Members.
- (13) To ensure that the level of any agreed Board member remuneration results from an approved process that minimises the potential for conflicts of interest.
- (14) Oversee the development and implementation of an annual training programme for Board Members.

(These duties will also apply when the Vice-Chair(s) is acting in the Chair's place).

G Conduct of the Board's Business

Effective conduct of Board business is vital to good governance. Without suitably clear and incisive documents, no Board can hope to make wise and effective decisions. It is also a clear principle of good governance that all Board members should contribute to making decisions which may involve the organisation in significant strategic, financial or other risks, or which raise material issues of principle. Very occasionally, such decisions will be required urgently between meetings. Governance systems must be robust enough to deal with these properly.

- (1) Board decisions are, wherever possible, based on full agendas and documents circulated to members well in advance of meetings. Points for decision are clearly identified in those documents. Decisions and the main reasons for them are recorded in the minutes.
- (2) Where conflicts of personal interest arise, these are recorded and the individual concerned is excluded from the discussion or decision.
- (3) Each year, the Board sets aside time for a full discussion about the effectiveness with which it is conducting its business and consideration of the organisation's future.
- (4) Urgent decisions between Board meetings are taken in accordance with predetermined arrangements as set out in the YHG's constitution, Section L of the Code of Governance, financial regulations or delegated authority.
- (5) The Board will have access to independent assistance and advice when necessary without the involvement of senior staff. This is normally agreed through the Chair.
- (6) The Company Secretary has direct lines of communication with the Chair in order to maintain impartiality and to bring issues of concern directly to the Chair. The role of the Company Secretary is crucial in providing impartial advice to Board members and appropriate channels of communication are made available.

- (7) The Board will be mindful of outcomes for residents or service users in the decisions they take, with special regard to the expectations of the regulator.
- (8) The Board has clear procedures in place for the removal of Board members where conflicts arise that cannot be resolved.
- (9) The Board ensures that positive relationships are maintained within the Board and with the Executive Team.
- (10) The Board ensures they keep abreast of all relevant legislation and changes to operating frameworks.
- (11) The Board from time to time reviews the implementation of this code of governance and its underlying principles.

H The Chief Executive

The Chief Executive

The Chief Executive is responsible to ensure compliance and proper conduct of the organisation's business. The Chief Executive has ultimate responsibility for ensuring that the duties are properly discharged.

The essential duties of the Chief Executive include:-

- (1) To act in the best interests of the organisation;
- (2) To assist and advise the Board in determining the organisation's policies, strategy and business planning;
- (3) To manage the affairs of the organisation in accordance with the values and objectives of the organisation, and the general policies and specific decisions of the Board;
- (4) To draw the Board's attention to matters that it should consider and decide;
- (5) To ensure that the Board is given the information necessary to perform its duties and, in particular, that the Board receives advice on matters concerning compliance with its governing instrument, the law and the need to remain solvent;
- (6) To ensure that proper systems of financial control, risk assessment and risk management, and legal and regulatory compliance are established and maintained, and that regular reports on these are provided, at least annually, to the Board;
- (7) To supervise, with the guidance of the Chair, the preparation of documents for consideration by the Board;

- (8) To help the Chair ensure that the business of the Board is properly conducted;
- (9) To ensure that relationships between senior staff and the Board are positive and focus on the business of the organisation;
- (10) To lead and manage the staff of the organisation and ensure that their performance is appraised; and
- (11) To represent the organisation as appropriate.

Like other employees, the Chief Executive has a written and signed contract of employment which, besides complying with current legislation, clearly defines:-

- (1) His or her duties and the standards of performance expected.
- (2) The procedures for monitoring the Chief Executive's performance and fixing his or her remuneration.
- (3) The remuneration level;
- (4) How complaints and disciplinary matters are dealt with; and
- (5) The length of the contract, whether or not it can be renewed (if it is for a fixed term) and any notice period.

