

## STATEMENT OF INTENT

**Governance:** We will operate in a culture where strong governance, compliance and risk management is business as usual.

The Board, in its entirety, wishes to ensure that it maintains excellent probity, robust practices, accountability and transparency; and that this culture is fully embedded throughout the organisation. It is Saffron's intent to be open and transparent with its staff, partners, customers and stakeholders.

### 1. Purpose:

- 1.1 This policy incorporates the duties contained within **section 122** of the Housing and Regeneration Act 2008.
- 1.2 The aim of this policy is to clarify the responsibility of staff and Board members in ensuring that good probity is maintained at all times. It is essential that the reputations of the organisation and the Sector are not jeopardised by inappropriate conduct; and it is our responsibility to ensure that our conduct is transparent, effective and beyond reproach.
- 1.3 Our adopted **NHF Code of Governance stipulates at section 1.5:**

**Integrity:** the board, its members and the organisation maintain high standards of probity and conduct.

(1) The board adopts a formal code of conduct to which all its members adhere.

(2) The board has clear policies and procedures for its members to identify, declare, record and manage any actual, potential and perceived conflicts of interest.

(3) There is a publicly available register for board and committee member declarations of interest which is reported on annually to the board.

(4) Where there is a material conflict of interest, any individual concerned withdraws from the board's discussions and decisions on relevant matters.

(5) In the case of a fundamental or ongoing material conflict, the board determines whether the person concerned should cease to be a board member.

- 1.4 The Regulator's **Governance and Financial Viability Standard, section 2.1**, also requires that "Governance arrangements should establish and maintain clear roles, responsibilities and accountabilities for the board, chair and chief executive and ensure appropriate probity arrangements are in place".

Section 17 of the corresponding **Code of Practice** notes that

"In managing their affairs with an appropriate degree of independence, board members should exercise independence of judgement and act at all times in the best interests of the registered provider. There should also be appropriate mechanisms in place to manage any conflicts of interest to demonstrate probity and value for money".

- 1.5 Saffron adopted the NHF Code of Conduct from 1<sup>st</sup> July 2022. Under this Code, the following principles must be complied with:

1. Acting in the best interests of the housing association and its residents: you have a responsibility to carry out your role in line with the social purposes of the association.
2. Behaving with integrity: the reputation and good name of the association depends in part on compliance with this Code, and with the laws, policies and procedures that it refers to. The integrity of those involved needs to be beyond doubt, and seen so to be.
3. Conducting yourself professionally and treating others well: professionalism, consideration and respect for others, and a commitment to the principles of equality, diversity and inclusion, are fundamental to the delivery of social purpose.
4. Protecting yourself, others and the environment: you have a responsibility while on the housing association's business to protect your own health, safety, security and wellbeing and that of others, and, where reasonable, to make the most positive possible environmental impact.

Our adopted NHF Code of Conduct stipulates, at A5 for Board Members:

You must ensure that you declare to the association any relevant personal relationships and all employment and other appointments you hold, and that these do not interfere with your ability to perform or conflict with your role as a board member

Our adopted NHF Code of Conduct stipulates at section C. Conflicts of interests

The principle: You must take all reasonable steps to make sure that no conflict arises, or could reasonably be perceived to arise, between your duties to the association and your personal interests and other duties.

Expected for All:

C1 You must formally declare to the association, at the earliest opportunity, any interests which may, or may be perceived to or may in the future, conflict with the duties of your role.

C2 You must declare any known relationship to a person applying for a role within the association and must not be involved in their appointment, performance management or reward.

C3 You must declare any known relationship to a person applying for a home or other service from the association. You must not be involved in decisions about their application, or seek or accept preferential treatment for them.

C4 You must declare any known relationship to a person or organisation seeking appointment as a contractor or supplier to the association and must not be involved in their appointment, performance management or reward.

C5 Except where specifically permitted as set out in the association's relevant policy, you must avoid using its contractors and suppliers for private purposes.

