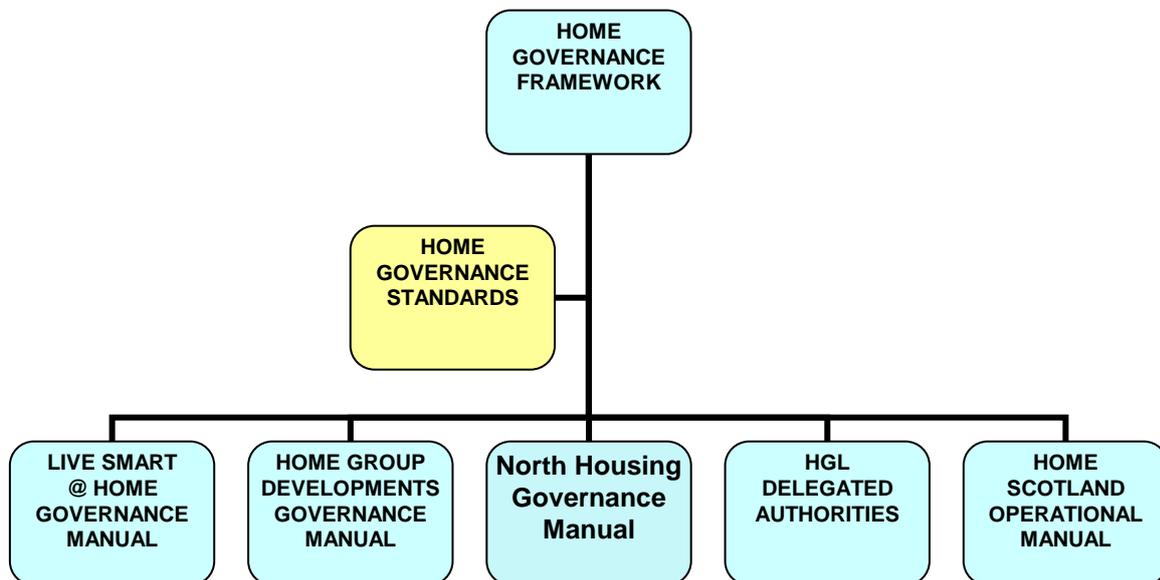


Building homes,  
independence  
and aspirations



## **Governance Standards**



**Version 14**  
**Approved by the Home Board on 30 July 2020**

Home Group Limited,  
(Charitable Registered Society No 22981R)

# Governance Standards

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## 1. CONDUCT

Home Group is committed to high standards of conduct.

Colleagues, board members, involved residents (ie members of the Customer Forum and regional viewpoint teams and other customers involved in the selection of contractors/suppliers and staff recruitment) and others who are directly involved in delivering Home Group's business activities are required to adhere to the Group's Code of Conduct set out at:

[Code of Conduct](#)

1.1

The Code of Conduct makes reference to Home Group's statement of intent on the subject of Equality and Diversity. This statement of intent is set out at:

[Equality & Diversity](#)

1.2

The Code of Conduct refers to specific requirements concerning data protection. Data protection requirements and the policies applicable across Home Group are referred to more fully at:

[Data Protection](#)

1.3

Home Group's policy in the context of 'gifts and hospitality' is referred to within the Code of Conduct. Further details are set out at:

[Gifts & Hospitality](#)

1.4

## 1.1 Code of Conduct

### 1. PRINCIPLES

Colleagues across Home Group together with members of boards and committees, involved residents and others directly involved in delivering the Group's business activities are required to adhere to the following principles:

Selflessness	Decisions should be taken solely in terms of the values and objectives of Home Group. Decisions should not be taken in order to gain financial or other material benefits for the individual, their family or friends.
Integrity	Individuals should not place themselves under any financial or other obligations to outside individuals or organisations that might influence them in the performance of their duties.
Objectivity	In the delivery of services, the appointment of colleagues or the awarding of contracts, impartiality must be seen to be maintained and choices made on merit alone.
Accountability	Accountability should be accepted for decisions and actions – to line managers, to boards and to scrutiny from outside sources as appropriate.
Openness	Being as open as possible about all the decisions and actions that are taken – being able to give reasons for decisions and only restrict information when individual or commercial confidentiality clearly so demands.
Honesty	Acting with honesty and declaring any private interests - specific requirements are set out at :

[Declarations of Interest](#)

## Equality

Home Group is committed to equality and diversity – a separate statement of intent in this respect is set out at:

[Equality & Diversity](#)

1.2

## Leadership

Individuals should promote, uphold and support these principles by leadership, whenever appropriate, and by example at all times.

These overarching principles are supported on a day to day basis by Home Group's four organisational values and related behaviours, which individuals are expected to demonstrate in carrying out their duties within Home Group:

- Accountable
- Caring
- Commercial
- Energised

To access the Valued Behaviours click [here](#)

Home Group is committed to high standards of conduct, and fully subscribes to the National Housing Federation's Code of Conduct 2012.

For a link to the Smoking Standards click [here](#)

***Failure to comply with Home Group's Code of Conduct could result in disciplinary action or removal from office in some serious cases***

For a link to the Disciplinary Process click [here](#)

## 2. PROFESSIONAL RELATIONSHIPS

2.1 Individuals are expected to establish and maintain effective, professional working relationships with other colleagues, board/committee members and external contacts.

2.2 In the conduct of meetings and professional relationships there may be legitimate differences of opinion. Such differences of opinion should be kept within the confines of the appropriate meetings and within the standards expected of professional working relationships. Where differences do occur these should not be brought into the public domain unless there is a legitimate interest to do so. Details of such circumstances are highlighted within Home Group's policy on confidential reporting set out at:

[Confidential Reporting](#)

2.4

- 2.3. All individuals have the right to undertake their duties within a professional environment and to be treated with respect. Home Group is committed to providing an environment that is free from intimidation, victimisation, unfair discrimination and bullying and harassment. Home Group expects all individuals to treat others with respect and courtesy. Any behaviour contrary to this will not be tolerated. Further guidance on bullying and harassment can be found within the Resolution Process [here](#)

### **3. CONFIDENTIALITY**

- 3.1 Home Group treats information as 'confidential' where individual confidentiality or commercial sensitivity dictates. All information or data created by or given to an individual in the course of their role at Home Group is and remains the property of Home Group and individuals must not divulge any confidential or commercially sensitive information belonging to or concerning Home Group except as required to fulfil their duties for the Group.
- 3.2 In the context of personal data, the requirements of the Data Protection Act 2018 must be met. These requirements and policies applicable across Home Group on the processing and communication of personal data are referred to more fully at:

[Data Protection](#)

1.3

- 3.3 In the context of corporate information, the Executive Director – Business Development has a key role to play, in particular:
- producing Home Group's publication schedule, and
  - managing protocols for information release.
- 3.4 Publication guidance and protocols for information release set by the Executive Director – Business Development must be adhered to. No information concerning the business or affairs of Home Group may be communicated externally where this might be detrimental to the business interests or reputation of Home Group unless:
- there is a legal requirement to do so; or
  - the information is disclosed on a 'need to know' basis supported by a contractual commitment to respect confidentiality; or
  - the information is disclosed in confidence in the context of Home Group's arrangements for customer involvement.
- 3.5 Using social networking platforms such as Facebook, Twitter and LinkedIn and information sharing sites such as blogs and wikis (to name but a few)

gives Home Group and individuals new ways to communicate. Used well, social media can help Home Group to deliver its strategy. However, any misuse of social media through for example posting pictures, comments or links, which are illegal, breach Home Group's values or code of conduct, cause harm or distress to other individuals or organisations or have the potential to bring Home Group into disrepute, could result in disciplinary action or removal from office for the person concerned. Click here for our Working Professionally Compliance Note.

- 3.6 Home Group's overall approach to external communication of information is referred to also within the Openness Statement at:

**Openness Statement**

4.1

#### **4. AWARDING CONTRACTS**

- 4.1 In dealing with consultants, suppliers, contractors and sub-contractors, colleagues, board/committee members and involved residents must exercise fairness and impartiality at all times. All orders and contracts must be awarded on merit and by fair competition, in accordance with the procurement requirements set out at:

**6. PROCUREMENT**

6

- 4.2 Colleagues, board/committee members and involved residents considering employing, for their own personal use, consultants, suppliers, contractors or sub-contractors etc who carry out work for Home Group must avoid doing so except where they can demonstrate that there is no potential for a conflict of interests. They must also ensure that they do not give or receive preferential treatment.
- 4.3 Where the potential for a conflict of interests exists – eg, in the personal use of a consultant, supplier, contractor or sub-contractor with whom an individual may reasonably be expected to have dealings during the normal course of their duties – a colleague, board/committee member or involved resident shall not employ such consultants, suppliers, contractors or sub-contractors except in the most restricted circumstances following satisfaction of **all** of the following criteria:
- the individual can demonstrate that there is a clear and unambiguous separation between their personal purchasing decision and decisions made on behalf of Home Group;
  - they can demonstrate that there is no reasonable or practicable alternative in the circumstances (eg emergencies, local scarcity, lack of equivalent expertise);

- no preferential treatment is given or received;
- the matter is declared in accordance with the requirements set out at:
 

[Declarations of Interest](#)  
 2.1
- unless circumstances in an emergency make it impossible, approval is sought:
  - in the case of a colleague, from a Senior Manager or a member of the Executive to whom the colleague directly or indirectly reports;
  - in the case of a board/committee member or involved resident, from their chair or vice chair.

## 5. RELATIVES OF OR OTHERS CLOSELY CONNECTED TO COLLEAGUES OR BOARD/COMMITTEE MEMBERS OR INVOLVED RESIDENTS

5.1 There is a specific requirement upon colleagues, board/committee members and involved residents who are closely connected to individuals who are or might potentially become a colleague, board/committee member, resident or service user of Home Group (eg by applying for employment or board membership or for housing or any other service) to disclose this.

5.2 This forms part of the declaration of interest requirements set out at:

[Declarations of Interest](#)

2.1

5.3 There are particular requirements which apply if a person with close connections to a colleague or board/committee member or involved resident is to receive any benefit from Home Group eg an offer of employment, housing or services. These are set out at:

[Permitted Payments & Benefits](#)

2.2

## 6. GIFTS & HOSPITALITY

6.1 Home Group has a policy concerning the acceptance of gifts or hospitality by a colleague, a board/committee member, involved resident or others directly involved in delivering Home Group's business activities.

6.2 Further details are set out at:

[Gifts & Hospitality](#)

1.4

## 1.2 Equality & Diversity

### STATEMENT OF INTENT – EQUALITY, DIVERSITY AND INCLUSION

Equality, diversity and inclusion are fundamental to the way we work and are embedded into our culture and values. Customers and colleagues are at the heart of our offer within our services and homes where we aim to promote equality, value diversity and encourage inclusion through:

- our mission and strategy ‘ Building Homes, Aspirations and Independence’, and
- our promise to provide colleagues with a great place to work.

