



Co-Ownership  
Housing

# **CODE of GOVERNANCE**

of the

## **NORTHERN IRELAND CO-OWNERSHIP HOUSING ASSOCIATION LIMITED**

*Registered under the Industrial and Provident Societies Acts (Northern Ireland) 1969 and 1976  
IP 200  
R33*



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## A Introduction

- A1** NICHA is registered as a housing association (R33) and an industrial and provident society (IP200). The governance framework for NICHA includes:
- a. its Rules;
  - b. prevailing public and housing policy directives
  - c. its Code of Governance and supporting core policies.
- A2** This Code aims to support the Board and staff in being competent, accountable, independent and diverse; its recommendations are meant as a guide to best practice. The Board will consider the various issues raised within it, take action appropriate to the circumstances (such as the adoption of policies and other supporting governance documentation) and record that action in published documents.
- A3** Unless otherwise specified, references to Board members in this Code include co-opted members.

## B Constitution of the Board

- B1** The purpose of the Board is to determine strategy, direct and control NICHA's affairs. Management of the organisation is delegated through the Chief Executive to NICHA's staff.
- B2** All Board members share responsibility for its decisions. Each should act only in the interests of the organisation and not on behalf of any constituency or interest group. Board members should put the interests of the organisation before their own interests.
- B3** To discharge their responsibilities for the direction of the organisation, Board members should have or acquire a diverse range of skills, competencies, experience and knowledge. These should relate to the following broad areas:
- a. Providing leadership and working as an effective team to take strategic decisions for social results
  - b. General business, financial and management skills
  - c. Appreciation of the external framework and operating environment for NICHA and the social housing movement
  - d. Direct knowledge of the needs and aspirations of the client groups served
  - e. Other relevant or specialist skills, in particular:  
legal and compliance, property valuation and development, financial services and banking, public affairs, human resources.
- B4** The Board may comprise at least 7 and not more than 15 elected members. When determining its actual size and reviewing its strengths and weaknesses, the Board shall consider:
- a. What best serves the interests of effective decision-making
  - b. The benefits of co-opted members.



- B5** Membership of the Board shall be disclosed in the annual report.
- B6** The quorum shall be the lesser of 5 or 50% of the elected Board members.
- B7** The roles of Chairman, Vice Chairman or Treasurer shall not be held by an executive or co-opted member.
- B8** Co-opted members shall not vote on any matters involving membership of the Board or affecting shareholding membership.
- B9** Each Board member shall be given a formal Service Agreement specifying their obligations and must sign and return a copy to indicate acceptance. The Service Agreement will include obligations to:
  - a. uphold the values and objectives of the organisation as exemplified in its Code of Governance and other governance documentation
  - b. uphold the organisation's core policies
  - c. comply with directions given by the Board
  - d. exercise powers and perform duties in relation to the business of the organisation as are vested in or assigned to the member by the Board
  - e. declare any relevant interests
  - f. respect confidentiality of information

## C Board recruitment, renewal and review

- C1** The Board should ensure that new members are recruited or elected on a systematic and continuous basis, and thus avoid more substantial changes at infrequent intervals. The Board should decide and publish its policies for:
  - a. the recruitment or election of new members
  - b. the preferred composition of its membership
  - c. length and number of terms of appointment
  - d. the overall maximum terms of office for individual board members shall be no more than 3 terms with a maximum of 9 years (once this has been exceeded, re-appointment to the Board may be considered only after a year's break from membership)
  - e. age limits, either absolute or after which annual re-election or reappointment is required
  - f. circumstances in which individuals would be excluded from becoming or continuing to be a Board member or co-opted member.
- C2** Matters relating to membership policy, the renewal of the Board and recruitment of Board members are part of the terms of reference of the Governance Committee which shall serve to support the Board in maintaining an effective and balanced membership. Through the Governance Committee, the Board shall:



- a. take steps to identify potential Board members who may have no connection with the organisation or existing Board members
  - b. ensure that an induction pack is made available to all enquirers and new members
  - c. based on analysis of the training and development needs of individuals and the Board as a whole, ensure that effective arrangements are in place to enhance the skills, experience and knowledge of all its members
- C3** The Board shall carry out an annual appraisal of its own performance, both on a collective and an individual basis. Independent support may be considered for this process. The appraisal shall:
- a. review how well the Board performs its key roles
  - b. review the effectiveness of Board relationships
  - c. review the composition of the Board, the skills and contribution of its individual members and the organisation's ability to recruit and retain the balance of Board members it needs
  - d. result in a clear governance improvement plan with agreed actions at both collective and individual level to deal with any identified weakness
- C4** Where payments are made to elected or co-opted board members, the Board will ensure that:
- a. payment is clearly linked to achieving the highest standards of governance
  - b. it has a mechanism for establishing payment levels, independent of the Board
  - c. agreed payment levels are proportionate to the organisation's size and resources
  - d. payment levels fall within permitted limits
  - e. payment is linked to the carrying out of specific duties against which performance will be reviewed
  - f. payment is fully disclosed on a named basis.