The terms of employment for the Chief Executive and the Executive Directors will be reviewed at least once every three years by the Remuneration Committee. The Committee will make any recommendations to the Board for approval.

Chief Executive's Remuneration

The Board delegates to a committee [Remuneration Committee] responsibilities that include appraising the Chief Executive [and Executive Team] and making a recommendation to the Board on a remuneration package for the Chief Executive [and Executive Team]. In terms of membership of the committee:

- (1) It includes the Chair of the Board, but because of the necessarily close relationship between the Chair and the Chief Executive, he or she should not Chair the committee.
- (2) It does not include any Executive members of the Board.
- (3) Where there are Board members who are also the paid staff of other Federation members, they are not permitted to sit on the [Remuneration] Committee.

The following principles are observed:-

- (1) Although the Board may act on the recommendation of a committee, it is for the Board as a whole to approve the Chief Executive's remuneration package.
- (2) A remuneration package is given which is proportionate to the size and complexity of the organisation and sector norms and sufficient to attract, retain and motivate the quality of Chief Executive required.
- (3) There is full disclosure of all elements of the remuneration package, including pension arrangements, periods of notice and compensation payable for loss of office. Periods of notice of more than six months are exceptional and will be specifically approved by the Board with the reasons for the decision clearly minuted.
- (4) Any performance-related elements of the remuneration package are linked to the achievement of specific and measurable targets which are reviewed annually.
- (5) YHG may make non-contractual severance and redundancy payments to departing employees in certain circumstances, e.g. restructuring, early retirement etc. This cannot be used for making payments to staff that are subject to current relevant disciplinary action.
Any action/payments must be in accordance with agreed policy and should be reasonable and fair. Account shall be taken of the reputational risk to YHG and/or the sector of agreeing to a settlement which significantly exceeds that paid in similar circumstances in comparable organisations.

I Committees of the Board

Committees and Subsidiary Company Boards

[NB The word "committee" also applies to the sub-co Boards.]

The Board has established the following committees and subsidiary companies:

Committees:-

- Audit and Risk Committee
- Remuneration Committee
- Property Services Committee
- Customer Services Committee

Subsidiary Companies:-

- Yarlington Homes Ltd
- Yarlington Property Management Ltd
- Inspired to Achieve Ltd

