

Goulden House Co-operative Ltd

Code of Governance

This Code of Governance is principally for the guidance of members of the Management Committee. It is not a confidential document and may be reproduced and circulated to members of the Co-operative and other interested parties.

The Code is based on the model code issued by the Office of the Deputy Prime Minister in September 2005 that was developed from the code issued by the Confederation of Co-operative Housing. It conforms to our Constitution and our existing practices.

A. THE PRINCIPLES OF GOOD GOVERNANCE

Governance 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 the organisation to achieve those goals and standards.

Goulden House Co-operative will ensure that the three key elements to good governance in Co-operatives are reflected in its aims, objectives and its operational practices:

- 1 high ethical standards and explicit values
- 2 strong systems of democratic accountability to members, tenants and the local community
- 3 proper systems to ensure effective operations

Goulden House Co-operative supports the following as core values:

- 1 self-help and self-responsibility – developing Goulden House Co-operative in such a way as to ensure the maximum number of members of the community identify with and take a pride in their neighbourhood;
- 2 democracy – proper accountability to Goulden House Co-operative members and tenants and leaseholders. A commitment to partnership working with the wider community, voluntary organisations and external stakeholders who will contribute to the quality of life;
- 3 equality – fairness and equality of opportunity in all aspects of the Goulden House Co-operative's governance;
- 4 honesty & openness – a spirit of openness, making full disclosure of governance matters and other information;
- 4 social responsibility and caring for others – ensuring that mutual support and respect of all members of the community is the bedrock of the decision-making process and the conduct of its life.

Goulden House Co-operative will ensure that its systems operate effectively to best meet tenants' needs and to satisfy the requirements of external organisations to which the Co-operative is accountable. The following principles will dictate the operational standards to which we will adhere:

- 1 control - there will be effective and defined systems for internal delegation, so that the Co-operative can work on a day-to-day basis;
- 2 structures - there will be appropriate staffing structures to maintain the Co-operative's work;
- 3 information - there will be a means by which the Co-operative receives adequate up to date information and advice to inform its decisions;

- 4 review - there will be formal and open processes for periodic review of the Co-operative's performance;
- 5 clarity - there will be clarity regarding the roles and responsibilities between Co-operative committee members, and directly employed staff and other organisations employed to carry out work for the Co-operative;
- 6 audit - there will be an effective and proper means by which the Co-operative has its work internally and externally audited;
- 7 forward planning – there will be mechanisms in place, agreeing and monitoring business plans with specific objectives covering a number of years.

B Governance of the Co-operative

- B1 The Co-operative's rules set out the powers of the *management committee*. The Co-operative will aim to ensure that the *management committee* is broadly representative of the population living in the Co-operative area.
- B2 The *management committee* is legally accountable for the business of the Co-operative, but it is answerable to its tenants and residents - reporting regularly, consulting tenants and residents on key issues and taking note of views expressed.
- B3 A Co-operative is also formally accountable to its membership. Membership of the Co-operative is open to all tenants, leaseholders and freeholders living on Goulden House Estate.
- B4 The Co-operative will ensure that all residents are aware of their right to join the Co-operative.
- B5 The Co-operative will aim to ensure that its membership is broadly reflective of the community in Goulden House Estate, particularly in relation to equal opportunities issues. If this is not the case, the Co-operative will report on this issue in its annual report and identify what steps are being taking to address the issue.
- B6 The Co-operative is accountable to its membership through general meetings. Co-operative rules relating to the proper calling of general meetings – i.e. through written notice – should always be observed. It should be the case that all Co-operative members have the opportunity to express their opinions and vote on the Co-operative's values and objectives and key policy issues at general meetings.
- B7 The Co-operative will ensure that:
- 1 all tenants and residents are encouraged to become involved in the running of the Co-operative;
 - 2 all tenants and residents receive information about what membership of the Co-operative means and about the running of the Co-operative;