## D Essential functions of the Board

- D1** These are formally recorded within the Board Terms of Reference and NICHA's Rules and include duties to:
- a. define and ensure compliance with the values and objectives of the organisation
  - b. establish policies and plans to achieve these objectives
  - c. approve each year's budget, strategic plan and accounts prior to publication
  - d. establish and oversee a framework of delegation and systems of internal control
  - e. establish and oversee a framework for the identification and management of risk
  - f. agree policies and make decisions on all matters that might create significant financial or other risk to the organisation or which raise material issues of principle
  - g. monitor organisational performance in relation to these plans, budgets, controls and decisions, and also in the light of customer feedback



- h. satisfy itself that the organisation's affairs are conducted lawfully and in accordance with generally accepted standards of performance and probity
  - i. where applicable, assess compliance with the Department for Social Development's prescribed performance standards
  - j. appoint (and if necessary dismiss) the Chief Executive
  - k. appoint (and if necessary remove) the Chairman of the Board, Vice Chairman and Treasurer.
- D2** There are further significant matters specifically reserved for the Board's decision which may not be delegated to executive staff or Committees, in particular:
- a. extension of the organisation's operations into new activities
  - b. any decision to cease a material part of the organisation's operations
  - c. changes to the structure, size and composition of the Board
  - d. changes to corporate structure, including setting up subsidiaries
  - e. approval of Committee membership, including Committee Chairmen and terms of reference
  - f. approval of resolutions and documentation to be put forward at a general meeting
  - g. approval of key policies, including the Code of Conduct
  - h. appointment or removal of the company secretary
  - i. changes to the schedule of matters reserved for Board decision.

## E Responsibilities of the Chairman, Vice Chairman and Treasurer

- E1** The Board shall determine the responsibilities of the Chairman, Vice Chairman and Treasurer, who in each case shall be an elected member of the Board.
- E2** The Chairman's responsibilities shall include the following:
- a. ensure the efficient conduct of the Board's business and the organisation's general meetings
  - b. ensure that all Board members have an opportunity to express their views before any important decision is taken and that appropriate standards of behaviour are maintained
  - c. establish a constructive working relationship with, and provide support for, the Chief Executive and ensure that the Board as a whole acts in partnership with executive staff
  - d. ensure that the Board delegates sufficient authority to its Committees, the Chairman, the Chief Executive and others to enable the business of the organisation to be carried on effectively between Board meetings, and ensure that the Board monitors use of these delegated powers
  - e. ensure that the Board receives professional advice when it is needed, either from its senior staff or from external sources



- f. ensure that the organisation complies with the other recommendations of this Code of Governance which are appropriate to its circumstances
  - g. act as an authorised signatory
  - h. represent the organisation on occasion
  - i. working in consultation with other non-executive Board members, take decisions delegated to the Chairman with the advice of the Chief Executive
  - j. ensure that the Board makes proper arrangements to appraise the performance of the Chief Executive and to determine the remuneration of the Chief Executive and other senior staff
  - k. ensure, when necessary, that the Chief Executive is replaced in a timely and orderly fashion
  - l. ensure that the Board makes proper arrangements for its own appraisal, including the Chairman's appraisal
  - m. ensure that the level of any agreed Board member remuneration results from an approved process that minimises the potential for conflicts of interest
  - n. agree the roles of the Vice Chairman and Treasurer.
- E3** The Vice Chairman's responsibilities shall be set out in a schedule of responsibilities and shall specifically include the following:
- a. chair the Governance Committee
  - b. chair Board meetings in the absence of the elected Chairman
  - c. fulfill the responsibilities of the office of Chairman in the event of the incumbent's incapacity.
- E4** The Treasurer's responsibilities shall be set out in a schedule of responsibilities and shall specifically include the following:
- a. chair the Audit Committee
  - b. assume responsibility for the work of the Internal Auditor.