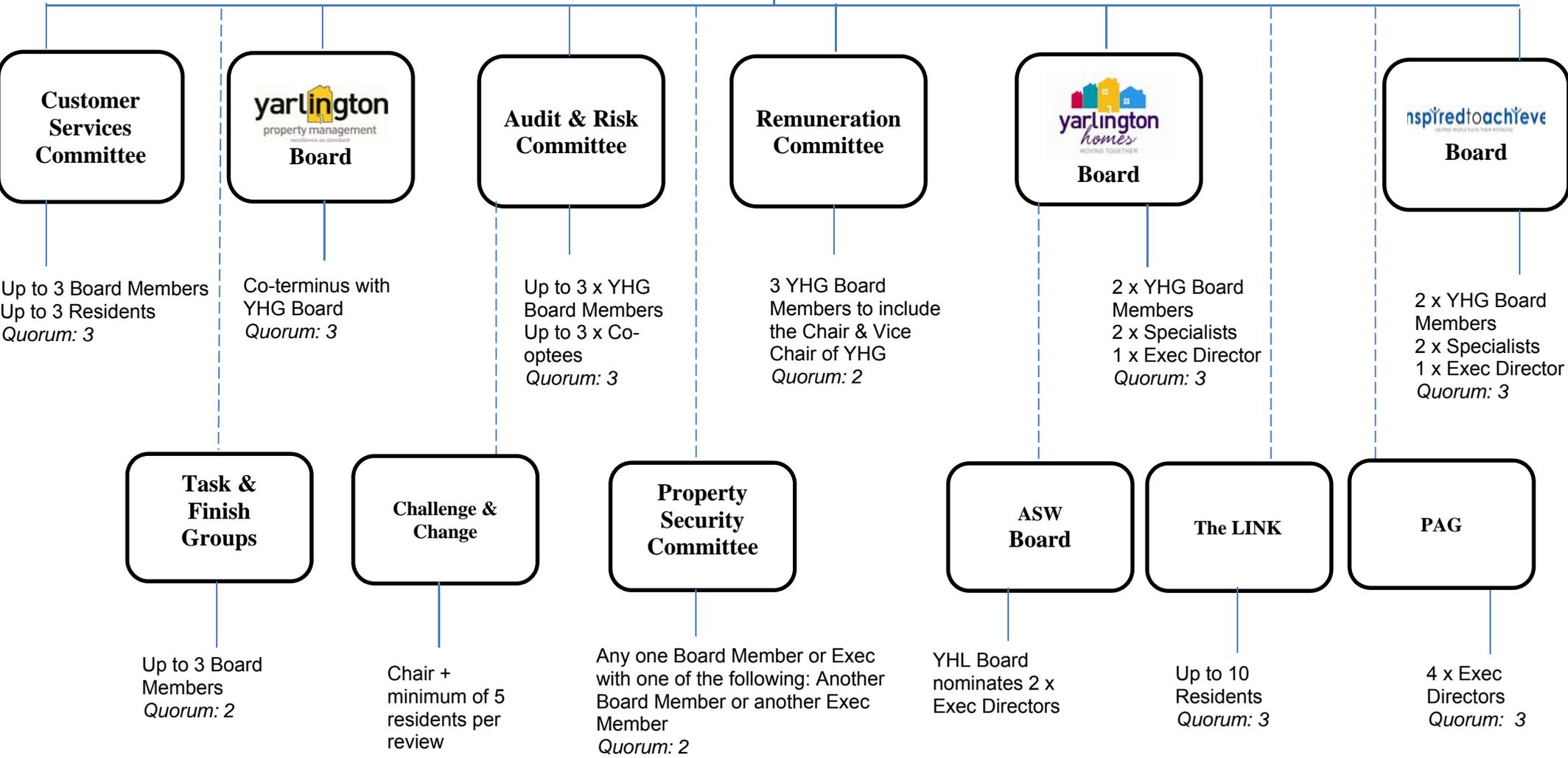
The Board retains ultimate control of all committees (including sub-co Boards) and has the duty to appoint representatives, and to determine terms of reference and delegated authority.

The Code of Governance and all standing orders apply to all meetings of the group.

The governance structure of the group can be found on the page overleaf:



8 Non-Executive Directors
 Chief Executive
 Executive Director of Finance & Corporate Services
 Quorum: 3
 N.B YPM Board has the same membership as YHG (co-terminus)



Membership

The Board appoints members of the corporate committees after each AGM. Each committee will appoint a Chair and Vice Chair at its first meeting after the AGM.

The Board's policy is not to co-opt more than three persons other than Board members to serve on any committee.

The Board periodically reviews its committee structures at least every two years, delegating responsibilities and reporting arrangements. Committee structures are clear and streamlined, adding value to scrutiny and decisions without duplication of effort.

Each committee has clear terms of reference approved and reviewed at least every two years by the Board.

Paid staff of an organisation do not Chair any of its committees or form a majority of a committee's membership. The Chair of Audit and Risk Committee must not be the Chair of the Board or an Executive Member of the Board.

In the case of dispute, the Board's decision must override that of a committee. The Chair of the committee responsible for audit and risk has the right to report any such decision to the external auditors (and where necessary to external regulatory bodies), after discussion at the Board about this proposed course of action.

Each Board ensures that specific arrangements are made to cover the following responsibilities:-

- (1) Audit and risk matters
- (2) Standards and ethics, and
- (3) Appraisal and remuneration of Board members and of the Chief Executive.