C6 You must not use, or attempt to use, your position to promote personal interests or those of any connected person, business or other organisation for personal gain.

Expected of board members:

C7 Individuals with a conflict should not take part in discussions and decisions relating to that conflict and should be prepared to resign if the conflict is material or long-standing, and in the opinion of the board cannot be managed appropriately.

- 1.6 Where the term “Board Member” is used in this policy, it should be taken to mean Board Members, Committee Members or Co-optees.
- 1.7 This policy supplements, and should be read in conjunction with, the following policies and documentation:
  - Financial Regulations
  - Standing Orders
  - Codes of Conduct
  - Anti-bribery Policy
  - Financial Regulations
  - Standing Orders
  - Declaration of Interests Policy
  - Gifts and Hospitality Policy
  - Speaking Up (Whistle Blowing) Policy
  - Anti-Fraud, Bribery and Corruption Policy
  - Procurement Policy including Financial Thresholds & Procedures
  - NHF Code of Governance 2020
  - Risk Registers
  - Recruitment Policy
  - Board Member Composition and Succession Plan Retirement Policy
  - Redundancy and Severance Policies
  - Board Member & Engaged Customer Remuneration and Expenses Policy
  - Anti-Fraud Bribery and Corruption Policy
  - Anti-Money Laundering Policy

## **2. Introduction**

- 2.1 It is the responsibility of the Board to ensure that all Members comply with the Code of Governance, Code of Conduct, Standing Orders, Rules and with associated policies and procedures as they relate to compliance with statutory and regulatory requirements; with generally accepted standards of performance, probity and good practice; and to ensure that their conduct and the conduct of the group is transparent, effective, in the interest of the organisation and the housing sector as a whole.
- 2.2 The Board must ensure arrangements do not inappropriately advance the interests of third parties, or could not reasonably be assumed to do so, by the Regulator.
- 2.3 The Probity Policy describes how Saffron Housing Trust and its subsidiary undertakings (SHT) shall manage conflicts of interest, grant payments or benefits to any individual who is or has been a Board Member or employee within the last 12 months; to close relatives of such a person; or to a business with which such a person is involved in a senior position.
- 2.4 The Board will ensure that the recipient of any payment or benefit is not treated more favourably because of their connection with the Group or its subsidiary undertakings. Any Board Member of SHT or its subsidiaries, with an interest, must declare that interest and, where required, leave the room during meetings while the issue is being discussed. Board

Members must ensure that their interests do not interfere with their ability to perform, or conflict with, their role as a member.

2.5 The Company Secretary must ensure that all decisions associated with the probity policy are minuted, including details of payment or benefit granted.

2.6 This policy will be reviewed every two years.

### **3.0 Register of Declarations of Interest**

3.1 Saffron Housing Trust and its subsidiary undertakings (SHT) will maintain the highest standards of probity, transparency and accountability in all dealings, maintaining a good reputation at all times.

3.2 SHT will ensure that it does not bring the social housing sector into disrepute.

3.3 SHT will maintain a register that records all Declarations of Interests relating to Board Members, the Executive Team and all other employees.

3.4 SHT will monitor and record all gifts and hospitality given or received by its Board Members, Executive Team, and all other employees.

3.5 SHT will maintain a formal register of the interests of all Board Members, the Executive Team and all other employees. Disclosure shall be made regarding

- Employment
- Positions of public responsibility
- Board membership of other Registered Providers
- Directorships or other appointments held
- Financial interest relating to the work of SHT or contractors employed by them
- Membership of secret societies or Fraternities
- Family members employed by SHT or contractors working for SHT
- Persons with Significant Control within Subsidiaries of the Group
- Personal relationships

3.6 The register will be reported to Board annually for inspection and may be inspected by staff, residents or members of the public, upon 14 days' request to the Company Secretary.