## F Conduct of the Board's business

- F1** Board decisions should, wherever possible, be based on full agendas and documents circulated to members in advance of meetings. Points for decision should be clearly identified in those documents. Decisions should be recorded in the minutes.
- F2** Where no meeting is scheduled, urgent decisions should be taken in accordance with pre-determined arrangements, in particular:
- a. the Chairman shall determine the most appropriate course of action, which may be to make a decision on behalf of the Board (where the matter falls within the Chairman's delegated authority); to consult with Board members by telephone, fax, letter or email; or to call a special meeting
  - b. the Chairman shall ensure that all Board members are consulted whenever possible



- c. the fact that Board members were consulted shall be formally recorded, together with the views expressed.

**F3** Each year the Board should set aside time for a full discussion about the effectiveness with which it is conducting its business.

## G The Chief Executive

**G1** The responsibilities of the Chief Executive with regard to the Board will be to:

- a. act in the best interests of the organisation
- b. help the Board determine the organisation's policies and strategy
- c. manage the affairs of the organisation in accordance with its values and objectives, and the general policies and specific decisions of the Board
- d. draw the Board's attention to matters it should consider and decide
- e. ensure that the Board is given the information necessary to perform its duties and, in particular, that it receives advice on matters concerning compliance with its governing instrument, the law and the need to remain solvent
- f. ensure that proper systems of control and risk management are established and maintained
- g. supervise the preparation of documents for consideration by the Board
- h. help the Chairman ensure that the business of the Board is properly conducted
- i. lead and manage the staff of the organisation and ensure their performance is appraised
- j. represent the organisation on occasion.

**G2** Like other staff, the Chief Executive will have a written contract of employment which, as well as complying with current legislation, clearly defines:

- a. his or her duties and the standard of performance expected
- b. procedures for monitoring performance and fixing remuneration
- c. how complaints and disciplinary matters will be dealt with
- d. the length of contract, if fixed term whether it can be renewed, and any notice period.

**G3** The Board should ensure that there is an appropriate mechanism in place for the appraisal and remuneration of the Chief Executive. These duties shall be designated to the Chairman and Vice Chairman, who may:

- a. include any other elected Board member as necessary, provided that their inclusion would not create an indirect or perceived duality or conflict of interest
- b. obtain advice from external sources.

The remuneration package shall be sufficient to attract, retain and motivate the quality of Chief Executive required. There shall be full disclosure of all elements of the package,



and any performance-related elements shall be linked to the achievement of specific and measurable targets which are reviewed annually.

## H Committees of the Board

- H1** The Board should periodically review Committee structures, delegated responsibilities and reporting arrangements. Committee structures should be clear and streamlined, adding value to scrutiny and decisions without duplication of effort.
- H2** Each Committee should have clear terms of reference approved and reviewed regularly by the Board.
- H3** The responsibilities of each Committee Chairman should be defined in documents approved by the Board.
- H4** Staff may not chair any of the organisation's Committees.
- H5** All Committee meetings will be minuted and the minutes will be provided to the Board.
- H6** In case of dispute, the Board's decisions must override those of any Committee. However, the Chairman of the Audit Committee shall have the right to report any such decision to the external auditors (and where necessary to external regulatory bodies) after discussion at the Board about this course of action. Committee Chairmen shall be able to access paid-for legal advice on matters relating to the fulfillment of their Committee responsibilities from the organisation's appointed legal advisers.
- H7** The Board shall ensure that specific arrangements are made to cover the following responsibilities:
  - a. audit matters
  - b. standards and ethics
  - c. appraisal and remuneration of board members and of the Chief Executive.
- H8** The membership of Committees shall be disclosed in the annual report.

## I Openness and transparency

- I1** Board members accept an obligation to account for their actions in an open manner, and have established a policy about access to their information and documentation. In addition to prescribed reports on finances, information is also published about other aspects of organisational performance.
- I2** The Board will publish an annual report which will include details of:
  - a. housing stock, rent collectible and those housed
  - b. summary performance information



- c. the organisation's finances
  - d. information about Board members including qualifications, service details and individual remuneration levels
  - e. information about the Chief Executive and senior staff including qualifications, service details and summary information about remuneration
  - f. matters relating to governance and compliance.
- I3** The organisation will comply with outside requests for information wherever practicable.
- I4** The Board will ensure that the openness and appropriateness of the organisation's reporting arrangements are reviewed on a regular basis, taking account of developments in good practice.