- 3 no barriers exist to any tenant or resident becoming involved in the running of the Co-operative, particularly in relation to equal opportunities issues;
 - 4 appropriate training and support are available to all tenants and residents to enable them to become involved in the running of the Co-operative
- B8 The *management committee* will seek to involve the maximum number of tenants and residents in the running of the Co-operative as possible, either through membership of the *management committee* or through other means.
- B10 The essential functions of the *management committee* are set down in the rules of the Co-operative, and in standing orders and include duties to:
- 1 ensure compliance with the values and objectives of the Co-operative;
 - 2 ensure that policies that will enable that the Co-operative to achieve its objectives are drawn up, reviewed and agreed;
 - 3 establish plans which will enable the Co-operative's policies to be achieved;
 - 4 establish a framework of delegation and systems of control;
 - 5 monitor the Co-operative's performance in relation to the Co-operative's plans, budgets, controls and decisions;
 - 6 consider how the Co-operative will carry out *best value* reviews of its services on a periodic basis, and how it will relate to the landlord's *best value* review programmes;
 - 7 determine staffing arrangements to enable the Co-operative to meet its objectives, and appoint (and dismiss where necessary) the most senior member of staff;
 - 8 make decisions on all matters that might create significant financial or other risk to the Co-operative, or which raise material issues of principle;
 - 9 report to its membership and to tenants and residents that Co-operative business is being conducted lawfully and according to accepted standards of performance and propriety.
- B11 All *management committee* members share responsibility for its decisions. Each member should act only in the interests of the Co-operative and not on behalf of any constituency or interest group.
- B12 Each *management committee* member, will be given a formal letter specifying their obligations, and should sign a copy to indicate acceptance. These will include obligations to:
- 1 uphold the values and objectives of the Co-operative;
 - 2 uphold the Co-operative's core policies (including those on equal opportunities);

- 3 contribute to and share responsibility for the *management committee's* decisions;
 - 4 prepare for and attend meetings, training sessions and other events which relate to the *management committee*;
 - 5 represent the Co-operative on occasions;
 - 6 declare any relevant interests;
 - 7 declaration of confidentiality;
 - 8 uphold this Code of Governance.
- B13 The Co-operative's rules state how many members should make up its *management committee*. The Co-operative's rules also state what quorum the Co-operative has for *management committee* meetings. Rules relating to removal of *management committee* members for non-attendance at meetings will be observed.
- B14 Members of the *management committee*, including any co-optees, should be made aware that breaches of *management committee* obligations could result in termination of membership of the *management committee*.
- B15 The *management committee* has a responsibility to ensure that:
- 1 all Co-operative members are aware of their right to stand for election to the *management committee* and what that means;
 - 2 training and support are available as necessary for new members of the *management committee*;
 - 3 effective arrangements are in place to maintain and enhance the skills and motivation of all members of the *management committee*.
- B16 The *management committee* may wish to co-opt members for one of the following reasons:
- 1 to involve Co-operative members with the *management committee* prior to the election of the management committee;
 - 2 to gain particular skills and experience on the *management committee*;
 - 3 to involve a representative of a particular minority group not represented on the committee.

The Co-operative's rules state the maximum number of co-optees allowed to stand on the *management committee* and the rules state whether or not co-optees have voting rights. Co-operative employees or representatives from organisations that the Co-operative employs will not be co-opted onto the Co-operative's *management committee*, although the *management committee* will

usually invite particular employees to be in attendance. A co-optee will not be the chair of the Co-operative.

- B17 Co-operative policies and standing orders state how urgent decisions will be taken. Urgent decisions will usually be taken by the Co-operative chair, or another delegated member of the *management committee*, in conjunction with at least one other member of the management committee. For urgent decisions that fall outside the remit of existing Co-operative policies or which may prove to be contentious, the views of as many *management committee* members will be sought as possible. All urgent decisions taken will be reported to the next *management committee* meeting, and those consulted will be recorded in the minutes.
- B18 The *management committee* must ensure that it has the ability to work as an effective team to take strategic decisions and an understanding of tenants and residents' issues and concerns. It will also ensure that it either has itself or has access to (either through co-options or through its staffing arrangements) various qualities and skills so that it can make effective decisions and monitor the Co-operative's performance. Dependent on the range of activities undertaken by the Co-operative, the *management committee* will need access to the following to carry out its duties:
- 1 skills relating to community empowerment and development;
 - 2 general business, financial and management skills;
 - 3 knowledge of the external framework, particular issues relating to the landlord's operations, and operating environment for Co-operatives; and
 - 4 other relevant skills, such as legal, technical and public affairs.
- B19 Decisions made by any Co-operative meetings will, wherever possible, be based on documents circulated to members in advance of meetings. Points for decision will be clearly identified in those documents. Decisions will be recorded in the minutes of the relevant meeting.
- B20 The *management committee* will set aside time annually for a full discussion about the effectiveness with which it is conducting its business.