3.7 All SHT Board members and staff are required to sign an annual Declaration of Interests, including 'nil returns' if applicable.

3.8 SHT will endeavour to pay meticulous attention to declaring any actual or potential conflicts of interest as they arise, affecting the individual, close family, friends or associates.

3.9 During meetings, Board Members must declare **any** conflict of interest (both financial and non-financial) to the Chair of the meeting, if it is considered that their interest could bring about conflict with the interests of SHT. The Board Member should not take part in the discussion, should withdraw from the meeting for this item and hence also refrain from voting on the matter. The declaration will be recorded in the minutes of that meeting.

3.10 Employees must consult their manager before taking any other paid or voluntary work that may interfere with their existing job, or conflict with terms set out in their contract of employment.

3.11 If in doubt, Board Member should seek advice from the Company Secretary, Chair of the Board or Chief Executive.

- 3.11 All employees should, in the first instance, seek advice from the Governance & Risk Manager.
- 3.12 The requirement to declare an interest shall not apply to an interest in a non-SHT public contract, or other matter, which a member or employee may have (e.g: As a council tax payer, or inhabitant of an area, or as an ordinary consumer of gas, electricity or water).
- 3.13 In the case of married persons, or persons living together, the interest of one party shall, if known to the other, be considered to also be an interest of that other party.
- 3.14 Subsidiaries of the Group will keep and submit a Register to Companies House, containing the personal information of Persons with Significant Control over such subsidiaries.
- 3.15 In the case of Conflict of Interest declarations made during Board Member recruitment, in addition to the Agreement for Services, where SHT deems a declared conflict to be manageable, it will provide a side letter that:
- i) sanctions the nature, extent, duration and materiality of the actual/potential Conflict of Interest ;
  - ii) sets out the practical steps that SHT and the Board Member will take to maintain the highest standards of probity and conduct;
  - iii) incorporates an appropriate review period/s, including discussion during the annual appraisal and
  - iv) notes that a record of the outcomes of such discussion/s will be maintained.

The above steps keep the issue live for SHT and the Board Member, embed monitoring and enable a proactive approach to the closure or on-going management of Conflict of Interests. Please also refer to the Board Composition and Succession Plan.

#### **4. Contractual Bonuses:**

- 4.1 Employees' Statements of Particulars include an entitlement to receive contractual payments from time to time up to a maximum of 6% of basic salary. This may vary from year to year, based on budgetary constraints. The Inspiring Saffron Strategy shapes the way we need the business to move forward and informs the business plan and budget.
- 4.2 Where applicable, criteria for the bonus will be agreed by the Chief Executive, including the targets that need to be met in order for a bonus payment to be made.
- 4.3 Any bonus and/or cost of living arrangements for the Executive Team are agreed by the People, Nominations and Remuneration Committee and are expected to be in line with those awarded to employees.

#### **5. Non-Contractual Payments to Board Members and Employees**

- 5.1 **Section 122** of the Housing and Regeneration Act 2008 **prohibits** the giving of gifts, dividends and bonuses to:
- Members (Shareholders) and former Members (former Shareholders)
  - Close relatives of Members and former Members
  - Companies with Directors (Members of the Board or subsidiary Board), falling into either of the above categories
- 5.2 Section 122 permits the following payments:

- Interest on monies lent to the Registered Provider (RP) or subscribed in its shares (where permitted by an RP's constitution)
- By fully mutual RPs to former members due under tenancy agreements or agreements under which they became members
- To RP subsidiaries or associates of the payer (where permitted by the payer's constitution)

5.3 Token gifts or payments may be made to employees up to a value of £100 per person per year. Approval must be sought from the relevant Executive, or in the case of an Executive, by the Chair of the Board.