Yarlington Link & Challenge and Change Group

Whilst the Yarlington Link and Challenge and Change Group are NOT formal corporate committees of the Board, the Board ensures that these meetings are conducted in accordance with the general principles and good practice described in this document. The Board has agreed that these groups must adhere to the Code of Conduct.

The Yarlington Link and the Challenge and Change Group have the discretion to vary their terms of reference, but always subject to Board approval.

The Board has chosen to offer a direct line of communication between the Yarlington Link, the Challenge and Change Group and the Board, at the Board's sole discretion. The Board may change or discontinue that arrangement at any time.

Through this resident involvement structure all residents will be given the opportunity to inform and influence and, where appropriate, be involved in developing local standards for the Company, complicit to the regulators minimum national standards.

The Board through this resident involvement process will continuously report and review performance, informing future local standards.

Challenge and Change Group (Resident Scrutiny Function)

The Challenge and Change Group will independently assess and scrutinise YHG's performance from a resident perspective to produce an effective assessment of service quality and make recommendations to the Board regarding standards, services and performance. The Group will report directly via the Audit and Risk Committee and will make recommendations to the Board in line with its findings relating to performance and service scrutiny.

Challenge and Change has a fluid membership structure that invites residents to participate in reviews they feels passionate about but without commitment beyond that review. The only formal position is that of Chair. The Chair is elected to the position and is co-opted to the Audit and Risk Committee to ensure strong governance in overseeing the group's effectiveness. The group are supported by the Business Assurance team who work within the Code of Ethics and Standards of the Institute of Internal Auditors.

The aim of the Challenge and Change Group is to represent all residents and to have a good understanding of what is important to residents and what they want. To raise the standards of services by reviewing performance and standards of service quality and recommend areas of improvement and agree action plans

Yarlington Link

Yarlington Link meets at least four times per annum. The group, wherever possible, will match Yarlington's overall resident profile.

The Yarlington Link will consist of a minimum of six and no more than ten members including a Chair and Vice Chair.

The role of this group will be to act as a 'sounding Board' for residents to comment on and influence the policies of YHG. Its role is therefore;

- To engage in the production of Yarlington's Resident Involvement Strategy
- To monitor the delivery of Yarlington's Resident Involvement Strategy
- To oversee the work and delivery plans of Task Groups and Focus Groups
- To consider feedback from the various specialist Task Groups, Focus Groups and Community Associations

- To approve bespoke methods of how Yarlinton communicates with residents and stakeholders on key issues
- To act as a conduit of communication between the Task Groups, Focus Groups and the Board and to keep residents informed of the work of YHG
- To advise on the company's Annual Report for tenants
- To review key policies and procedures that affect our residents
- To request reviews be undertaken by the Resident Scrutiny Group as appropriate
- To consult on areas showing poor performance or high levels of customer dissatisfaction.

J Openness and Transparency

YHG will act in an open and transparent way in accordance with relevant legislation. YHG will:-

- (1) have a policy and a process for disclosing information;
- (2) publish information about their performance in addition to the prescribed reports on their finances;
- (3) publish an annual statement of compliance with the NHF Code of Governance in the annual financial statements and annual report;
- (4) publish the HCA's regulatory judgments in relation to governance and viability in the annual financial statements and annual report;
- (5) comply with appropriate, relevant, and practicable requests for information;
- (6) review the Access to Information Policy on a regular basis and take account of further developments of good practice;
- (7) use the Freedom of Information Act as a benchmark for providing information to customers.

K Accountability

The Board of YHG recognises and accepts that the Board is ultimately accountable to all its stakeholders for the actions of the Group.

YHG is accountable to various stakeholders including:-

- Residents and potential residents
- Service users
- Local communities
- Local authorities
- Employees
- Investors

- Lenders and
- Regulators

YHG will identify and regularly review the stakeholders to which it is accountable, and ensure that each group, where relevant, has the appropriate influence over, or involvement in, planning and decision-making.