C Sub-committees

- C1 The Co-operative will periodically review sub-committees reporting to the *management committee*.
- C2 Each sub-committee will have clear terms of reference and written responsibilities agreed by the *management committee* and will report regularly to the *management committee*.
- C3 Only Co-operative members or co-opted members of the *management committee* will serve on a sub-committee, although paid staff and/or landlord representatives may be in attendance at sub-committee meetings. If a *management committee* sets up a sub-committee, there will be a minimum of one *management committee* member on the sub-committee.

- C4 Sub-committee members must be prepared to sign a declaration of confidentiality, where the *management committee* deems it necessary.
- C5 In the case of dispute, decisions made by the *management committee* must override those of any sub-committee.
- C6 The Co-operative will ensure that specific arrangements, either by use of sub-committees or through the *management committee* itself, are made to cover the employment of staff (see section E).

D Responsibilities of the Chair

- D1 The following duties are the responsibility of the Co-operative Chair, but in some cases some of these duties might be delegated to other *management committee* members. In any event, there will be clarity as to who is responsible for ensuring that these duties are carried out:
 - 1 ensuring the efficient conduct of the *management committee's* business and of the Co-operative general meetings;
 - 2 ensuring that all *management committee* members are given the opportunity to express their views before any important decision is taken;
 - 3 establishing a constructive working relationship and proper support exists between the *management committee* and the most senior member of staff;
 - 4 ensuring that the *management committee* delegates sufficient authority to its sub-committees; *management committee* members; members of staff and others to enable the business of the Co-operative to be carried out effectively between meetings of the *management committee*. Also ensuring that the *management committee* monitors the use of delegated powers;
 - 5 ensuring that the *management committee* receives professional advice when it is needed, either from staff or external sources;
 - 6 ensuring that the Co-operative complies with the other recommendations of this Code, which are appropriate to its circumstances;
 - 7 representing the Co-operative on occasion;
 - 8 taking decisions that are formally delegated to the Chair according to the Co-operative's standing orders;
 - 9 to ensure proper arrangements are made to appraise the most senior member of staff and to determine their remuneration, where applicable;
 - 10 to ensure, when necessary, that the most senior member of staff is replaced in a timely and orderly fashion;
 - 11 to ensure that proper arrangements are made to review the performance of organisations employed by the Co-operative;

12 to ensure that proper arrangements are made to review the performance of services provided by the Council; and

13 ensuring through training or co-options that the *management committee* has the skills and knowledge and experience to carry out its duties.

E Employment of staff

E1 Where members of staff are employed, either directly or through secondment, clear working arrangements between them and the *management committee* are a key element of governance.

E2 The *management committee* will determine which of its management functions, if any, will be carried out by Co-operative members and which functions will be carried out by paid staff. These decisions will be subject to regular review by the *management committee*, but in making such decisions the *management committee* will be mindful of:

- 1 day-to-day practicalities;
- 2 not over-burdening the Co-operative's voluntary membership;
- 3 how the Co-operative deals with issues of confidentiality and equal opportunities;
- 4 ensuring that the Co-operative's day-to-day management functions are dealt with in a sustainable fashion, and do not suffer if particular Co-operative volunteers are not available to carry out their work.

E3 Responsibility for strategic decision-making cannot be devolved to members of staff. The Co-operative, through its *management committee*, remains accountable for all decisions, particularly to statutory external bodies. Therefore, the *management committee* will ensure that it receives information necessary to perform its duties, and in particular, that it receives advice and support on matters relating to compliance with its rules, the law, the need to remain solvent and on establishing and maintaining proper systems of control. This support could be through employment of staff, or through some other method, but the *management committee* will satisfy itself that it has access to appropriate levels of support where necessary.

E4 Any members of staff will carry out management functions, where directed to do so by the Co-operative, in accordance with the values, objectives and policies of the Co-operative.