Our strategy and customer and colleague promises keep us focused on delivering the services that are important to the people we work with. By working closely with customers and colleagues we make sure these services are delivered in a way that meets their needs. We will take action to remove barriers faced by people from different groups and provide:

- fair access to our services,
- fair outcomes for the people using our services, and
- fair opportunities to participate and be involved in shaping our services.

Our goal is to be recognised as a centre of excellence for equality, diversity and inclusion, building a culture where all of our customers and colleagues feel they are treated fairly, with dignity and respect.

### STATEMENTS OF INTENT

1. We will really get to know our customers and colleagues and we’ll use this knowledge to provide better services.
2. We will create an environment where everyone feels safe, valued and involved.
3. We will provide responsive and accessible services to our customers.

4. We will develop and retain a skilled and caring workforce that is committed to promoting equality, valuing diversity and encouraging inclusion.
5. We will communicate our vision for equality, diversity and inclusion supported by the clear leadership of our Board and Executive.
6. We will enable customers and colleagues to hold us to account through our robust reporting structures for equality related complaints.

## **EQUALITY, DIVERSITY AND INCLUSION POLICY**

Home Group's full Equality, Diversity and Inclusion Policy can be found [here](#).

## 1.3 Data Protection

### 1. INTRODUCTION

- 1.1 The Data Protection Act 2018 lays down regulations and safeguards for the collection, recording and use of personal information whether on paper, in a computer or recorded on other material. Home Group needs to collect and use certain types of information about people with whom it deals in order to operate. These include current, past and prospective colleagues, suppliers, residents, service users and others with whom it communicates. Certain information may be required for regulatory or monitoring purposes as laid down by statute, other information may be for the purpose of establishing a contract or record of transaction. In any case Home Group recognises that the information must be dealt with lawfully and correctly under the principles laid down within the Act.

### 2. KEY PRINCIPLES

- 2.1 The Act sets out seven key principles in relation to the processing of personal data:
- Lawfulness, fairness and transparency;
  - Purpose limitation;
  - Data minimisation;
  - Accuracy;
  - Storage limitation;
  - Integrity and confidentiality (security);
  - Accountability.

### 3. POLICY FRAMEWORK

- 3.1 Home Group's approach to data protection can be found within the Information Governance policy and resources [Information Governance policy and resources](#)

## 1.4 Gifts & Hospitality

### 1. GIFTS & HOSPITALITY

- 1.1 If a colleague, a board/committee member, an involved resident or other person directly involved in delivering Home Group's business activities accepts or provides hospitality, gifts or anything that could be interpreted as a favour from (or to) a business contact or potential business contact, they must be aware that they potentially put themselves in an extremely awkward position.
- 1.2 This might put them at a disadvantage in business dealings by placing them under an obligation which may distort their judgement or which may be seen by others as influencing their judgement, or which could be interpreted as a bribe.
- 1.3 Individuals should never do anything which they cannot justify to the public. It is not enough for them to avoid actual impropriety: they should at all times avoid any occasion for suspicion and any appearance of improper conduct.
- 1.4 The fundamental principle is that caution must be exercised whenever the giving or receiving of gifts or hospitality is contemplated and that individuals should not accept such offers if they are of any significant value or if they are intended to influence and secure business or a business advantage.

### 2. GIFTS & HOSPITALITY POLICY

- 2.1. Home Group's full policy on Gifts & Hospitality & Payments & Benefits can be found [here](#).

## 2. PROBITY

Home Group's expectations regarding 'conduct' are supplemented by additional policies designed to ensure 'probity' in all of Home Group's activities and dealings.

Requirements concerning the declaration of interests aim to avoid any scenario in which the personal interests of a colleague, board/committee member or involved resident conflict with the responsibilities they fulfil on behalf of Home Group. These requirements are set out at:

[Declarations of Interest](#)

2.1

Specific arrangements applicable where Home Group wishes to make a payment or grant a benefit to board/committee members, colleagues, involved residents and those with whom they are closely connected are set out at:

[Permitted Payments & Benefits](#)

2.2

Home Group's policy statement on 'anti-fraud, tax evasion and bribery' is set out at:

**Anti-Fraud, Tax Evasion & Bribery Policy Statement**

2.3

Home Group's confidential reporting arrangements are set out at:

[Confidential Reporting Whistleblowing](#)

2.4

Home Group's Modern Slavery Act Transparency Statement is set out at:

Modern Slavery Act  
Transparency Statement

2.5

## 2.1 Declarations of Interest

1. Home Group respects the right of individuals to have interests outside the organisation and recognises that the skills, knowledge and experience which they can bring to Home Group from external activities can often be of great value to their role within the organisation. However, colleagues, board/committee members and involved residents must not put themselves in a position where their personal interests or their duties to other organisations or bodies conflict, or might conflict, with the duty which they owe to Home Group.
2. In particular, they must ensure at all times that:
  - their private or personal interests (whether financial or non-financial) never influence their business negotiations or decisions;
  - with the exception of any payment or expenses to which they may properly be due in accordance with the conditions of their contract with Home Group and/or the terms of any of Home Group's policies, they never use their position for personal gain of any sort, whether for themselves or their families, friends and associates;
  - all relevant personal interests are declared and where conflicts arise, or are perceived to arise, these are managed to avoid any financial or non-financial personal gain, (whether real or capable of being perceived), to themselves or to any person or body closely connected to them, including family members, such as spouse or partner or close relatives, as well as close friends and business colleagues.
3. Relevant personal interests take many forms. Some of the usual ones are:
  - employment, self-employment, company directorships, business partnerships, ownership or significant shareholding in a company or partnership providing products or services to the housing association sector;
  - significant ownership of land and/or property in the area of operation of Home Group;
  - tenancy or leasehold interest of a property owned by Home Group;
  - membership of a campaigning, residents' or community organisation which has interests in the business and/or operation of Home Group;
  - membership of another association or unregistered 'not for profit' body with interests in the area of operation of Home Group;
  - positions of public responsibility.
4. All colleagues, board/committee members and involved residents must be **meticulous** about disclosing existing and potential conflicts/duality of interests as soon as possible to the Company Secretary. For the avoidance

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

5. In addition, the Executive Team and board/committee members within Home Group are required to make an annual declaration of interest, which is recorded in the Register of Interests (see below) and which is published on Home Group's website.
6. It is particularly important that potential conflicts of interest are disclosed in order to enable Home Group to address any situations where there is a conflict/duality of interests issue in the context of the wider organisation – for example, an individual may have an interest in a company with whom their part of the business has no relationship, but the company concerned may have a relationship with the other part of the business. It would be important in this context to ensure that there is an awareness of this potential conflict, that no actual conflict of interest arises, and that there is no breach of statutory or regulatory requirements.
7. The Company Secretary is responsible for monitoring a Register of Interests, in which all interests declared by colleagues, board/committee members and involved residents are recorded. The Register is available for public inspection in accordance with the National Housing Federation Code of Conduct. The Register is updated on a regular basis.
8. Two members of Home Group's board are permitted to serve on the boards of Registered Providers outside the Group, provided that any resulting conflicts/dualities of interests is managed in accordance with the provisions of the Group's Governance Standards. Where board membership of such external registered providers creates a conflict/duality of interests that is material and likely to affect the ability of a board member to fulfil their role as a Home board member on an ongoing basis, the board member concerned will discuss this with the Home Group Chairman, and if necessary offer to resign from the Home board.
9. If any board/committee member, colleague or involved resident is present at a board, committee or other meeting which is discussing an issue which poses a conflict of interest for him or her, they should declare the interest to the meeting. If the interest is clear, material and substantial, they should take no part in any discussion and decision of the issue and should offer to leave the meeting whilst the issue is debated. If they have not already done so, they should also declare the interest formally in the Register of Interests.
10. Where a board/committee member or involved resident considers that a conflict of interests is likely to recur on a frequent basis, they should offer to resign from the board, committee or panel in question.
11. Involved residents, board/committee members and colleagues who are residents of Home Group should regard matters specifically concerning their individual circumstances as a clear, material and substantial conflict. Matters

affecting neighbours or other individual residents or groups of residents with whom the individual has a close association should also be regarded as a conflict. Matters affecting residents more generally need only be declared where they create a specific conflict of interest.

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

## 2.2 Permitted Payments & Benefits

### 1. GENERAL PROHIBITION ON PAYMENTS & BENEFITS

- 1.1 Home Group has a strict policy on the non-contractual payments and benefits it can make to board members, colleagues, involved residents and those with whom they are closely connected. These restrictions are designed to make sure that such people do not abuse their positions or benefit from their connection with Home Group and play an important part in maintaining the sector's good reputation.
- 1.2 Any proposed payment or benefit must fully comply with the requirements of the policy. The Company Secretary is responsible for providing advice and direction on payments and benefits and must be contacted beforehand if there is any doubt or uncertainty in any particular case, in order that specific guidance and direction can be given.
- 1.3 Where a sum has been paid or a benefit granted in contravention of the policy, Home Group will normally seek to recover the payment or the value of the benefit.
- 1.4 Where any contract has been entered into in breach of the provisions of the policy, Home Group will normally look to rescind the contract and to recover all payments made or the value of any benefit granted under it. This means that where a tenancy has been granted in breach of the policy, Home Group may seek possession of the premises concerned.
- 1.5 Home Group does not permit the use of third party arrangements as a means of passing payments or benefits to any person in order to circumvent the provisions of the policy.

### 2. PAYMENTS & BENEFITS POLICY

- 2.1 Home Group's full policy on Gifts & Hospitality & Payments & Benefits can be found [here](#).

## 2.3 Anti-Fraud, Tax Evasion & Bribery Policy Statement

Home Group is committed to the highest ethical standards and sound governance arrangements and adopts a zero tolerance to fraud and the criminal facilitation of tax evasion (collectively referred to as 'fraud') and bribery. All instances of fraud or bribery will be investigated rigorously and promptly and appropriate action will be taken. This Policy applies across the whole of Home Group, including Home Scotland.

It is important that we use our income and resources in the most effective way to deliver high quality services. We require all colleagues and persons acting in a similar capacity at all times to act honestly and with integrity and to safeguard the resources for which they are responsible.

We will not tolerate fraud or bribery in any form, including any internal action which encourages, implies, bestows, tolerates or promises an unfair, unlawful, improper or unethical advantage to any group or organisation, regardless of whether there is any financial inducement or not. We will not tolerate the acceptance of bribes to induce a favourable decision, transaction or outcome. We will uphold all laws relevant to countering tax evasion, including the Criminal Finances Act 2017.

Key measures designed to eliminate or reduce the likelihood of fraud, tax evasion and bribery include existing financial controls, procurement, recruitment and tenancy allocation policies, procedures and supporting resources and internal and external auditing procedures.