YHG has a customer feedback policy which is reported to the Board on an annual basis. The policy includes a provision for Board members to raise concerns about service delivery and to communicate concerns raised by tenants, residents and service users through the appropriate channels.

Company Members and Board Members are informed and accept their role and responsibilities, including the obligation to act in the best interests of the organisation.

YHG ensures that it provides Company Members with regular information on the organisation's work, achievements and challenges as well as providing Members with an opportunity to raise their concerns with the Chair and Board as necessary.

Involvement of Residents, Communities and Neighbourhoods

YHG is committed to working with its residents to build communities and to provide high quality homes and services and has adopted a Resident Participation Strategy which will ensure that we listen to the needs and wishes of our residents with the following aims:-

- To increase the opportunities for residents to participate.
- To increase the numbers of residents participating.
- To have a clear structure of participation from residents associations and specialist focus groups, to Board membership and beyond to representation on national tenants organisations.
- To create real opportunities to influence the services that YHG provide.
- To promote social inclusion and equality of opportunity for our residents and their communities.
- Enable residents to participate at the level that suits them.

L Delegation to the Chief Executive and Executive Team

The Chief Executive is responsible for the operational management of the Company's affairs. The Board delegates full operational powers to the Chief Executive to act and to authorise decisions on behalf of the Company. This includes personnel matters, other than the members of the Executive Team.

The Chief Executive must assist the Board to determine its strategic objectives and ensure effective deployment of the association's resources.

Subject to Standing Orders and Financial Regulations, and in accordance with policies and decisions made by the Board or any committee, the Chief Executive may, without further reference to the Board of management or any committee, take the action he/she considers necessary to ensure the efficient and effective management and routine administration of the Company's activities.

In the event that the Chairman or Vice-Chairman cannot be contacted, the Chief Executive will take all reasonable steps to contact other Board members. The Board terms of reference provide a fluid approach to decision making, this can take place in person, via conference call, electronically, etc... After taking all reasonable steps to do so, if the Chief Executive has not been able to contact any Board member, or in the event that the matter is so urgent so as to require an immediate decision, the Chief Executive has the authority to take such decisions in the best interests of the Company.

In the event of the Chief Executive operating under this delegated authority, he/she shall report such action to the Chairman or a Vice-Chairman at the earliest opportunity and thereafter to the Board as a whole. Formal reporting to the next Board meeting is required for ratification.

In the absence of the Chief Executive, any two Executive team members shall have the delegated authority and power of the Chief Executive.

The Chief Executive has the delegated authority to represent the Company's view to external agencies subject to discussion wherever possible with the Chairman and Vice-Chairman.

Wherever the Chief Executive considers it appropriate, he/she shall present for decision a report to the Board or to the relevant committee, notwithstanding the availability of a delegated power.

The acts of the Chief Executive and Executive team members under delegated duties shall be deemed to be acts of the Company.

The Executive Team

This team is responsible to the Board for the implementation of the Company's policies as laid down from time to time by the Board and its committees. It shall be empowered by the Board to decide its own working methods and procedures (within HCA guidelines).

The Chief Executive will prepare an agenda for each Executive team meeting and there will be a formal record including all decisions taken.

Decisions of the Executive team, within the parameters of existing policy, may be implemented forthwith. Matters creating new or revisions of policy or creating major procedural change will be referred to the next meeting of the appropriate committee or main Board.

M Equality, Diversity and Inclusion

Yarlington Housing Group aspires to be a community-led organisation with a responsibility to serve all sections of the community. Our aim is to be responsive to the needs of the community and the individuals that we serve. Equality, diversity and inclusion are integral to all of our activities in every aspect of the work that we do.

Equality, diversity and inclusion impacts on every aspect of work each member of the organisation engages in. It is fundamental with regard to the type of services we provide, and how they are accessed and delivered. It drives the recruitment, development and retention of staff. It influences our relationships with stakeholders, partners and the people we do business with and the communities we work in.

