

Coastline Group Probity Standard

Introduction

The purpose of the Probity Standard is to set out the 'rules' for internal operations in order to ensure the honesty and integrity of processes and decisions within the Coastline Group (Coastline Housing, Coastline Care, Coastline Design and Build and Coastline Service) where individuals receive a benefit (such as a job, a house or a contract) from the Group.

This recognises that the parent company is a charity and registered provider and receives a large amount of public money through grants and public sector contracts and therefore needs to be able to demonstrate that it operates in a fair, open and transparent manner. The standard will also serve to protect the Group and its decision makers against any potential claims of impropriety.

Such standards are not new, they have previously been enshrined in legislation under Schedule 1 of the Housing Act 1974 which was repealed by the Housing and Regeneration Act 2008 which does not include such a schedule, placing the requirement on individual Boards to establish their own standards.

The National Housing Federation has produced a Code of Conduct which the Coastline Housing (Group) Board has adopted for the Group and is used as a basis for areas of this standard.

Previous guidance issued, whilst no longer a regulatory requirement, contains valuable examples which should not be lost and may therefore be referred to on occasion for guidance.

In determining this standard the Board recognises its role in the collective responsibility of registered providers to uphold the sector's good reputation for honesty and propriety.

Scope

This standard covers all employees and Non-Executive Directors (NEDs) of all companies in the Coastline Group who are currently employed or have been within the previous 12 months, and covers the following areas:

- Employment;
- Housing;
- Support for social or welfare benefits;
- Provision of services;
- Non-contractual payments to staff;
- Standards of behaviour;
- Remuneration of Directors (NEDs and Executive); and
- Declarations of interest.

Each is now dealt with in turn.

Should a probity issue arise outside of the above scope the matter will be referred to the relevant Board.

Employment

(1) Employment of people closely connected to employees or officers

From time to time it is inevitable that people who are closely connected to existing employees or NEDs may apply for a job within the Coastline Group.

Closely connected is defined as anyone who is related or a close friend to an employee or NED. Whilst such a definition is not entirely clear, common sense must be applied by all those involved in the process.

If such an application arises for a role within the same section or team as the existing employee the application will not be considered.

If the application is for a role elsewhere within the Group, the application can be considered and dealt with following the normal full and fair competitive recruitment process ensuring that no person having any personal knowledge of the applicant plays any part in the assessment or decision.

Before any job offer is made to someone identified as being 'closely connected' it must be approved by at least two members of the Executive Team one of whom must be the Chief Executive (or Director of Corporate Services in his or her absence).

If such an application occurs for a position at the level of senior manager or above the matter will be referred to the relevant Board (see section on Authority and Delegations below) before short-listing for a decision on whether to proceed with the application or not.

Should an employee (and / or NED) strike up a relationship with another employee / NED this should be declared at the earliest opportunity to the relevant Director / Chair in order that the situation can be managed.

(2) Re-employment of former employees or engagement as self-employed contractors

Engagement of former employees within 12 months as either employees or self-employed contractors needs to follow due process and be subject to close scrutiny and approval of two members of the Executive Team, one of whom must be the Chief Executive (or Director of Corporate Services in his or her absence).

Should such an engagement be at the level of senior manager or above, or following a planned retirement at any level, the matter will be referred to the relevant Board for a decision on whether to proceed or not.

Housing

(3) Housing, including shared ownership, of employees or NEDs (or those employed within the previous 12 months) and those closely connected to them

The basic principle here is that all applications must follow the normal agreed process namely that:

Consideration of the application is based solely on published applications criteria: and

No person having any direct personal knowledge of the applicant plays any part in the

assessment decision.

Should an applicant be closely connected to a member of staff or an officer (or who has been in the previous 12 months) this must be declared and be subject to close scrutiny and approval of two members of the Executive Team, one of whom must be the Chief Executive (or Director of Housing and Care in his or her absence).

Should such an applicant be closely connected to an employee in the housing or development teams or to any senior manager or above the matter will be referred to the Coastline Housing Board.

Whilst such an allocation is likely to be approved providing due process has been followed the need to demonstrate fairness and propriety is absolutely paramount.

Support for social or welfare benefits

(4) Gifts / Awards

The company will from time to time make payments that fall under this category and may include long service awards, retirement gifts, a leaving party or a bunch of flowers following an operation. This list is not exhaustive and may include other payments of a similar nature.

Such payments are acceptable providing they are covered by either a specific policy such as the Retirement and Long Service Awards, Excellence Awards or Gifts and Hospitality policies or do not exceed £300 per person per year.

Also permitted are corporate events providing hospitality or entertainment specifically for employees or officers. For such events there will be a £50 per person per event limit with an overall limit of £250 per person per year which would include staff or board conferences, retirement or leaving functions and Christmas meals.

Any requirement between:

£50 and £500 must be authorised by two members of the Executive Team, one of whom must be the Chief Executive or Director of Finance.

£501 plus must be approved by the Chair and CEO and the Director of Finance.