Additional controls include policies and procedures and associated resources relating to gifts & hospitality & payments and benefits, anti-money-laundering, whistle-blowing and the enforcement of disciplinary procedures where appropriate.

A link to Home Group's full Fraud, Tax Evasion & Bribery Prevention, Detection & Response Policy can be found [here](#).

## 2.4 Confidential Reporting (Whistleblowing)

The Group is committed to probity, openness and accountability. High standards of conduct are expected from everybody involved in, or connected with, the business of Home Group. In accordance with its commitment to high ethical standards, Home Group encourages transparency, openness and freedom of speech at all levels. It also encourages colleagues, board/committee members and involved residents to use the internal mechanisms which have been established for reporting any concerns which might exist in relation to possible malpractice, illegal acts or omissions in Home Group.

Sometimes, serious problems may become evident that conflict with the values and ethos of the organisation and these need to be investigated. This stops problems from becoming worse and it also encourages and promotes good practice. For these reasons, Home Group has a confidential reporting procedure, which is applicable to board and committee members and involved residents across the Group. Equivalent provisions on confidential reporting are also required to be incorporated in terms and conditions of employment of colleagues across the Group.

Home Group's Confidential Reporting (Whistleblowing) Policy can be found [here](#).

### 1. INTRODUCTION

- 1.1 We are proud of the steps we have taken to combat slavery and human trafficking at Home Group. We have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.
- 1.2 We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains and we expect the same high standards from all of our contractors, suppliers and other business partners.

### 2. ORGANISATION'S STRUCTURE

- 2.1 We are a charitable Registered Provider of Social Housing in England, whose principal activities are the provision of affordable rented accommodation, the design and development of integrated health and care services and the development of homes for outright sale, affordable and supported housing.
- 2.2 Home Group comprises the parent Home Group Limited, together with the following organisations each of which is a subsidiary of Home Group Ltd :- Home in Scotland Ltd, Live Smart @ Home Ltd, Home Group Developments Ltd and North Housing Ltd.
- 2.3 We have an annual turnover in excess of £350m, have our head office in England and operate throughout England, Scotland and Wales.
- 2.4 This statement applies to Home Group and its subsidiaries as set out above.

### 3. OUR BUSINESS

- 3.1 We deliver our customer facing services through three distinct business units:

**Operations:** the delivery of services to customers in rented, shared ownership (including leasehold) and supported markets across the United Kingdom.

**New Models of Care:** the design and development of integrated health and care services.

**Development:** responsible for the acquisition and development of all new properties and regeneration projects.

### 4. OUR SUPPLY CHAINS

4.1 Home Group procures a wide range of goods and services via a diverse and varied supply chain, including:

- Property related services (construction and maintenance)
- Facilities management services
- Communications and IT equipment services
- Temporary/Agency staff
- Recruitment agencies
- Various professional services
- Office equipment and supplies
- Utilities

## **5. OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING**

5.1 We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our business complies with the Ethical Trading Initiative (ETI) Base Code and adheres to the nine core principles that form the basis of that code.

5.2 We have robust HR policies and procedures in place and a Working Professionally Policy to ensure the fair treatment of all colleagues. We comply with all applicable employment legislation relating to colleague terms and conditions, including payroll and we invest in supporting the health and wellbeing of our colleagues.

5.3 Our Supplier Code of Conduct reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

5.4 Our Safeguarding policies include specific guidance for colleagues on how to recognise signs of abuse, including slavery, human trafficking, forced labour and domestic servitude among our customers and how to respond to and escalate any concerns. We record modern slavery as an independent safeguarding category across our rented and supported housing so if any colleague has a concern they can raise it directly. We have been directly involved, through our care and support business, in supporting a number of victims of modern slavery - in particular a group of vulnerable men who had been freed from slavery and exploitation following a high profile case in 2012, which resulted in 5 members of a Traveller family being found guilty of conspiracy to require a person to carry out forced or compulsory labour.

5.5 We also carry out programmed tenancy audits of our properties and have trialled initiatives using external agencies such as Experian to assist in ensuring that our properties remain occupied by the legal tenant and are not used for illegal purposes, including slavery.

## **6. DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING**

- 6.1 In terms of colleague recruitment, we undertake all relevant pre-employment checks prior to colleagues being employed, to ensure they are eligible to work in the UK. We carry out fair and transparent recruitment processes and ensure that our recruitment agencies comply with these requirements in the provision of agency staff.
- 6.2 As part of our initiative to identify and mitigate risk we require our suppliers, as part of our tender procedures, to complete a self-assessment Suitability Questionnaire (SQ), which includes questions targeted at slavery and human trafficking risk. The SQ is used to determine the risk profile of suppliers for supplier sustainability issues. Suppliers completing a self-assessment questionnaire are also expected to provide evidence to support their responses to address areas such as discrimination, freedom of information, forced labour and child labour. Also as part of the tender process, our suppliers are required to sign up to our Supplier Code of Conduct.
- 6.3 We have in place systems to:
- Identify and assess potential risk areas in our supply chains.
  - Mitigate the risk of slavery and human trafficking occurring in our supply chains.
  - Monitor potential risk areas in our supply chains.
  - Protect whistle blowers.

## **7. SUPPLIER ADHERENCE TO OUR VALUES AND ETHICS**

- 7.1 We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values and ethics, we have in place rigorous selection, due diligence and tender processes which help ensure our suppliers and their supply chains are slavery free. Depending on the suppliers risk profile, approved suppliers may be required to upload a statement to our supplier portal to confirm their continued compliance with our Supplier Code of Conduct, including their commitment to anti-slavery and human trafficking on an annual basis.
- 7.2 As part of our Supplier Risk Assessment process and ongoing monitoring of our supply chain, we carry out regular reviews to ensure suppliers are assessed and the information held on our supply base is kept up to date. Our contracts give us the provision to conduct supplier audits or on-site assessments dependent on the nature of the goods or services being provided and also on the industry sector in which the supplier operates. The frequency of these audits or on-site assessments will be dependent on the risk profile of the contract and/or supplier. For those suppliers deemed to be high risk, a standard approach to auditing is adopted which focusses on interviewing the management and employees to identify any worker exploitation in areas such as recruitment, pay, entitlements, treatment,

accommodation and grievance mechanisms. If an audit reveals risks of modern slavery, this could result in termination of the supplier's contract

7.3 We encourage anyone, including colleagues, subcontractors, suppliers and customers to report in good faith any issue or concerns about potential unethical business practices, such as fraud and bribery or slavery and human trafficking through our confidential external whistle-blowing hotline.

7.4 As part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adult or children.

## **8. TRAINING**

8.1 We provide essential safeguarding and annual refresher training to all staff, which covers how to spot the signs and indicators of modern slavery.

### 3. BOARD & SHAREHOLDING MEMBERSHIP

Home Group's requirements concerning the recruitment of board and committee members are set out at

[Board Member Recruitment Framework](#)

3.1

The role of board or committee member and the particular role of Chairman are detailed within the Governance Framework document.

The duration of appointment of Home Board members is defined or referred to within the Governance Framework document.

The arrangements for board and committee self-evaluation and appraisal of board and committee members within the Group are set out in:

[Board Member Appraisal Framework](#)

3.2

Home Group's remuneration policy in relation to non-executive board members is set out in:

[Board Member Remuneration Framework](#)

3.3

As described within the Governance Framework document Home Group Limited has individual shareholders who play a key role within the overall decision making process. Shareholding arrangements in relation to Home Group Limited are set out in detail at:

[Shareholding Policy](#)

3.4

### 3.1 Board Member Recruitment Framework

1. Home Group's Framework on the recruitment and appointment of board and committee members within the Group requires the following:

1.1 In accordance with the National Housing Federation's Code of Governance and in accordance with the Scottish Housing Regulator's Regulatory Standards, recruitment to board and committee vacancies must be open and transparent, based on merit and objective selection and assessment techniques.

1.2 In this respect, Home Group's Equality, Diversity and Inclusion Statement of Intent is required to be adhered to – this is set out at:

[Equality & Diversity](#)

1.2

1.3 No appointments may be made which would, or might give rise to:

- a breach of Home Group's policy on Permitted Payments and Benefits – these requirements are referred to at:

[Permitted Payments & Benefits](#)

2.2

- in the case of the boards and committees within Home Group Limited, the Rules of Home Group Limited;
- in the case of Home Scotland, Live Smart @ Home, Home Group Developments and North Housing, the Rules of Home in Scotland Limited and the Articles of Association of Live Smart @ Home Limited, Home Group Developments Limited and North Housing Limited respectively; or
- conflicts of interest adverse to the business interests of Home Group or the principles of conduct and probity as set out at:

[Conduct](#)

1

[Probity](#)

2

2. Boards and committees require members with a range and sufficient depth of relevant experience and expertise in order to discharge their responsibilities

effectively. Individual board and committee members are therefore expected to:

- be fit and proper persons,
- have an appropriate level of decision making ability; and
- have experience of one or more key areas.

3. In relation to being fit and proper persons and decision-making ability, Board and Committee members are required to demonstrate the competencies and behaviours set out at:

[Board Member  
Competency Framework](#)  
3.3

4. The key areas of experience include the following and will vary having regard to the role of the particular board or committee:

- Business Strategy and Change Management;
- Financial Management and Audit;
- Treasury;
- Legal;
- Corporate Governance;
- Organisational Development and Human Resources Management;
- Customer Involvement, Needs and Concerns;
- Housing;
- Care and Support Services;
- Property Development and Construction;
- Contract Management;
- Health and Social Care;
- Government Regulation and Compliance;
- Technology and IT Implementation;
- Public Relations/Political Lobbying;

- Educational Expertise Including Apprenticeships and Training;
- E-Commerce;
- Customer Experience;
- Criminal Justice System;
- Health & Safety
- Clinical Governance

5. Upon their appointment, non-executive members of the Home and Home Scotland boards are required to enter into a service agreement in a standard form setting out their responsibilities. These responsibilities are also set out or referred to within the [Governance Framework](#) document.

## 3.2 Board Member Appraisal Framework

### 1 INTRODUCTION

- 1.1 This framework summarises the arrangements for the evaluation by boards of their effectiveness and the appraisal of individual board members within Home Group.

### 2 OVERALL FRAMEWORK

- 2.1 The framework for appraisal across the Group is based on:

- Annual appraisal by each board and committee of its own effectiveness.
- Individual appraisal of board/committee members undertaken by the relevant Chairman.
- Arrangements for reviewing the performance of each Chairman.
- Feedback to the Home Board from other boards and committees by way of an overview of their self-evaluation of effectiveness and on the fulfilment of the Home Board's requirements concerning appraisal.

- 2.2 The intention is to offer flexibility as to how the framework is applied across Home Group, with the emphasis being on outcome rather than process. The framework represents "minimum standards". These may be exceeded but boards and committees are not expected to "fall short" of these.