YHG will comply with the Equality Act 2010 which came into effect from October 2010. The Act seeks to outlaw unlawful discrimination against a person or group of people because of their:-

- Age
- Disability
- Gender reassignment
- Marriage and civil partnerships
- Pregnancy and maternity
- Race
- Religion or belief
- Sex (gender)
- Sexual orientation

YHG will adopt good practice in these areas to take a proactive approach in ensuring our strategies, policies and practices contribute to community cohesion, including positive action where minority groups are under-represented within governance or staffing structures in order to reflect our customer base.

- (1) YHG will demonstrate throughout all functions their commitment to and action plans for equality, diversity and inclusion issues.
- (2) YHG will adopt a strategy for equality, diversity and inclusion and publish it. The strategy includes a statement on how the organisation will promote equality, diversity and inclusion including how it intends to promote it in all areas of the organisation's work including:-
 1. Employment
 2. Award of contracts
 3. Access to services
 4. Access to housing
 5. Customer satisfaction
 6. Resident involvement

N Audit and Risk

The Board will ensure the organisation remains financially viable, that a balanced and comprehensive assessment of the organisation's financial position and associated risks is presented to the Board on a regular basis and that a sound system of internal control is maintained.

YHG will ensure that it observes the following principles:-

- (1) Its external auditors will be independent and effective with a limited range of non audit services. If the number of non audit days becomes significant then the Executive team will take appropriate action.
- (2) There is a proper and transparent procedure for the selection and periodic review of the appointment of external auditors.
- (3) YHG has an Audit and Risk Committee with regular meetings and terms of reference.
- (4) Effective internal controls are in place.
- (5) The Committee responsible for audit and risk meets at least four times a year, and its minutes are available to all members of the Board. The reasons for the decisions taken are recorded in the minutes and presented to the Board for scrutiny and ratification. The committee is able to meet with external auditors without paid staff being present where necessary.
- (6) The Chair of the Board will not be a member of the Audit and Risk Committee. In the event of the recruitment of a new Chair, the Chair may attend the Audit and Risk Committee meeting as part of the extended induction process for a maximum period of 12 months, however, any such Chair will not have voting rights at the Committee.
- (7) The Risk Management Strategy is annually reviewed by the Board and Audit and Risk Committee.
- (8) The Audit and Risk Committee is responsible for developing and monitoring a risk register for approval by the Board.
- (9) The Audit and Risk Committee ensures that the Board receives adequate financial and business management reports in order to effectively scrutinise performance of the organisation.
- (10) The Audit and Risk Committee ensures the organisation complies with all statutory duties placed on the organisation.
- (11) In-house Internal Audit service the Audit and Risk Committee with an annual programme of work and rolling three-year audit plan.

O The Chairman and Vice-Chair of the Board and Chairs of Committees

Chairman of the Board

The Board at its first meeting following the AGM will appoint the Chairman of the Board. Co-optees and Executives may not stand for election. The Chairman of the Board may not serve for more than five years in aggregate in any seven-year period.

The Chairman will be responsible for taking an overview of the association's vision, mission, business plan, corporate plan and budget.

In preparation for Board meetings, he/she will meet the Chief Executive to agree agendas and review draft papers. Subsequently, he/she will confirm or interpret decisions and agree draft minutes.

In addition to the criteria contained in Section F Responsibilities of the Chair, he/she will:-

- (a) Lead on recruitment to the Board and Committees.
- (b) Identify the roles of the Vice Chair and any other officers of the Board.
- (c) Commission performance reviews.
- (d) Consider significant business cases.
- (e) Lead on relations with the regulators on all regulatory and funding matters.

Vice Chair of the Board

The Vice Chair will Chair meetings of the Board in the Chairman's absence and shadow his/her responsibilities.