Within these general guidelines managers are trusted to make sensible decisions on what support to provide in individual cases. Payments over £500 will be recorded and reported annually to the Board.

Non-contractual payments to staff

(5) Bonus payments

The basic principle is that non-contractual or discretionary payments should be avoided.

The company operates a bonus scheme which operates in accordance with employment contracts and an agreed bonus policy.

Should the situation arise where a payment is sought that is not provided for the matter must

be approved by the relevant Board based on evidence of exceptional performance or in exceptional circumstances and be at a level which avoids any reputational risk to the Group.

(6) Ex-gratia payments

Ex gratia payments must be approved by the relevant Board and will only be considered where no other option exists to reward or compensate staff in the light of exceptional performance or circumstances. Such an instance would be a one-off payment set at a level which avoids any reputational risk to the group or the sector.

(7) Severance and redundancy payments

Such payments are governed either by contractual, policy or statutory measures but must be scrutinised to ensure they are reasonable, in line with the group's best interests and are lawful.

To ensure reasonableness the Board or Executive must take advice from suitably qualified persons and act in accordance with best practice and the NHF Code of Conduct. In no circumstance will any non-contractual payment above one year's gross remuneration be approved.

The Board must consider the total value of Executive packages before approving them.

Two members of the Executive Team (including the Chief Executive (or the Director of Corporate Services in his or her absence)) must approve settlements under £15,000. For any settlements relating to senior managers and above or for settlements exceeding £15,000 approval must be sought from the relevant Board.

An annual disclosure of the total of severance and redundancy payments will be made in the Group's annual financial statements.

(8) Out of court settlements

For payments arising from employment disputes or out-of-court settlements in relation to an employment tribunal the relevant Board or Executive must take advice from suitably qualified persons and act in accordance with best practice.

Such settlements should only be considered where a business case or commercial decision substantiates the necessity for early resolution, and in particular the evidence and advice received indicates any of the following circumstances:

- extended delays or protracted proceedings are likely to give rise to substantial costs over and above any predicted ET settlement;
- operational performance is likely to be adversely affected if the case is not resolved quickly;
- or
- defence of the action is unlikely to be successful given the nature of the claim.

Following independent professional advice at least two members of the Executive Team (including one of the Chief Executive (or the Director of Corporate Services in his or her absence)) must approve settlements under £25,000. For any settlements relating to senior managers and above or for settlements exceeding £25,000 approval must be sought from the Board.

Provision of goods or services

(10) Contracting with any trading entity for goods or services

The Group Board has approved very clear guidelines within specific Standing Orders in relation to Procurement which must be followed at all times.

From time to time it is conceivable that some businesses could be run by people closely connected to our employees or officers (or those employed within the previous 12 months).

For this purpose employees and officers are required to make annual declarations so that any such relationships can be identified and managed appropriately. However such eventuality may arise at any time so the following guidance is provided.

If an application to trade with a business arises where one of the principals eg. a director, partner, owner or member of its governing body is closely connected to an employee or NED (or someone who had been within the preceding 12 months) the relationship must be declared.

If the application is for work of less than £10,000 in an area not associated with the connected member of staff, the application can be considered and dealt with following the normal procurement processes ensuring that no person having any personal knowledge of the applicant plays any part in the assessment or decision making process.

Before any such contract is awarded to someone identified as being 'closely connected' it must be approved by at least two members of the Executive Team one of whom must be the Chief Executive or Director of Corporate Services.

If such an application occurs for work in excess of £10,000 or in an area where the connected member of staff is in a senior position the matter will be referred to the Board before short-listing for a decision on whether to proceed with the process or not.

(11) Provision of services

Other than duly agreed remuneration Non-Executive Directors are not allowed to be paid for any services provided to the Group.

Standards of behaviour

Standards of behaviour are covered in the existing Codes of Conduct signed by all employee's and officers and are in line with the NHF Code of Conduct.

Remuneration of Directors (NEDs and Exec)

Remuneration of both Executive and Non-Executive Directors are contractual and are set following external review and advice from independent consultants.

This is in line with the NHF Code of Conduct and Code of Governance and is overseen by the Remuneration and Nominations Committee.

Declarations of interest

A mandatory annual declaration is sought from all employees and NEDs regarding the areas covered in this standard and additionally any declarations arising at Board and committee

meetings are recorded as they arise and maintained on the Boards register of interests.

Significant interests are published on the governance section of the website .

Authority / Delegations

Various levels of authority and delegation are set out within the sections above.

Where Board approval is required it is likely to be via the Chair's urgent action and be reported to the next meeting of the Board.

On occasion it may be necessary to refer large or controversial issues directly to the Board.

Reporting requirements

In addition to the reporting identified above there is a requirement to report compliance with the NHF Code of Conduct in the Annual Review and Financial Statements.

Any breaches are required to be reported to the Board and to the Regulator together with a full report as to the situation, impact and outcomes.

Review

The standard will be reviewed every three years.