5.4 Flowers may be formally presented to a Board Member or employee, on retirement, long service, or a bereavement. Flowers will not be considered a 'gift, dividend or bonus' under the application of Section 122, due to their zero re-sale value and immediate deterioration. They are intended as a traditional gesture rather than a reward or gift

5.5 Retirement gifts for employees are permitted in line with service and as stated in the Retirement Procedure.

## 6. Corporate Events

6.1 Corporate Events providing hospitality or entertainment specifically for employees of the organisation or Board Members are permitted, to a limit of £50 per person for an individual event; and an overall limit of £150 (including VAT) per person per year, in line with HMRC Tax and NI exempt limits. It should be noted that Corporate Events, to the value stated, will not be considered a gift, bonus or dividend under the application of Section 122 and attendance at such events may be a duty of Board Membership.

6.2 The non-contractual payments defined in section 5 above are separate and additional to the limit for Corporate Events in 6.1 above. This will ensure that all employees in receipt of non-contractual performance, or token, awards will also be permitted to attend corporate celebratory events.

6.3 Events may include:

- Those put on as a festive or social occasion for the benefit of employees and/or board members. (If customers/tenants or other stakeholders have been invited to the event, costs involved in hospitality for them should be subtracted before calculating the amount spent on the relevant board and/or employees.) Such events will not be considered a 'gift, bonus or dividend' within the interpretation of section 122, as they form an important aspect of building teams and staff morale. The presence of Board Members at such events will usually be encouraged.
- Corporate functions, to which other stakeholders are invited and employees and/or Board Members are expected to attend as part of their ambassadorial duties, should not be included in the calculation of the annual limit.

6.4 The Board will be required to approve significant hospitality, or gifts provided by SHT or by its Board Members, or employees, over a nominal amount in order to avoid any suggestion of impropriety or reputational risk. No hospitality over £50 per person will be permitted, other than in exceptional circumstances which require approval.

6.5 The **Gifts and Hospitality Policy** should be referred to for further information about declarations and our Register of Gifts and Hospitality. The policy includes clear rules and

procedures about when hospitality and gifts may be accepted; offered; and the requirements for prior approval.

- 6.6 Board Members, Officers, Employees and Involved Residents should never accept lavish hospitality, or any hospitality which could be interpreted as a way of exerting an improper influence over the individual's duties. This would include hospitality with an estimated value of more than £150.
- 6.7 Exceptions to the value of hospitality received may be agreed by the Chair or Chief Executive at their discretion, where there is a robust reason for accepting such hospitality. The Chair and Chief Executive may not approve exceptions for their own hospitality received and must refer such cases to each other and formally declare them.
- 6.8 Hospitality may be accepted if it has been declared and meets the following conditions:
- Hospitality where there is a genuine need to pass on information or represent Saffron in the community.
  - Hospitality which is part of legitimately building or developing relationships with a supplier or external organisation.
  - Situations where to decline hospitality could harm Saffron's relationships or reputation.
  - Hospitality that concerns attendance at a relevant conference or course where it is clear that the hospitality is corporate rather than personal and in the best interests of SHT.
- 6.9 Any attendance at sporting events, shows, concerts or similar events paid for by third parties and also attendance at award events, relevant to Saffron's' business, must be agreed in advance by the relevant Executive Director and Company Secretary. Where the guidance value of £150 might be exceeded, please refer to 6.7.
- 6.10 Board Members, Officers, Employees and Involved Residents should never do the following:
- Accept lavish hospitality, or any hospitality that could be interpreted as a way of exerting an improper influence over the way you carry out your duties.
  - Request hospitality, nor offer such hospitality (above) to others on behalf of Saffron.
  - Give or receive hospitality if you or another person are involved in on-going commercial negotiations where a decision could be influenced.
  - Request or accept hospitality with parties involved in a tender process, or parties aiming to become potential suppliers or investors (However, for the avoidance of doubt, if agreed by your Director or Company Secretary, employees can accept and provide modest working lunches where business is being conducted over lunchtime).
- 6.11 Other than in exceptional circumstances, Saffron and its Subsidiaries will not provide hospitality or gifts to external organisations, other than hospitality with a value of up to £50 per person per event, such as catering for a lunch meeting, or commemorative gifts for a function, with a value not exceeding £20 per gift.
- 6.12 Saffron and its Subsidiaries may provide funding for social events at which Employees and / or Board members and/or Involved Customers are invited to attend, such as Christmas parties. Any such funding may be provided up to a limit of £150 per person per year including VAT. This complies with HMRC Tax and NI exempt limits.