### 3 SELF-EVALUATION

#### 3.1 Aim

- 3.1.1 The aim of the self-evaluation exercise to be undertaken by each Board and Committee is to:

- identify how well it performs its key roles,
- identify how well its members work together,
- identify the extent to which it is composed of appropriate people (including any recruitment and retention issues),
- identify its ability to scan the operating environment, think strategically and adapt as necessary,
- assess how it is viewed by key contacts, eg regulators, investors, local authorities, tenant groups etc,

- assess the effectiveness of its processes, including its accountability,
- assess the level and quality of the information it receives.

## **3.2 Process**

3.2.1 The process through which each board and committee conducts its self-evaluation is at the discretion of the board or committee however it must include the following elements:

- The opportunity for preparation – members should have the opportunity to consider themselves the key questions to be addressed (see later) before contributing to the evaluation exercise – this might be facilitated by a paper circulated in advance or by a written survey of board/committee members.
- A board/committee discussion – the key questions should be addressed by the board or committee collectively either as part of a board or committee meeting or at a “Strategy Day” or “Away Day” event.
- A clear plan to support continuous improvement – any actions which are agreed by the board or committee to support its continuous improvement to meet the challenges faced by the organisation should be recorded and, if the discussion does not form part of a formal board or committee meeting, should be approved in such a meeting.

3.2.2 The self-evaluations should be conducted on an annual basis. The board/committee should consider introducing an independent element to the self-evaluation exercise at least once every three years to help avoid the risk of complacency or insularity and to help in keeping up with best practice.

3.2.3 If the board or committee wishes to use a survey form as part of the process then this may follow the “Key Questions” below or be bespoke.

## **3.3 Key Questions**

3.3.1 The board or committee will need to address a number of key questions in conducting its evaluation. The following are “core” questions which will be applicable to every board/committee.

3.3.2 In addressing how well it performs its key roles the board/committee will need to consider ...

- Does the board/committee consider that it has fulfilled each of the responsibilities set out in its defined Terms of Reference within the Group’s governance documents?
- In fulfilling each of its responsibilities, how effective does the board/committee consider that it has been, and why?

- What improvements could be made to enable the board/committee to more effectively fulfil its responsibilities?
- How effective are communication and reporting lines with key stakeholders, including funders and regulators?
- Does the composition of the Board reflect the profile of Home Group's customers?

3.3.3 In addressing the effectiveness of board/committee relationships the board/committee will need to consider ...

- Does the constitution of the board/committee or do its processes hinder its effectiveness in any respect?
- Are there effective working relationships between board/committee members, between the Chairman and the board/committee members and with those senior managers who work with the board/committee?
- Do board/committee members have a clear understanding of their responsibilities as board/committee members and the responsibilities of the board/committee?

3.3.4 In addressing the extent to which it is composed of appropriate people the board/committee will need to consider ...

- Has the board/committee secured the right mix of skills and experience – are any gaps evident?
- Where the board/committee has responsibility for its own recruitment, is it satisfied with its approach?
- Are induction and training/development arrangements for board/committee members adequate?

## 4 **INDIVIDUAL APPRAISAL**

### 4.1 **Timescales**

4.1.1 Appraisal of individual board members is required to be carried out annually after one year in office. Appraisals are conducted by the Chairman of the board or committee. Where the member serves on more than one board or committee within Home Group, the appraisal would be undertaken by reference to the principal role, but having regard to any other position within the Group. For example, a Home Board member serving on the board of Live Smart @ Home or the Audit Committee, would be appraised by the Home Board's Chairman but this would include discussion on the additional role.

### 4.2 **Aim**

4.2.1 The aim of the appraisal to be undertaken between the Chairman of each board/committee and each of its members is to provide the opportunity for:

- general discussion between the Chairman and member on the member's role as a board/committee member and any issues or concerns the member may have,
- feedback by the Chairman to the board/committee member on his/her contribution to the board/committee and performance as a board/committee member, and
- identifying any ways in which the board/committee member's contribution or performance can be enhanced e.g. through the provision of additional information or through training or development initiatives.

#### 4.3 **Process**

4.3.1 The relevant Chairman has discretion over the process of conducting an appraisal however this should include prior preparation by both parties and a formal note of the outcomes, including any identified training needs or other follow-up points.

4.3.2 The Company Secretary provides support to the relevant Chairman in the coordination and administration of the board appraisal process.

### 5 **PERFORMANCE REVIEW – CHAIRMAN**

5.1 Each board/committee should have an effective mechanism for the review of its Chairman's performance. In the case of the Home Board, the Senior Independent Member chairs a non-executive discussion on the Chairman's performance and provides feedback to the Chairman.

### 6 **HOME BOARD OVERVIEW**

6.1 The Home Board should receive feedback on the self-evaluation exercise undertaken by other boards and committees. This will relate principally to the Home Scotland board and to the Audit, Governance, Health & Safety Governance, Clinical Governance and Development Committees. The feedback will provide an overview of the outcome from the process of self-evaluation and should include assurance on the completion of the appraisals of individual board/committee members and the relevant Chairman.

6.2 The feedback to the Board will be given by the relevant Chairman and once the framework has been fully implemented, will follow on from the annual review by the Board of its own effectiveness. As an agenda item to the relevant meeting the Board will therefore:

- Approve any action points arising from its own self-evaluation

- Formally note whether appraisals due to be carried out for Home Board members or the Chairman in the previous period had been undertaken
- Consider verbal feedback on the self-evaluations conducted by the Home Scotland board and the Audit, Governance, Health & Safety Governance, Clinical Governance and Development Committees.
- Receive a brief overview of self-assessments reported to the Home Scotland board relating to its committees, and receive assurances that the framework for individual appraisals was being adhered to throughout the Group.

### 3.3 Non-Executive Board Member Competency Framework

#### 1. INTRODUCTION

- 1.1 Home Group has established a framework of competencies and behaviours for non-executive Board members, to support recruitment, induction, appraisal and development for non-executive board members.
- 1.2 The framework has been approved by the Governance Committee and is reviewed on an annual basis.

#### 2. COMPETENCIES AND BEHAVIOURS

- 2.1 The competencies and behaviours are set out in the following table:

Competency	Behaviours
<b>Working as part of the Board Team</b>	<ul style="list-style-type: none"><li>• Demonstrates understanding of the role, duties and responsibilities of the board and the board member.</li><li>• Fulfils agreed commitments, including attending meetings and other events as required.</li><li>• Prepares thoroughly for meetings, obtains clarification in advance on points of detail.</li><li>• Listens to and considers the views of others.</li><li>• Welcomes challenge to own views.</li><li>• Knows when to contribute a thought and when to keep quiet.</li><li>• Speaks clearly and to the point, articulates complex ideas simply.</li><li>• Stands by and upholds the board's decisions.</li></ul>
<b>Providing effective oversight</b>	<ul style="list-style-type: none"><li>• Oversees the work of Home Group at the right level – does not try to do the job of managers.</li><li>• Critically evaluates information and constructively challenges when necessary.</li><li>• Is able to probe and challenge the executive team without creating conflict.</li><li>• Demonstrates understanding of how things can go wrong in an organisation such as Home Group.</li><li>• Avoids any 'positivity bias' and, when necessary, highlights problems and acknowledges mistakes.</li><li>• Demonstrates understanding of how the board drives improvement in organisational performance without becoming involved in operational details.</li></ul>

<p><b>Providing insight and strategic thinking</b></p>	<ul style="list-style-type: none"> <li>• Brings wisdom and insight to critical issues facing the organisation before and while policies, strategies and plans are developed.</li> <li>• Contributes to the identification of risks, challenges and opportunities for Home Group.</li> <li>• Provides creative input to problem solving and strategic planning.</li> <li>• Demonstrates understanding of the needs and concerns of customers and other service users.</li> </ul>
<p><b>Contributing to high quality decision making</b></p>	<ul style="list-style-type: none"> <li>• Asks for more information and analysis when needed...</li> <li>• ... but does not ask for more information or analysis than is needed to enable the board to make good decisions.</li> <li>• Asks for help to understand things when necessary so as to be able to contribute to discussion and decision making in all areas.</li> <li>• Analyses the implications and consequences of different options.</li> <li>• Evaluates facts and evidence logically in making decisions.</li> <li>• Remains focused on the achievement of Home Group's mission, vision and strategy.</li> </ul>
<p><b>Independence and self awareness</b></p>	<ul style="list-style-type: none"> <li>• Expresses own views – including expressing disagreement when necessary.</li> <li>• Does not avoid tackling difficult or sensitive issues or situations.</li> <li>• Remains measured and controlled at all times, even in stressful situations.</li> <li>• Keeps up to date with the social, regulatory and policy context in which Home Group operates.</li> <li>• Keeps own knowledge and skills up to date.</li> <li>• Uses opportunities to learn and develop as a board member and welcomes constructive feedback on own performance.</li> </ul>
<p><b>Providing leadership</b></p>	<ul style="list-style-type: none"> <li>• Demonstrates ethical leadership, displaying – and promoting throughout the organisation – behaviours consistent with the culture and values the board has defined for Home Group.</li> <li>• Complies with the spirit as well as the letter of the organisation's Code of Conduct.</li> <li>• Demonstrates commitment to, and enthusiasm for, the work of Home Group.</li> <li>• Proactively engages in activities which promote the work of Home Group to the outside world.</li> </ul>

## 3.4 Board Member Remuneration Framework

### 1. REMUNERATION FRAMEWORK

- 1.1 Home Group makes remuneration available to those non-executive members of the Home board who are not Home Group customers, and who wish to draw remuneration, on the basis set out below:

Home Group Chair	£22,500
Senior Independent Member	£14,500
All other non-executive Home Board members	£10,700
Clinical Governance Committee Independent Member	£3,000
Non-Executive Home Board members who also chair other committees or subsidiaries of Home Group	An additional £1,000

Customer members of the Home Board who are in employment or are self-employed, are entitled to apply to the Company Secretary for a payment to indemnify them against earnings lost as a consequence of the fulfilment of their responsibilities as a board member. This includes, in the case of a Customer board member in employment or self-employed, compensation for actual time spent on board/committee business.

Remuneration (other than loss of earnings payable to customer board members) is by way of a fixed annual sum (an honorarium) which will be paid in monthly instalments in arrears.

### 2. SETTING THE FRAMEWORK

- 2.1 The Group's approach to the remuneration of boards in England is consistent with regulatory requirements and National Housing Federation guidance and is determined by reference to independent advice and recommendations. In Scotland, whilst the regulatory framework does permit board member remuneration, Home Scotland does not currently remunerate members of the Home Scotland board.

### 3. EXPENSES

Home Group pays expenses to members of the Home Board and its committees to meet the costs they incur in carrying out their duties. Home Group's Board & Committee Member Expenses procedure can be found [here](#).