The Vice Chair will Chair meetings of the Remuneration Committee.

Chairs of Committees

The Chairs of committees will be responsible for taking an overview of the annual service plans and budgets appropriate to the Committee's functions and will liaise directly with the lead Executive team members.

In preparation for committee meetings, he/she will meet senior managers to agree agendas and review draft papers. Subsequently, he/she will confirm or interpret decisions, agree draft minutes and make reports to the Board, highlighting the key points considered at the committee meeting.

P The Company's Financial Regulations and Financial Procedures

Board members and employees are bound at all times by the Company's Financial Regulations and Financial Procedures. If any member is in doubt as to their content and their relevance, they must contact the Chief Executive, the Company Secretary or the Company's Internal Auditor. Failure to comply may result in formal disciplinary action.

Q Use of the Company Seal

Use of the Company Seal

Use of the Company Seal shall only be used with the authority of the Board or of a committee of the Board. The Board may determine who shall sign any instrument to which the seal is affixed.

The use of the YHG Company Seal can be authorised by

- a) Any Board Member and one of the parties named below
- b) Any two Board Members or
- c) Any two of the following officers:

The Chief Executive
The Director of Finance & Corporate Services
The Director of Growth & Investment
The Director of Customer and Community Services

And the Company Secretary

(For authorised signatories for YHG and subsidiary companies, reference must be made to relevant Board resolutions on this matter.)

The Secretary will keep a Seal Register for the Association/subsidiary Company in which the details of each sealed document will be recorded, with

- The date of sealing;
- A description of the document(s) to be sealed;
- A seal number which will also be recorded on the document immediately on the Seal;
- The initiating officers initials;
- The Secretary/Officers/Board Member(s) initials and signature

R Conduct and Probity

YHG's Code of Conduct for its Board/Committee members, involved residents and staff is aimed at upholding high standards of probity, ethics and conduct.

All must follow the Company Code of Conduct at all times. The Board should on a biennial basis approve the Code of Conduct adopted by the organisation.

The Board will receive on a half yearly basis a report on the Register of declarations made in accordance with the Code of Conduct for fellow Board Members and Executive Directors alike. The Executive Team will review all other declarations on a six monthly basis.

Principles of Conduct in Yarlington Housing Group

A high standard of conduct is expected of all employees and Board members. Any suspicion that employees or Board members could be influenced by improper motives would shake public confidence in the integrity of our workforce. It is also the responsibility of employees, Board/Committee members, involved residents to ensure that they do **not** abuse their official position for personal gain or to benefit their family or friends, seek to advance or further private business or other interests in the course of their official duties or influence a decision improperly by applying unreasonable pressure on colleagues, customers or members of the public.

Failure to disclose may lead to action being taken under the Company's disciplinary policy and procedure and Articles of Association.

At any meeting where any conflict, miss-use or impropriates is discussed which concerns a Board/Committee/involved resident or employee, the individual concerned shall be excluded from the discussion or decision-making.

S Governance Policy and Procedures

This Code sets out the core principles adopted and followed by YHG, which are supported and supplemented by a comprehensive set of policies and procedures, including but not limited to:-

- Terms of Reference
- Scheme of Delegation
- YHG Articles of Association
- Yarlington Property Management Ltd Memorandum & Articles of Association
- Yarlington Homes Ltd – Memorandum & Articles of Association
- Inspired to Achieve Ltd – Memorandum & Articles of Association
- Code of Conduct Company

- Code of Conduct Individual
- Board Membership Policy
- Directors' Duties
- Members Allowances Policy/Remuneration
- Company Membership Policy
- Board Member Appraisal Policy and Process
(Methodology, process, competencies, termination, standard Assessment forms)
- Transparency Policy
- Equality, Diversity and Inclusion Strategy
- Doing the Right Thing Confidential Reporting for Governance
- YHG/YHL/i2A Intra Group Agreements