E5 All directly employed members of staff will have a written contract of employment which, as well as complying with current legislation, clearly defines:

- 1 their duties and the standards of performance expected;
- 2 the procedures for monitoring performance and fixing remuneration;
- 3 how disciplinary and grievance matters will be dealt with;

- 4 the length of the contract, whether or not it could be renewed and any notice period.
- E6 Secondment of staff from the landlord will only be done on the basis of a clear agreement between the Co-operative and the landlord, particularly in the following areas:
- 1 job descriptions and terms and conditions of employment;
 - 2 management and supervision arrangements that ensure that seconded staff are, directly or indirectly (through line management), responsible to the *management committee* throughout the duration of their secondment;
 - 3 how the landlord will deal with grievance and disciplinary procedures and how the Co-operative will relate to those matters;
 - 4 agreements as to how a seconded member of staff will be recruited and supported;
 - 5 procedures relating to the termination of a secondment.
- E7 The *management committee* will ensure that there is a staffing sub committee or staff liaison officer appointed to appraise and make recommendations to the *management committee* about the remuneration and terms and conditions of employment of staff. If a staffing sub committee is established, it will include at least one member of the *management committee* and will not include paid staff of the Co-operative, although the most senior member of staff may provide advice regarding other staff and may carry out appraisals of staff under his/her supervision. The proceedings of the staffing sub committee will be considered confidential, although methods used to determine remuneration levels will be clear and transparent.
- E8 The Co-operative will employ an Estate Manager who will be accountable to the management committee for all staffing matters, and who will have responsibility for leading and managing other staff and contractors that may be employed. The essential duties of the Estate Manager will include:
- 1 manage the affairs of the Co-operative in accordance with the values, objectives and policies of the Co-operative, and the specific decisions of the *management committee*;
 - 2 help the *management committee* draft and review the Co-operative's policies and strategy;
 - 3 draw the *management committee's* attention to matters that it should consider and decide;
 - 4 ensure that the *management committee* is given the information necessary to perform its duties and, in particular, that it receives advice on matters concerning compliance with its governing instrument, the law and the need to remain solvent;

- 5 ensure that proper systems of control are established and maintained;
- 6 supervise the preparation of documents for consideration by the *management committee*;
- 7 assist the *management committee* in the proper conduct of its business;
- 8 lead and manage the any other staff that may be employed by the Co-operative and ensure that their performance is appraised;
- 9 represent the Co-operative if directed to do so by the *management committee*.

F Openness

- F1 The Co-operative will accept an obligation to account for its actions in an open manner, and will have policy references about access to their information and documentation. The Co-operative will publish information about their performance in addition to the prescribed reports on their finances.
- F2 The Co-operative will publish an annual report of its activities and performance, which will be circulated to all Co-operative members, to tenants and residents, to the Council, to local community organisations and other interested parties. This report may include details of:
- 1 performance in relation to areas of Co-operative responsibility;
 - 2 performance in relation to areas of landlord retained responsibility, where appropriate;
 - 3 any conclusions from *best value* reviews of services;
 - 4 the Co-operative's finances;
 - 5 community activities and membership issues within the Co-operative (including information about how tenants and residents can become members, and what that means);
 - 6 listings of current *management committee* members, and about how members can stand for election to the *management committee*;
 - 7 details of staffing;
 - 8 an equal opportunities audit that identifies performance, membership of the Co-operative, membership of the management committee and staffing in relation to particular minority groups, as applicable, and any action the *management committee* intends to take in relation to issues raised;
 - 9 a statement of whether the organisation complies with this code of governance and, if not, the details of and reasons for non-compliance.
- F3 The Co-operative will comply with outside requests for information wherever practicable.

- F4 The Co-operative will review the openness of the Co-operative's arrangements on a regular basis.

G Accountability

- G1 The Co-operative is accountable to its membership through general meetings of the Co-operative. The *management committee* has a responsibility to ensure that its membership has an opportunity to express opinions and vote on key strategic issues, and abides by and implements day to day policies on the basis of decisions made by its general meetings (unless they contradict legal or contractual requirements).
- G2 The Co-operative is accountable to estate residents on matters listed in the Co-operative's management agreement with the landlord. The Co-operative will use its best efforts to ensure that all residents are effectively consulted with on key housing management issues that affect them, and that opinions expressed are taken into account.
- G3 The Co-operative is accountable to freehold homeowners for the services that the Co-operative provides to them. The Co-operative will consider, especially in relation to any wider non-housing activities it pursues, how it engages all members of the local community.
- G4 The Co-operative has a contractual accountability to the Council through its management agreement, although the Co-operative sees its relationship with the Council as a partnership arrangement, where both parties seek to encourage and support one another and see each other's positions and opinions.