### 3.5 Shareholding Policy

1. The shareholding membership of Home Group Limited is described within its rules and comprises:
  - 1.1 Home Board members (excluding co-optees and employees); and
  - 1.2 one additional shareholder from the Home Scotland Board (Rule C6).
2. It is Home Group's Policy that this additional shareholder will be the Vice Chair of the Home Scotland board if a Vice Chair is appointed and is not already a shareholder through membership of the Home Board.
3. The allocation of shares to new appointees to the Home Board is addressed within the appointment process.
4. Those shareholders who are not Home Board members are formally nominated by the Home Scotland Board and the share allocation is made following a 'confirmatory decision' of the Governance Committee.
5. The shareholding membership of Home Group Limited has a key role within the governance framework through its:
  - 5.1 power to admit additional members to the Home Board – to an absolute maximum board size of 15 (including co-optees);
  - 5.2 power to remove a member of the Home Board (Rule D8);
  - 5.3 power to change the Rules of Home Group Limited (Rule G11);
  - 5.4 Power to dissolve Home Group Limited;
  - 5.5 role at the Annual General Meeting of appointing the Home Group Chair and any Senior Independent Member, receiving the statutory accounts and report of the Home Board and approving the Auditors.
6. Meetings of shareholders are referred to as 'General Meetings' of which there are two categories:
  - 6.1 the Annual General Meeting of Home Group Limited which is held within six calendar months after the close of each financial year (Rule C8); and
  - 6.2 Special General Meetings which are convened either following an order of the Home Board or following a written requisition signed by no less than three shareholders.

7. Three shareholders are required to be present to achieve a quorum for a General Meeting.
8. The proceedings of General Meetings are regulated by the rules of Home Group Limited.

*For more detailed advice on the rules, or for a copy, please contact Kath Armstrong in the Corporate Legal Team.*

## 4. ACCOUNTABILITY TO STAKEHOLDERS

The values of Home Group include being:

### **Accountable**

The ways in which Home Group currently seeks to uphold this value are summarised within an openness statement.

**Openness Statement**

4.1

## 4.1 Openness Statement

### 1. Our commitment to accountability

- 1.1 Home Group has made a fundamental commitment to account for its actions and performance in an open manner to customers, local communities, partners, regulators and other stakeholders.
- 1.2 As a matter of principle, we will provide full information about our work unless there are good reasons why not to – for example, for legal reasons or on the grounds of personal confidentiality, commercial confidentiality or practicality.
- 1.3 This statement sets out the requirements which all members of Home's Board and committees, members of subsidiary boards, members of the Executive team and colleagues are expected to follow in accounting openly for Home Group's actions and performance.

### 2. Openness on governance

- 2.1 We are open about the framework within which decisions are made in Home Group. This includes publishing information on our organisational structure, our constitutional documents and our governance arrangements.
- 2.2 We are also open about the standards we have set for decision-making in Home Group. We publish our Governance Standards, and also confirm in our Annual Report and Financial Statements the extent to which we have adopted the National Housing Federation's Code of Governance (2015 edition).
- 2.3 We are committed to high standards of integrity in what we do, and make our registers of interests, gifts and hospitality available for public inspection. We also publish details of the remuneration we pay our Board members and senior staff, together with details of their expenses.
- 2.4 So that people can see our regulator's assessment of our governance arrangements, we publish a link to their annual regulatory judgement.

### 3. Openness for the Home Board and Committees

- 3.1 We are committed to making the work of the Home Board and its Committees open and accessible, and after each Home Board meeting we publish a summary of the non-confidential items discussed at the meeting.
- 3.2 We publish biographical details of Board and Committee members, and report on attendance at Board and Committee meetings in our Annual Report and Financial Statements.

- 3.3 Two places on the Home Board are reserved for Home Group customers. The Board also holds open sessions with members of the Customer Forum and Viewpoint Teams in different geographical locations.
- 3.4 In addition, through our e-petition process, the Board will consider any issue raised by 200 or more customers.
- 3.5 Home Group also utilises its Annual General Meeting as a focus for engagement with the wider body of customers. Customers are able to attend in person. They are able to raise issues with the Board and Executive Team in person, or by email or text in real time.

#### **4. Openness about our priorities and performance**

- 4.1 It is crucially important that Home Group's customers and other stakeholders are able to openly access information on Home Group's priorities and are able to review and challenge our performance.
- 4.2 We therefore annually publish our Corporate Strategy, together with our Customer Promise.
- 4.3 Our financial performance is published in our annual report & financial statements, and we also publish details of our financial rating (which is assessed annually by Standard and Poors) together with a link to our regulator's annual assessment of our financial viability.
- 4.4 We report performance against internal and regulatory standards to customers in our Annual Review.
- 4.5 We publish regular reports on our website on key performance areas that are important to our customers, as well as our corporate partners. These include customer satisfaction, repairs, arrears, voids and gas safety against targets. We also regularly publish data relating to development and financial performance.
- 4.6 We publish reports summarising the meetings of our Customer Forum, and Regional Viewpoint Teams, which respectively scrutinise and hold Home Group to account on a national and regional level. We also publish the results of any regulatory assessment of Home Group and its services and provide links from Home Group's website to relevant regulatory websites so that up to date assessment information is easily accessible to our customers.

#### **5. Openness about what we do**

- 5.1 We publish up to date details of the services we provide to customers, and how to access them.
- 5.2 We also publish key policies identified by our Customer Forum, including our policies on allocating housing, repairs and complaints. Copies of all our policies and procedures are available on request.

## **6. Openness about what we spend**

- 6.1 We are open about what we spend and how we spend it. Every month we publish details of every item of expenditure over £500. Details of current tenders, contracts awarded, appointed suppliers and principal advisors are also published and kept up to date.

## **7. Requests for information**

- 7.1 Many requests can be answered by colleagues by referring either to the information which we publish on our website or to press notices. Any other requests should be directed to our Communications team.
- 7.2 Where we publish information we normally make it available on our website. Where this is not practical, or if people prefer to receive information in another form, we make it available in hard copy or in such other format as may be appropriate (for example, Braille or audio). Information is published in English, but is made available in other languages where legally required.
- 7.3 Where there is doubt about whether information should be withheld on the grounds of personal confidentiality, commercial confidentiality or practicality, advice is provided by the Company Secretary.
- 7.4 If it is likely to be unduly expensive or time-consuming to provide particular information, we explain this and try to reach a satisfactory arrangement. We aim to provide any information requested within 20 working days of receiving the request.
- 7.5 In Scotland, our Scottish subsidiary Home in Scotland Ltd is subject to and committed to complying with the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004, both of which provide a statutory right of access to a wide range of information about our activities in Scotland.

## **8. Review**

- 8.1 Home Group undertakes to review its arrangements on accountability on a regular basis. As a minimum, we will ensure that developments in this area are considered as part of the annual governance review which is considered by the Home Board.

## 5. FINANCIAL PRINCIPLES & REGULATIONS

The financial principles adopted by Home Group are summarised in:

[Financial Principles](#)

5.1

Building on these principles, financial regulations provide a more detailed financial framework within which Home Group operates. These regulations are set out in:

[Financial Regulations](#)

5.2

## 5.1 Financial Principles

### 1. General

1.1 Home Group Limited, its business streams and business units are required to conduct their affairs in accordance with:-

- relevant legislation, standards and codes of practice;
- Regulator of Social Housing (RSH) requirements and guidance;
- Scottish Housing Regulator requirements and guidance (in the case of Home Scotland);
- Home Group's Financial Principles and accounting policies.

1.2 There is an underlying presumption and expectation that a consistent approach will be adopted to financial treatments across Home Group unless the reasons for the departure are clearly documented and agreed by the Chief Financial Officer, for example within a meeting of the Finance Management Team.

### 2. Financial Statements

2.1 The Financial Statements for Home Group Limited and its subsidiaries are required to be prepared in accordance with:-

- UK Accounting Standards (Financial Reporting Standard 102);
- the Accounting Direction for Private Registered Providers of Social Housing 2019;
- the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers;
- the Housing and Regeneration Act 2008;
- the Co-operative and Community Benefit Societies Act 2014; and
- the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969.

2.2 Where the financial treatment of any matter is considered to be open to interpretation, Home Group's position is determined by the Chief Financial Officer. Subjective matters of a material nature are considered by the Audit Committee in the context of its responsibility for recommending to the Home

Board that it approves the annual audited accounts.

### **3 Accounting Policies**

- 3.1 The financial and management accounts of Home Group Limited, its business streams and business units are required to be prepared in accordance with current accounting policies and best practice.
- 3.2 Accounting policies are required to be consistent across Home Group and are determined by the Chief Financial Officer.
- 3.3 Home Group's accounting policies are explained in the notes to each year's audited financial statements.
- 3.4 The accounting policies are reviewed annually by both the Director of Finance and the Audit Committee to ensure their continued appropriateness and to reflect any changes in published guidance. Changes to existing accounting policies or new accounting policies are approved by the Finance Management Team and Audit Committee.
- 3.5 In determining the appropriate accounting treatment, early dialogue will be sought with Home Group's external auditors to seek their support for the proposed accounting treatment.

### **4. Financial Records**

- 4.1 The key to providing high quality financial information is maintaining accurate, up to date financial records and the Home Board places the utmost importance on this.
- 4.2 Home Group Limited, its business streams and business units are responsible for maintenance of appropriate financial records and are required to maintain adequate records to meet Home Group's reporting requirements.

### **5. Finance Management Team**

- 5.1 The Finance Management Team has been formed to consider strategic financial matters and key operational issues. Members of the group are colleagues in both the Finance and Treasury and Investor Relations directorates who are also members of Home Group's Business Management Team, Senior Management Team and Executive.
- 5.2 The Finance Management Team aims to develop a consistent approach to financial treatments and practices across Home Group and should be consulted where any change in financial treatment is proposed or where new guidance or requirements need to be considered.

## 5.2 Financial Regulations

### 1. INTRODUCTION

- 1.1 These financial regulations incorporate the financial policies of Home Group and cover the arrangements for supervision and control of the finances, assets and other resources of the Group.
- 1.2 In addition to the financial regulations, there are a number of detailed financial procedures which must be complied with. These are contained in a range of procedure guides prepared both within Home Group and by external agencies (e.g. Homes England (HE) and the RSH).
- 1.3 Nothing in these financial regulations overrides instructions or conditions imposed by the RSH, HE, Central Government, the Financial Reporting Council or through statute. Nothing in the procedure guides overrides the principles embodied in these financial regulations.