## J Accountability

- J1** The Board will ensure that there is a comprehensive statement of all the organisation's accountability mechanisms in place, and that a comprehensive package of measures that meets the needs of each identified group of stakeholders to which it is accountable is in place to facilitate appropriate influence over or involvement in planning and decision making.
- J2** The organisation will adopt and publish policies for communicating with key stakeholder groups about the work and performance of the organisation.
- J3** Shareholders are, in their own rights, a significant group of stakeholders. However, accountability issues are dealt with through other mechanisms. Shareholders are expected to subscribe to the aims of the organisation and support its work. Shareholding membership provides a pool of persons from which Board members may be drawn and an opportunity for individuals to express support for and commitment to the organisation. Shareholders contribute to the business of the organisation through general meetings, where their role in the organisation's governance is to:
- a. nominate candidates for election as Board members
  - b. stand for membership of the Board
  - c. elect a Board to conduct the business of the organisation
  - d. receive audited accounts
  - e. appoint an external auditor
  - f. receive the annual report from the Chairman
  - g. determine the remuneration of Board members and co-opted members
  - h. reserve funds to be used for charitable purposes or to carry out the objects of the organisation
  - i. introduce, amend or rescind rules of the organisation
  - j. dissolve the organisation.
- J4** Shareholders will be chosen in a transparent and open manner, and in accordance with published membership policy. In reviewing membership policy, the Board will consider



whether the means of shareholder selection realistically serves their role in governance and contributes to the organisation's long term constitutional stability.

## K Equality and diversity

- K1** Equality of opportunity is a core value of the organisation. The Board will demonstrate, in carrying out all its functions, its commitment to equality and diversity issues and may take lawful positive action should an adverse impact arise for any monitored group.
- K2** The Board's published policy should have regard to equal opportunities in all areas of the organisation's work, including:
- a. identification and assessment of needs
  - b. eligibility for scheme assistance
  - c. provision of services to applicants, leaseholders and staircasers
  - d. membership and operation of the Board and its Committees
  - e. staff recruitment, selection, training and conditions of service
  - f. purchase of goods and services and contracting procedures.

## L Audit

- L1** Effective audit is essential to good governance. The Board will observe the following principles:
- a. its external auditors must be independent and effective
  - b. there should be a proper procedure for the selection and periodic review of external auditors
  - c. there must be effective internal controls, including an internal audit function
  - d. there will be an Audit Committee which will be a standing committee of the Board
  - e. the Audit Committee will meet at least 3 times a year and may meet without staff being present
  - f. applicable recommendations from the latest good practice guidance from regulatory bodies and Statements of Recommended Practice from the Auditing Practices Board will be studied and implemented.

## M Conduct and probity

- M1** The organisation shall have a Code of Conduct for staff, aimed at upholding high standards of probity and ethics.



- M2** The Board or, as appropriate, Committees with the necessary delegations, should from time to time review:
- a. the stated values of the organisation and how they are implemented in practice
  - b. the implementation of this Code of Governance and its underlying principles
  - c. the Code of Conduct for staff
  - d. the Service Agreement for board members
  - e. organisational policies and procedures relating to hospitality, gifts, whistle-blowing and other matters of business ethics.
- M3** Board members must ensure that their private or personal interests do not influence their decisions and that they do not use their position to obtain personal gain of any sort, other than their payment and expenses for being a Board member.
- M4** Board members and staff should be meticulous about declaring dualities or conflicts of interest. A Register of Declared Interests of Board members and staff will be maintained and, subject to considerations of individual privacy, will be available for public inspection.
- M5** When the Board discusses an item which poses a conflict of interest for any member or staff present, that person should declare the interest which should then be formally minuted.
- M6** If the conflict is clear and substantial, the Board member should offer to withdraw and, if invited to remain, should refrain from voting on the matter. Where such a conflict is likely to reoccur on a frequent basis the Board member should offer to resign.
- M7** Board members who are equity sharing leaseholders should regard matters specifically concerning their individual circumstances as a clear and substantial conflict. Matters affecting leaseholders more generally need only be declared where they create a specific conflict of interest.
- M8** Board members who are the paid staff or Board members of, or are providing goods or services to, other housing associations or not-for-profit organisations should declare conflicts of interest arising in the normal way.
- M9** The Board's policy on the offering of hospitality and gifts to, and their receipt by, Board members and staff will ensure that:
- a. personal gifts with significant monetary value are not offered or accepted
  - b. hospitality is not offered or accepted if it could be seen as lavish or a way of exerting an improper influence over decisions
  - c. gifts and hospitality offered and received are formally recorded in a register, apart from inexpensive items such as working meals or free calendars.
- M10** The Board will ensure that proper arrangements are made for the referral and determination of individual cases raising issues of ethics or probity. These include a whistle-blowing policy to allow staff and board members to raise issues of serious concern without fear of reprisal.
- M11** The Board will be mindful of current legislative and compliance requirements as appropriate.