H Equality of opportunity

- H1 The Co-operative has adopted a policy for equality of opportunity and diversity and this is automatically available to all Co-operative members, tenants and leaseholders and other individuals and organisations on request. The policy promotes equal opportunities in all areas of the Co-operative's work including:
- 1 provision of services;
 - 2 membership of the Co-operative, opportunities for involvement in its running, including the membership and operation of the *management committee* and any sub-committees;
 - 3 staff recruitment, training and conditions of service;
 - 5 the Co-operative's buying of goods and services and contracting procedures.

The Co-operative will be open in publicising its achievements and performance in these areas.

I Auditing procedures

- I1 The Co-operative will ensure that it observes the following principles that:

- 1 its external auditors must be independent and effective;
 - 2 there is a proper procedure for the selection and periodic review of the appointment of external auditors;
 - 3 the Co-operative must have effective internal controls;
 - 4 the Co-operative makes effective arrangements for discharging the internal audit function;
 - 5 the Co-operative complies with any recommendations from external or internal auditors;
 - 6 points (1) to (4) above should be regularly reviewed and the outcome of each review reported to the *management committee*.
- I2 The Co-operative should be aware of and informed about the latest guidance and codes from the Auditing Practices Board, and should implement the recommendations of those documents that apply to them.

J Conduct and probity

- J1 The Co-operative has a code of conduct for its *management committee* members and staff, aimed at upholding high standards of probity and ethics.
- J2 The *management committee*, or a sub-committee with the necessary delegations, will from time to time review:
- 1 the stated values of the Co-operative, and how they are implemented in practice;
 - 2 the implementation of this Code of Governance, and its underlying principles;
 - 3 the codes of conduct adopted by the Co-operative for its *management committee* members and staff;
 - 4 the policies and procedures of the Co-operative relating to hospitality, gifts and other matters of business ethics.
- J3 Co-operative members will ensure that their private and personal interests do not influence their decisions, and that they do not use positions of responsibility within the Co-operative to obtain personal gain of any sort that does not apply equitably to all members
- J4 Co-operative members will declare dualities or conflicts of interest. The Co-operative will maintain records of the interests of Co-operative members and staff and, subject to considerations of individual privacy, will make these available to public inspection.
- J5 When the Co-operative discusses an item, which poses a conflict of interest for any member or other person present, that person will declare the interest.

- J6 If the conflict is clear and substantial, the Co-operative member will offer to withdraw and, if invited to remain, refrain from voting on the matter. Where such a conflict is likely to reoccur on a frequent basis, a management or sub-committee member should offer to resign.
- J7 Co-operative members will regard matters specifically concerning their individual circumstances as a clear and substantial conflict.
- J8 Co-operative members who are the paid staff or board members of, or providing goods or services to, other housing or not-for-profit organisations will declare conflicts of interest arising in the normal way. However, such employment or board membership should not mean that the Co-operative member cannot attend and vote at general meetings, or cannot become a member of the *management committee* or sub-committee.
- J9 The *management committee* will establish a policy on the receipt of hospitality and gifts by Co-operative members and staff engaged in Co-operative business to ensure that:
- 1 personal gifts with a significant monetary value are not accepted;
 - 2 hospitality is not accepted if it could be seen as a way of exerting an improper influence over the Co-operative's decisions;
 - 3 gifts and hospitality are formally recorded in a register, apart from inexpensive items, such as working meals or free calendars.
- J10 The *management committee* will also establish a policy on the offering of hospitality and gifts by the Co-operative, or by *management committee* members and staff on its behalf to ensure that:
- 1 no gifts of a significant monetary value are given or offered;
 - 2 hospitality is not offered if it could be seen as lavish, or as a way of exerting an improper influence over the decisions of another person or organisation;
 - 3 all hospitality offered is formally recorded in a register, apart from inexpensive items, such as working meals.
- J11 The *management committee* will ensure that proper arrangements are made for the referral and determination of individual cases raising issues of ethics or probity.