### 2. BUDGETARY CONTROL

- 2.1 Budgetary control is one of the key elements of Home Group's system of internal control summarised at:

[Key Controls](#)

7.1

- 2.2 The Chief Financial Officer is responsible for preparing a full budget for Home Group each year in respect of the following financial year, the five years of the Business Plan and a long term forecast covering the next 30 years.
- 2.3 The Home Group budget, Business Plan and financial forecasts are approved by the Home Board following a recommendation by the Executive. They reflect budgets and plans for the three business units (Operations, New Models of Care and Development) and the Support Services functions, including Business Development. They reflect the overall corporate strategy: Building homes, independence and aspirations.
- 2.4 The Head of Finance and the Management Accounts team play lead roles in supporting the development of the budgets, plans and financial forecasts for all parts of the business.
- 2.5 Once approved, the Group and business stream budgets, along with budgets for individual subsidiaries and services are used for comparison with actual results on a regular basis (i.e. monthly, quarterly and for the financial year as a whole), thus becoming an essential element of the management reporting structure.

- 2.6 Full details of the nature and timing of management reporting against budgets and against targets are published each year by Home Group's Finance directorate.
- 2.7 All managers have responsibility for meeting their budget targets. Overall responsibility for each area of the business rests with the Chief Executive or the relevant Executive Director.
- 2.8 Anticipated overspends on individual budget heads within each business area and service will be conditional, subject to the approval of the relevant Executive Director on savings identified elsewhere within that business area or service. However, it should be noted that where savings are made in individual budget heads, they should not automatically be allocated into allowing overspends elsewhere. Consideration should be given to the overall position of Home Group and the desire to maximise surpluses whilst operating in accordance with the Home Group strategy document and business plans.
- 2.9 Where a material overspend or underspend is anticipated, the Chief Financial Officer should be notified immediately.
- 2.10 The format of the budgets is the responsibility of the Chief Financial Officer and is a matter for agreement between the Executive and the Home Board. The budgets should be constructed in such a way as to facilitate reporting actual results against budget in the management accounts and to facilitate assigning responsibilities for individual budget heads.

### **3. BANKING ARRANGEMENTS**

- 3.1 All bankers for any part of Home Group are appointed by authority of the Home Board.
- 3.2 All day to day arrangements with Home Group's bankers are required to be made by, or under arrangements approved by, the Chief Financial Officer. At present, the Group's bankers include Barclays Bank, HSBC (some Customer Service South Leaseholders), Bank of Scotland (Home Scotland).
- 3.3 All bank accounts must be reconciled to their respective nominal ledger records on a regular basis, at least monthly.
- 3.4 The Group's preferred method of payment for its liabilities is by BACS. The Chief Financial Officer is responsible for ensuring that appropriate procedures are in place to maximise the use of BACS facilities and to ensure that appropriate controls are in place over such payments.
- 3.5 **Cheque Payments**
- 3.5.1 All cheques processed at Home Group's Head Office in Gosforth are ordered in Accounts Payable by authority of the Chief Financial Officer, who must ensure proper arrangements are made for their safe custody.

3.5.2 Computer generated cheques are printed via a laser printer with restricted access for authorised users only.

3.5.3 Manual cheques will only be permitted in circumstances of technical difficulties with the cheque printer or disaster recovery and are subject to the same signing authorities as computer generated cheques. The Chief Financial Officer is responsible for ensuring that the use of manual cheques is strictly controlled and authorised.

### **3.6 All Payments to Third Parties**

3.6.1 Other than the exceptions set out in 3.8, all amounts (BACS, CHAPS, internet banking, manual or computer generated cheques, Direct Debits, Standing Orders) payable to third parties must be:

- approved for payment in accordance with Delegated Authorities, and
- signed/authorised in accordance with the relevant Bank Mandate (depending on which bank account the payment is made from).

3.6.2 Authority to sign cheques, authorise submission of BACS payment files and sign Direct Debit or Standing Order forms is delegated to a small number of senior colleagues as set out in the Bank Mandate. All payments of £10,000 or more (to clarify, for BACS this limit refers to each individual payment included in a particular BACS run and not the total of the BACS payment run) require two signatures as evidence of authority to pay. The Bank Mandate sets out the signing controls that apply depending on the value of the payment.

### **3.7 Payments in Excess of £1m**

3.7.1 Once approved in accordance with Delegated Authorities, any individual payments to third parties of £1million or above must be signed/authorised in accordance with the Bank Mandate with one of the signatories being a member of the Executive Team as set out in the Bank Mandate.

### **3.8 Exceptions – Intra-account funds transfers**

3.8.1 Where funds are being transferred between bank accounts in the name of the same legal entity (e.g. between Home Group Limited's Barclays Management account and investment account or between Home Group's Barclays Management and Lloyds investment accounts) or between legal entities of the Group and there is therefore no financial risk to Home Group, authority to transfer amounts is given in accordance with current Delegated Authorities section 4.0 Exceptions "Investment of Funds".

3.9 Home Group's banking facilities are reviewed annually by the Director of Treasury and Investor Relations and arrangements made with the bank(s) as required for:

- overdraft facilities;
- 'daylight' overdraft limits;

- bank charges;
- BACS limits.

3.10 The Home Board is responsible for authorising all new overdraft facilities.

#### **4. PETTY CASH FLOATS**

4.1 Petty cash floats are kept at many of the Group's offices. PCards are used to administer the petty cash floats. Petty cash floats are held for the purposes of making disbursements for minor sundry expenses where payment by cash is essential. Individual floats should not normally exceed £500 and receipts should be provided promptly in line with the Payment Card and Petty Cash Policy and Payment Card and Petty Cash Compliance notes.

4.2 Petty cash floats must not be used to pay for employees' expenses or for any round sum allowances. Such claims must be routed through Oracle i-expenses system as outlined in Human Resources and Development Policies.

4.3 Personal or third party cheques must not be cashed out of money held on behalf of any business unit within Home Group.

4.4 The level of petty cash held at each location will be determined by expenses flow and security considerations. A monthly return must be submitted to Accounts Payable (including nil returns) detailing the opening, closing balance and all payments made from the petty cash tin, including account coding. The financial procedures with respect to petty cash floats and the reimbursement thereof will be updated from time to time at the direction of the Finance Management Team.

#### **5. TREASURY MANAGEMENT**

5.1 Treasury management operations are concerned with the management of all money transactions including cash flows, the raising of finance, the investment of surplus funds and the control of the associated risks.

5.2 For the purpose of treasury management, all money in the hands of Home Group Limited is aggregated where possible or appropriate.

5.3 Operational decisions on borrowing, investment or financing are delegated to the Director of Treasury and Investor Relations and reported to the Home Board at regular intervals (and to boards of subsidiaries where relevant.)

5.4 The Home Board is responsible for authorising all new finance. Early redemption of existing finance also requires Home Board approval.

5.5 The Chief Financial Officer, in conjunction with the Director of Treasury and Investor Relations, is responsible for ensuring the availability of additional

finance in accordance with Home Group's borrowing strategy, as approved by the Board from time to time, and in accordance with the funding requirement indicated by current cashflow forecasts.

- 5.6 Home Group is not restricted to specific sources of funding and makes use of any appropriate source within the limitations of the borrowing strategy.
- 5.7 The Chief Financial Officer, in conjunction with the Director of Treasury and Investor Relations, is responsible for managing the cash flow of Home Group Limited, with the objective of minimising surplus funds that are available for investment.
- 5.8 The Director of Treasury and Investor Relations is responsible for the investment of surplus funds in accordance with the Group's Treasury investment policy as determined by the Home Board from time to time.
- 5.9 In accordance with the policy of minimising surplus funds, investment of surplus funds is on a short term basis, not exceeding one year, unless specifically required for the purpose of securing other funding.

## 6. **PF1 SCHEME**

- 6.1 The 8¾% Guaranteed Loan Stock 2037, together with the Zero Coupon Loan Stock 2027, fund the activity known as PF1. The Zero Coupon Loan Stock 2019 were redeemed on 11 May 2019. The PF1 scheme originally funded the acquisition of 2,400 properties some of which have subsequently been sold with substitute properties identified for security purposes. It is governed by central Government approvals, legal agreements with the participating housing authorities and the loan stock trust deed.
- 6.2 It is essential that specific advice is taken from the Director of Legal before selling, charging, or otherwise encumbering the properties associated with the loan stock issues.
- 6.3 The Chief Financial Officer is responsible for maintaining the 'assured tenancy account' and the financial management of the stocks in issue.

## 7. **COMMITTING EXPENDITURE & MAKING PAYMENTS TO CREDITORS**

- 7.1 No colleague may commit Home Group to expenditure (for example by issuing an order for goods or services) unless:
  - any operational policies applicable to the particular activities are complied with, and
  - the requirements of Home Group's Procurement Policy are fulfilled - see [Procurement](#)

and,

- any required approvals from the Home Board and other relevant boards (see [Governance Framework](#) document) have been given

and,

- the requirements concerning budgetary control within these financial regulations are adhered to

and,

- the individual concerned has delegated authority to incur such expenditure

and,

- capital expenditure has been approved in line with Investment Panel authorities

and,

- segregation of duties is maintained throughout.

*Click here for delegations to colleagues within Home Group (except Home Scotland, Home Group Developments, Live Smart @ Home and North Housing).*

Delegations to colleagues within Home Scotland, Home Group Developments, Live Smart @ Home and North Housing can be found in their respective Operational Manual.

## 7.2 Expenditure committed must be properly authorised and recorded and subject to the following:

- ordering only the type and quantity of goods and services that are needed, as they are needed, on the most advantageous terms;
- receiving what has been ordered, and only what was ordered, in good condition; and
- approving invoices for payment only in respect of goods and services which have been accepted.

## 7.3 The issue of an official purchase order, or works order for maintenance and repairs, is the preferred method of committing expenditure. Apart from in exceptional circumstance, orders for goods and services must be raised via Home Group's electronic Purchase to Pay system (Oracle iProcurement) which will automatically generate official Purchase Orders with a standard Purchase Order number format. Works orders for maintenance not related to Price Per Property / Healthy Homes are also system generated through Open Housing, Home Group's Housing Management system.

- 7.4 The Accounts Payable function is centralised and delivered from Head Office for the entire Group. Invoices received in relation to Purchase Orders raised in iProcurement will be paid by Accounts Payable if they match the original order and the value of the goods and services receipted. If the match is unsuccessful an invoice approval task will be generated and sent to the individual who originally requested the goods or services to take appropriate action based on the reason for the invoice failure. In a limited number of pre-agreed circumstances, where iProcurement or Open Housing are not suitable for ordering, an invoice payment request form must be completed in SharePoint, the form will workflow to the Accounts Payable function for manual processing. When the invoice is entered into Oracle the invoice will workflow for approval based on delegated authority (see 7.1). Once approved, the invoice will be released for payment.
- 7.5 Home Group's standard payment terms stipulate that Contractors' certificates in Development shall normally be paid within 21 days of the date of issue whilst invoices shall normally be paid within 30 days of the date of the invoice, although there are a number of exceptions to this. Standard methods of payment are BACS, CHAPS or cheque from Home Group's bank accounts. Wherever possible, BACS payments are preferred.
- 7.6 A reduction in standard payment terms or any Advance Payments to suppliers and contractors (i.e. payments made before equivalent value is received in return) should be exceptional and should only be considered if a good value for money case can be made for them (e.g. a price discount commensurate with the value of the funds in question) and if all reasonable steps have been taken to protect Home Group funds. As a minimum, an appropriate risk analysis and proportionate due diligence should be undertaken before agreeing to any advance payment and consideration should be given to the requirement of a performance bond. EU procurement rules which protect the right of all potential suppliers to compete on equal terms must be complied with – it would not be appropriate, for example, to offer advance payments to a contractor to secure a further price advantage, if not offered to all potential suppliers. Please refer to section on advance payments within the Delegated Authorities [link].