## **7. Severance Payments**

- 7.1 SHT recognises the occasional need to make discretionary non-contractual severance payments in circumstances where it is necessary for employees to leave and a severance payment is to be made.

- 7.2 For the purposes of this Policy, severance payments shall include out of court settlements in relation to cases referred to the Employment Tribunal, which shall include cases which SHT has been advised (by an independent legal adviser or other suitable qualified person) are likely to be referred to the Employment Tribunal and would have a reasonable prospect of success for the Claimant.
- 7.3 SHT may make reasonable and fair severance and redundancy payments to employees in accordance with its published redundancy and severance policies and contracts of employment.
- 7.4 In considering the amount of any severance payment the Chief Executive will, or where the payment is to be made to the Chief Executive or members of the Executive Team, the Board, will:
- Take into account the total level of payment due to the Employee contractually, including notice payments.
  - Carefully scrutinise the circumstances to ensure that the proposal for the payment is reasonable, in line with the best interests of the Group and is lawful.
  - Take advice from an independent legal advisor and any other suitably qualified persons if required.
  - Act in accordance with best practice in the housing sector.
  - Pay no more than one year's gross remuneration as a noncontractual severance payment. Gross remuneration is defined as basic salary plus pension.
  - Review potential risks to SHT including in relation to out of court settlement payments for employment disputes, potential Claimant's prospects for success, the potential legal costs of defending a matter and the potential adverse impact on SHT if settlement is not made.
- 7.5 In line with the NHF Code of Governance (2.4.4.) If the chief executive's contract is to be terminated, any extra-contractual severance payments or benefits will be approved by the Board with the reasons, costs and any reputational risks clearly minuted.

## **8. Out of Court Settlements**

- 8.1 Where proposals arise for an out-of-court settlement the Chief Executive or Board should make sure they are aware and are informed of all the relevant facts and seek independent legal advice.
- 8.2 SHT will only make payment of an out-of-court settlement where a business case supports the necessity for early resolution and in particular, the legal advice received indicates any of the following:
- Delays or protracted proceedings are likely to give rise to substantial costs over and above any predicted settlement;
  - Operational performance is likely to be adversely affected if the case is not resolved quickly;



- Defence of the action is unlikely to be successful given the nature of the claim.
- 8.3 Due to the possible time constraints of out of court settlements the Chief Executive may use delegated powers to make decisions on settlements up to £6,000. The Chief Executive will consult the Chair of the Board as necessary and such decisions will be reported to the People, Nominations & Remuneration Committee at their next meeting.
- 9. Housing of Board Members, Employees and their relatives, and those contracted to provide services to the organisation:**
- 9.1 This section deals with accommodation defined in the following ways:
- Housing of Board members, employees and their relatives, and those contracted to provide services to the organisation, by SHT
  - Homebuy/ Voluntary Purchase payments
- 9.2 SHT will provide rented accommodation, including shared ownership, to its Customer-nominated Board members, employees, former employees or their close relatives, and those contracted to provide services to the organisation, provided the following criteria are adhered to:
- They are in housing need and meet the allocation criteria;
  - That the request receives exactly the same consideration as any other applicant;
  - That the Customer-nominated Board member, employee, contracted service provider, or their relative, has no involvement or influence over the allocation process;
  - That in all cases, the allocation of such accommodation be approved, or pre-approved, as appropriate, by the Board of Management, for information and transparency.
- 9.3 Transparency and care shall be engaged throughout the process to demonstrate that the applicant is receiving fair treatment. Local Authorities managing Choice Based Lettings (CBL) schemes will be required to notify SHT when a newly-registered applicant declares a relevant relationship. The approval of the Chief Operating Officer shall be sought before any such applicants are permitted to begin the CBL process. Provided that opportunities for any potential or actual conflicts of interest are resolved, approval will not be unreasonably withheld.
- 9.4 Work-related Accommodation shall not be offered under this policy, however this does not prevent tenants from applying for employment with SHT.
- 9.5 The Group shall exercise extreme care in the way that housing management and neighbourhood issues are dealt with in order to minimise the perception that the Board member, employee or their relative could be treated more favourably.
- 9.6 Other than Customer-nominated Board Members: Board Members and Members of the Executive will not be entitled to rented Housing accommodation, including shared ownership, provided by Saffron Housing Trust Group.