## **8. OTHER FIXED ASSETS AND INTANGIBLE ASSETS (SOFTWARE)**

- 8.1 Expenditure on the acquisition of all fixed and intangible assets must be authorised under the above procedures. In accordance with standard accounting practice all fixed and intangible assets must be depreciated over their estimated useful economic life.
- 8.2 The estimated useful economic life of different classes of asset is to be applied consistently across the Group as set out below:

<b>Class of Asset</b>	<b>Estimated Useful Economic Life</b>
Freehold offices and long leasehold offices	40 years or over life of lease
Improvements to short leasehold properties	5 to 20 years
Plant and machinery	4 to 8 years
Fixtures and fittings	4 to 8 years
Motor vehicles	4 years
Computer equipment and software	3 to 7 years
Leased equipment	Lease term
Intangible assets - software	7 years

8.3 The method of depreciation to be used is the straight line method, with the cost being written down in equal annual amounts. If at any time it is estimated that an asset has no further useful economic life then the cost must be reduced to nil. If it is estimated that an asset has a reduced useful economic life the rate of depreciation will be increased to write off the remaining net cost over the remaining period of life.

8.4 The cost of new assets is recorded by Finance in Oracle and the relevant depreciation charge is calculated for inclusion in the management accounts and financial statements.

8.5 Details of Home Group's approach to recording spend on other fixed and intangible assets and depreciating those assets can be found within the Group's Capitalisation Policy which is maintained and updated on an annual basis by the Finance team.

## 9. HOUSING PROPERTIES

9.1 Capital expenditure on the acquisition and development of housing properties by Home Group is subject to the authorisations and procedures outlined above.

9.2 As schemes are developed or acquired their component parts, such as cost of land or legal costs, will be recorded within the Oracle Project Ledger. On completion, these costs are allocated to components in line with the National Housing Federation matrices and interfaced to Oracle Fixed Assets to be capitalised and depreciated. In accordance with the Housing SORP 2018 the classification of housing properties as either investment property or property, plant or equipment (fixed assets) will depend on the intended use of the property. All property will be recorded at cost unless it is to be held for

investment purposes in which case it will be recorded at a valuation and subject to an annual revaluation exercise by an external valuer. Associated capital grant will also be recorded in the Oracle Project Ledger and will be referenced to the scheme to which it relates.

- 9.3 Details of Home Group's approach to recording spend on housing property assets and depreciating those assets can be found within the Group's Capitalisation Policy which is maintained and updated on an annual basis by the finance team. Currently, in accordance with the Housing SORP 2018, all significant component elements of a property are separately identified and depreciated over their separate useful economic lives. These lives are determined in line with standard replacement lifecycles from Home Group's asset management system. Land is not depreciated.

The lives identified currently are:

Home Component	Home Group Ltd	Home Scotland
Structure	100	100
Roof	55	40
Windows	30	30
Doors	25	20
Boiler	15	15
Kitchen	20	15
Bathroom	25	30
Heating	30	30
Electrics/Wiring	25	30
Lifts	15	15
Solar Panels	25	25
Insulated render	35	30
Heating distribution	30	30

- 9.4 The following rules for Social Housing Grant apply to all grants and funding bodies as appropriate:

9.4.1 Schemes funded by Social Housing Grant (formerly Housing Association Grant) require detailed calculations and certifications to be prepared. This information is owned by Programme Management team in Development and going forward is recorded on PamWin – finance work in conjunction with Development to understand the grant applied on a scheme/property. This gives a summary of scheme type, properties involved, total expenditure and grant claimed in accordance with HE and GLA (Greater London Authority) Information Management System guidelines.

9.4.2 The costs of the scheme and grant elements must be allocated across all relevant properties and components. Grant should be allocated to the structure element of the scheme and be amortised over 100 years. Grant obtained to fund specific components should be allocated to those relevant components and amortised over the same useful economic life.

- 9.4.3 The base cost is used for all future disposals from a scheme and any component replacement. Component replacements due to planned maintenance or other early replacement will result in the net asset value being written off to the income and expenditure account as accelerated depreciation if any value remains, and the gross value of the asset and associated grant being eliminated from the Oracle Fixed Asset Register. The replacement component will then be capitalised and depreciated as a new asset. Any surplus or deficit on disposal of properties is calculated by reference to the net carrying value and the actual net proceeds.
- 9.4.4 If a change in use of a property is proposed e.g. from a rented dwelling to supported or from rented to an office property (or vice-versa in each case), such a proposed change should be reported to the Treasury team and then from Treasury Team to Group Finance within Financial Reporting. Checks should be made to ensure the proposed change of use and any planned expenditure associated with the change is not in breach of any Town and Country Planning legislation or does not impact on any restrictions affecting the legal title. If the property has received funding from the regulator (e.g. grant) then provisions within the grant application may mean that the regulator's prior written consent to the change is required or the provisions may prevent the proposed change of use altogether. Any such consent shall be applied for by Legal Services utilising the appropriate documentation. Only when all necessary consents have been obtained will the change be authorised.
- 9.4.5 Where a change of use relates to a property that is charged as security against loan finance the lender will be notified by Treasury and, if required, the property substituted as security by a property of equal value that the lender finds acceptable. No change of use shall proceed without approval from Treasury. Any potential repayment of grant associated with a proposed change of use will require lender notification and in some cases prior written lender consent will be needed before the change of use can be authorised.
- 9.4.6 On any disposal, demolition or change of use where the property was funded by HE/GLA the grant available to the scheme will be recalculated using current guidance and procedures from HE/GLA. Any reduction in the grant applicable to the scheme may be transferred to the Recycled Capital Grant Fund or Disposal Proceeds Fund, as appropriate and, if not recycled within three years, may be repayable to HE/GLA with interest.
- 9.4.7 Should a property be disposed of which is subject to a lender's security the consent of the lender must be obtained prior to any exchange of contracts. The terms of the loan agreement must be followed to determine whether:

- the property disposed of shall be replaced with one of a similar value; or
- the sales proceeds should be held in a designated bank deposit account; or
- that the element of the loan secured on the disposed property must be repaid.

9.4.8 The financial reporting system and Oracle Fixed Asset Register record capital expenditure by property. The financial systems allow properties to be stored individually with final scheme costs and grant being split across all properties and components involved.

9.4.9 Title deeds in respect of properties owned by Home Group Limited are retained by Legal Services, unless the deeds are required to be retained by lenders or the GLA/HE. Before any exchange of contracts, for the acquisition by Home Group Limited of property, may take place pre-contract legal support is considered by the managers leading on the transaction and by a lawyer.

9.4.10 Property valuations are co-ordinated by the Asset Management Team. Consideration of open market value is an integral part of any asset disposal or significant asset management decision.

## 10. DISCRETIONARY PAYMENTS

10.1 In certain circumstances discretionary payments may be made to customers, colleagues or third parties.

10.2 **Customers:** The making of an ex gratia payment to a customer is an area in which special considerations apply detailed within the relevant delegated authorities.

*For Home Group Limited delegated authorities click here.*

*For references to Home Scotland, Home Group Developments, Live Smart @ Home and North Housing governance arrangements (which include delegated authorities) please refer to the relevant Operational Manual.*

10.3 **Colleagues:** Any discretionary element to the reward structure for colleagues is required to be administered in accordance with the applicable Human Resources and Development policy. Discretionary severance payments can be made only in accordance with our policy on Permitted Payments & Benefits. These are referred to more fully within:

[Permitted Payments & Benefits](#)

10.4 **Third Parties:** Discretionary payments may be made for the benefit of third parties who are not residents, service users or colleagues only in the context of:

- Home Group's gifts and hospitality policy set out at:

[Gifts & Hospitality](#)

1.4

Or

- the settlement of a claim or dispute – this is an area in which special considerations apply detailed within relevant delegated authorities.

## 11. INCOME

11.1 The policy of the Group is to maximise income from:

- capital and revenue grants from central government, local government and other bodies, within the relevant terms;
- investment income, within the framework of the Treasury Investment Policy agreed by the Home Board;
- fees and charges deriving from the provision of management and other in-house works or services to third parties, subject to the Rules of Home Group Limited and any legal or other requirements with which Home Group must comply.

11.2 With respect to income from rents, the Home Board will determine annually, in the context of Home Group Strategy, the overall rent setting strategy, within the scope allowed by statute and regulation (e.g. rent restructuring regulations). The Home Scotland board has a role in approving the annual rent review and rent setting policy for Home Scotland.

11.3 With respect to income from service charges, it is the policy of Home Group that service charges should be set at a level which is at least sufficient to cover the expected annual costs of providing such services, whilst providing an efficient management service.

11.4 Tenders or bids for existing or new revenue contracts must be reviewed in accordance with delegated powers set annually by the Home Board. Contracts and contract variations must be signed by a colleague with delegated authority to do so.

11.5 All colleagues must ensure that all income due to Home Group is collected and banked promptly, recorded properly, and accounted for in an appropriate manner, as directed by the Chief Financial Officer.

11.6 Amounts due to Home Group may only be written off in line with the provisions set out within the relevant delegated authorities.

11.7 Further detailed guidance on rent and service charge income is given within operational policies and procedures. With respect to grant income, reference should be made to the detailed guidance provided by Homes England and other grant giving bodies.

## **12. EXPENSES & BENEFITS**

12.1 The policy of Home Group is to meet all reasonable expenditure for travel, accommodation, subsistence and other items incurred by colleagues while undertaking Home Group's business, so that colleagues are not 'out of pocket' as a result of carrying out work for Home Group. It is not intended that colleagues should make a profit from expenses. Similarly, expenses will not be used either as a means of remunerating colleagues or as a means of encouraging colleagues to work in remote locations.

12.2 Specific procedures for the authorisation by line managers and reimbursement of legitimate expenditure and detailed guidance on the expenses and benefits provided are given within Human Resources and Development policies.

## **13. INTER-ORGANISATION CHARGES & TRANSACTIONS**

13.1 Inter-organisational charges and transactions are recharged through arrangements set from time to time by the Chief Financial Officer. These arrangements include:

13.1.1 allocation of insurance premiums and depreciation charges relating to assets employed by business streams;

13.1.2 fees, retainers or recharges for professional services provided by one part of the Group to another;

13.1.3 recharging arrangements between Home Group Limited or Home in Scotland Limited and Home Group Developments Limited where Home Group Developments Limited is used as the vehicle for landbanking, the development of market housing for sale and for design and build contracts;

13.1.4 recharging arrangements between Home Group Limited and Home Scotland in the context of the management by Home Scotland of Scottish properties owned by Home Group Limited;

13.1.5 recharging arrangements between Home Group Limited and Live Smart @ Home Limited in the context of management by Live Smart of properties owned by Home Group Limited;

13.1.6 recharging arrangements between Service functions and the business streams reflecting services provided centrally to each business stream.

## **14. SECURITY**

- 14.1 Senior colleagues within Home Group are responsible for maintaining proper security at all times over all buildings, stocks, equipment, furniture, cash or other assets under their control.
- 14.2 It is the policy of Home Group that cash should not be held overnight at any location except for petty cash which should be securely locked away, preferably in a safe. All locations should have appropriate procedures in place for the banking of rents and other income received. All income should be banked at least weekly but more frequently if required to ensure that the total amount of cash held at any time does not exceed the secured limit. Where insurance arrangements require it, banking should be made by use of security carriers.
- 14.3 Authorised keyholders for safes and similar secure facilities are responsible for the safe custody of keys at all times. The loss of any such keys must be reported immediately to senior colleagues. A list of authorised keyholders should be held by a nominated director who should ensure adequate procedures exist for handover of keys on change of shift or on appointment and resignation of colleagues.
- 14.4 Physical security and control over computer equipment, such as PCs, printers, etc, is the responsibility of the director in whose business unit or directorate the equipment is located.

## **15. VAT**

- 15.1 The Chief Financial Officer is responsible for ensuring that all business units within Home Group are appropriately registered for value added tax and that appropriate arrangements are in place for the timely and accurate submission of VAT returns.
- 15.2 The Chief Financial Officer is also responsible for the assessment of any proposed VAT saving initiatives and where material will report these initiatives to Home Board.

## **16. CORPORATION TAX**

- 16.1 It is the responsibility of the Director of Finance to ensure all of the Group's corporation tax returns are submitted in time to meet all statutory time limits. The Director of Finance carries out a review of the expected taxable surplus of Live Smart @ Home Limited, Home Group Developments Limited and North Housing Limited prior to each year end to determine the level of any Gift Aid payment to Home Group Limited.

## **17. HOME GROUP PENSION SCHEME**

- 17.1 Home Group participates in a number of pension schemes as set out below:
- Home Group Pension and Life Assurance Scheme;

- the Pensions Trust (the “Stonham” Scheme);
- Cumbrian Local Government scheme;
- Other Local Government schemes following TUPE transfers;
- National Health Service Pension Scheme

17.2 The Home Group Pension and Life Assurance Scheme (HGPLAS) is a separate entity from Home Group Limited and its subsidiaries and is controlled by a Board of Trustees in accordance with the scheme rules and legal requirements. The administration of the scheme is outsourced to a third party.

17.3 Members of the Finance Management Team meet with the Chairman and Secretary of HGPLAS ahead of each Trustee meeting to discuss the areas under consideration by the Trustees including current pension scheme valuation (and triennial valuations where these are due), scheme investment performance, administrative performance and any proposed changes to the scheme to provide the Employer’s perspective and to understand any likely impact on the future financial projections for the Group. Similarly there is regular dialogue with the Pensions Trust regarding the Stonham scheme.

17.4 Home Group Limited is simply one of many participating employers in the other schemes noted above and as such has limited authority over the administration of the schemes but maintains regular dialogue with the administering local authority regarding Home Group’s participation in their scheme.

## 6. PROCUREMENT

The Director of Legal is responsible for the procurement of all works, goods and services required from external suppliers. The Procurement Team is the operational function, which supports Home Group in all of its procurement activities. The Procurement Policy (along with instructions issued from time to time by the Director of Legal) provides guidance to the Procurement Team and colleagues with delegated authority to commit expenditure on behalf of Home Group, which must be followed to undertake the procurement of works, goods and services.

Home Group must comply with the Public Contract Regulations 2015, which govern the procurement by public bodies, of works, goods and services above certain defined thresholds. The UK is subject to EU Procurement rules, which are transposed into UK law by the Regulations, which are designed to ensure that contracts are awarded transparently and that all potential bidders are treated equally. Failure to comply with EU Procurement rules can result in legal challenge and the penalties for non-compliance can be severe.

Home Group's Procurement Policy can be found [here](#).

## 7. INTERNAL CONTROL

### 1. HOME BOARD & AUDIT COMMITTEE ROLES

The Home Board has overall responsibility for ensuring that there is an adequate and effective system of internal control that helps govern the activities of Home Group. It specifically reserves to itself the role of:

- being satisfied (by the Audit Committee) that there is a sufficient and systematic review of the internal control arrangements;
- considering any weaknesses or matters of particular concern reported to the board, and
- approving the board's annual statement on internal control.

*For full Home Board reserved matters click on [Governance Framework document](#).*

The board monitors the adequacy and effectiveness of internal control primarily through the Audit Committee. The Audit Committee's role in the context of internal control is:

- to satisfy the Home Board that there is a sufficient and systematic review of the internal control arrangements within the Group;
- to ensure that any significant weaknesses identified are dealt with and reported to the Home Board;
- to monitor any instances of fraud;
- to commission special investigations into matters of particular concern relating to internal control;
- to learn from Assurance Services of any major audit findings, and to advise thereon.

*For full Audit Committee role click on [Governance Framework document](#).*

### 2. EXECUTIVE ROLE

Executive roles in the context of internal control include:

- long term financial planning, financial structure and financial policies and procedures – Chief Financial Officer.

- Executive responsibility in relation to governance and assurance arrangements regarding legal and regulatory compliance – Chief Financial Officer.

### 3. **ROLE OF ASSURANCE SERVICES**

Assurance Services provides the Home Board through the Audit Committee, with an assessment of the adequacy and effectiveness of the system of internal control. It does this through an agreed programme of work covering all aspects of Home Group's activities.

### 4. **KEY ELEMENTS OF INTERNAL CONTROL**

A summary of the key elements of Home Group's internal control framework is set out at:

[Key Controls](#)

## 7.1 Key Controls

### 1. STRATEGY & BUSINESS PLANNING

- 1.1 Home Group's strategy and business plan provide a framework within which Home Group operates. Clear objectives and the tasks necessary to achieve these, taking account of business risks, contribute to the delivery of the Group's strategy.

### 2. RISK MANAGEMENT SYSTEM

- 2.1 Home Group has an established risk management system that is regularly reviewed to ensure it continues to meet its objectives. Each part of the Group contributes to the risk management process. The overall aim of the system is to determine the threats or barriers that will prevent the achievement of the business objectives.

### 3. KEY PERFORMANCE INDICATORS

- 3.1 Home Group has developed and will continue to enhance a framework of key performance indicators. These are used to monitor performance of Home Group in achieving its strategic objectives. The indicators provide a valuable tool for management and executive and boards.

### 4. HEALTH & SAFETY MANAGEMENT SYSTEM

- 4.1 The Health and Safety Management system provides, amongst other things, a control framework to secure the safety of Home Group's key resources, its personnel. The system includes safety indicators that help to monitor the effectiveness of safety systems and manage issues or threats.

### 5. CONTINUOUS IMPROVEMENT PROGRAMME

- 5.1 Home Group is committed to ensuring that it constantly reviews and improves its systems and procedures. The continuous improvement programme contributes to the system of internal control by providing a framework that will facilitate changes to systems, procedures and controls.

### 6. PROCUREMENT

- 6.1 Detailed procurement policies have been established to ensure that goods and services are procured in compliance with legal requirements and best practice. An electronic purchase to pay system has been introduced to ensure that robust controls are in place across Home Group for procuring goods and services from suppliers and contractors.

## **7. INFORMATION SYSTEMS**

- 7.1 The approval of Home Group's Information Systems strategy is a Home Board reserved matter. Operational delivery is the responsibility of the Director of IT and is overseen by the Chief Financial Officer. Governance systems and security protocols are in place to structure the delivery of Information Systems projects and to ensure compliance with high levels of data security.

## **8. ASSET MANAGEMENT**

- 8.1 Home Group has established an asset management plan to ensure that its housing stock and other assets meets the needs of customers whilst also protecting (and maximising) the value of its assets for the business. The plan sets out the priorities and actions for asset management over the next five years to help realise the goals of Home Group's corporate strategy.

## **9. BUDGETARY CONTROL**

- 9.1 The key financial control is the system of budgetary control. Budgets are based on business plans and are subject to rigorous review and challenge. Annual budgets are prepared by the relevant Executive Director with input from their Senior Management Teams and recommended by the Executive and the Home Board for approval. For further detail on budgetary control see:

[Financial Regulations](#)

5.2

- 9.2 On a monthly basis budgets are monitored at various defined levels within the business and variances are controlled.

## **10. CAPITAL INVESTMENT**

- 10.1 Capital investment is subject to separate additional controls through the Risk Assessment role of the Executive. Investments must support or improve the objectives of Home Group. Rigorous project and financial appraisal includes long term financial planning, revenue consequences and monitoring of actual performance.

## **11. TREASURY MANAGEMENT**

- 11.1 The Home Board sets a clear treasury management policy. It considers and controls cash flows, investment strategies and borrowings both long and short term. Treasury Management provides a control over the financial security of Home Group. For further information on treasury management see:

[Financial Regulations](#)

## **12. OPERATIONAL POLICIES**

- 12.1 Operational policies and procedures in areas such as housing management, core practice and development are documented within a range of manuals, providing a framework of control in respect of day to day operations.
- 12.2 The delegations of authority set out in the Delegated Authorities document set out financial and other limits within which colleagues must work to ensure appropriate internal control.

## **13. MANAGEMENT & FINANCIAL REPORTING**

- 13.1 Home Group has a process of internal reporting, including reports to Senior Management Teams, the Executive and boards and the communication of key decisions.

## **14. BUSINESS ASSURANCE**

- 14.1 Assurance on the adequacy and effectiveness of the system of control includes an annual report from the Head of Audit. The assessment is derived from an agreed programme of work approved by the Audit Committee.
- 14.2 The Assurance programme of work includes audits that address the key risks to the business, business critical systems, operational systems and IT systems. The plan is based on an assessment of appropriate audits resulting from risks identified by the risk management process and suggestions from senior management and is approved by the Audit Committee.

## **15. EXTERNAL ASSESSMENTS**

- 15.1 External assessments from third parties are part of the system of internal control as they provide information against which the performance of Home Group can be measured.
- 15.2 Third party assessments include:
- external audits;
  - CQC inspections;
  - Regulator of Social Housing reviews;
  - social care inspections;
  - Investors in People audits;
  - health and safety inspections.

Some external assessments are legal or regulatory requirements but the Group commissions others to assess the adequacy of its system of control.