Our adopted NHF Code of Conduct includes the principle that You must not misuse the housing association's funds or resources, or seek preferential treatment for your own personal benefit. It is expected of all (at E1) that You must ensure that SHT funds and resources are used properly and efficiently.

## 10. Financial Subsidy Schemes

The Group will allow Customer-nominated Board Members, Employees who are tenants of the Group, and those contracted to provide services to the organisation, to benefit from financial subsidy schemes, provided they meet the published criteria.

## 11. Employment

11.1 SHT may employ close relatives of Board Members and employees; (Close relatives are defined as a parent, or a parent-in-law, or a son, or a son-in-law, a daughter, or a daughter-in-law, or a step-parent, or a step-son, or a step-daughter, or a brother, or a sister, or the spouse of any of the preceding persons, or persons identifying as non-binary in an equivalent relationship as the preceding persons, and if that person is a member of an unmarried couple, the other member of that couple. This list is for guidance only and is not a full definition of the law.); may re-employ former employees; or employ those engaged as self-employed contractors **provided that:**

- They are selected as the best candidates following an advertised, full and fair recruitment process, in accordance with the principles of equal opportunities, and following established good practice.
- The recruitment process complies with SHT policies and procedures.
- The Board Member or employee has no involvement in the recruitment and selection process; and does not line manage employees who will be involved in the process.
- SHT will only re-employ former employees, following a minimum break of 3 months from the time they initially left the organisation.
- Board Members who have left the Board will not be re-appointed to the Board for at least three years.

## 12. Payment to Subsidiaries trading for profit

12.1 SHT can make payments or grant benefits to a subsidiary business trading for profit in which it has significant interest, for example Crocus Contractors Ltd and Saffron Housing Finance Plc.

12.2 This arrangement is subject to the following:

SHT's involvement with the business trading for profit has the objective of furthering the organisation's charitable social housing objectives, in one of the following ways

- Directly through activities of a joint venture related to funding or facilitating the provision of social/affordable housing
- Indirectly by investing in the business with a view to generating a return for the Group, which is re-invested in the creation and development of social housing or the organisation's wider charitable objectives, in line with the Rules of SHT
- Complementary activities

## 13. Provision of Indemnity

13.1 In line with the Rules, SHT will indemnify any Executive, Director, or Board Member against specified expenses in connection with any civil or criminal proceedings in relation to the 'Group'

or application for relief from liability for negligence, default, breach of duty or breach of trust in relation to the Group, as long as the officer is not found guilty or judgement is given against them.

#### **14. Reporting Concerns**

14.1 Any concerns regarding breaches of this Probity Policy, or any other potential dishonest activity, should be reported to the Company Secretary / Governance Director immediately.

#### **15. Review**

15.1 The Probity Policy will be reviewed every 2 years, unless legislative or Code changes bring about immediate requirements for material changes.

<b>Consulted with CV</b>	N/A
<b>Board PNR Committee</b>	15 <sup>th</sup> June 2022
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