

## Appendix C – Self-Assessment against the NHF Code of Governance (2015)

May 2019.

Requirements	Compliant?	Notes and Actions
<b>Section A - Compliance with this code</b>		
<b>Main requirement</b>		
Organisations which adopt this code must publish an annual statement of compliance with the code in their annual financial statements, and make a reasoned statement about any areas where they do not comply.	Y	Statement of compliance to be approved by Committee for inclusion in the Financial Statements and Reports.
<b>Provisions</b>		
<b>A1</b> Where a statement of non-compliance is needed, it must:	N/A	N/A– recommend statement of full compliance.
(1) be published in the organisation’s annual financial statements;	N/A	N/A– recommend statement of full compliance.
(2) be specific to the particular circumstances of the organisation;	N/A	N/A– recommend statement of full compliance.
(3) explain why and how the principles of good governance are being upheld; and	N/A	N/A– recommend statement of full compliance.
(4) set out in summary any plans for the achievement of compliance with the code.	N/A	N/A– recommend statement of full compliance.
<b>A2</b> Where the formal constitution of an organisation conflicts with this code, the constitution must take precedence.	N/A	N/A– recommend statement of full compliance.
<b>Section B - Compliance with this code</b>		
<b>Main requirement</b>		
The board must be effective in the strategic leadership and control of the organisation and act wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.	Y	See specific items below
<b>Provisions</b>		
<b>B1</b> The core purpose of the board is to determine vision and strategy, direct, control, and scrutinise an organisation’s affairs. Where the organisation has staff, operational management of the organisation must be delegated to them, and the board must hold them to account.	Y	These principles are enshrined in the BCT 7 Guiding Principles, Scheme of Delegations (Matters Reserved for Board).
<b>B2</b> All members of the board, executive and non-executive, share the same legal status and have equal responsibility. Each must act only in the interests of the organisation and not on behalf of or representing any constituency or interest group. Board members must ensure that the interests of the organisation are placed before any personal interests, whether commercial or otherwise.	Y	This expectation is set out in the Board Member Role profile, Code of Conduct, and reinforced by the Chair. Register of interests are maintained to help identify potential conflicts.

<b>Requirements</b>	<b>Compliant?</b>	<b>Notes and Actions</b>
<b>B3</b> It is for each organisation to decide on its best board composition; in the case of a subsidiary within a group, this may be a matter for the group parent organisation.	Y	The Board completed a review of the board composition in 2018 and recommended changes to be approved by the Shareholders.
<b>B4</b> Board members who are executive staff must be in a minority. Boards should have at least five members and no more than twelve, including any co-optees and any executive board members.	Y	There are no Executive members of the Board.
<b>B5</b> A majority of those present must be non-executive board members for a board meeting to be quorate.	Y	All Board members are non-executive.
<b>B6</b> The roles of chair (and vice chair or senior independent director, if there is one) of the board and main committees must not be held by an executive.	Y	All Board members are non-executive.
<b>B7</b> The board must appoint a company secretary (or a person with that function) with a clear accountability to the board, to advise it on compliance with the organisation's constitution, this code, and other statutory or regulatory requirements particularly as relating to their position as board members, company directors, and/or charity trustees as applicable.	Y	The Director of Finance and Resources holds this position.
<b>B8</b> Organisations with shareholders who elect the board must review their policies for admission to shareholding membership on a regular basis and with a view to supporting compliance with this code.	Y	The Policy for the Admission of Shareholders was reviewed and approved by Board in May 2018.
<b>Section C - Essential functions of the board and chair</b>		
<b>Main requirement</b>		
Each board must be clear about its duties and responsibilities. These must be formally recorded and made available for all existing and potential board members. Each board must be headed by a skilled chair who is aware of his or her duties as leader of the board.	Y	The duties of Board members is set out in the Board Member role profile. The BCT Chair is experienced chairperson with extensive knowledge of housing regulation and governance.
<b>Provisions regarding the board</b>		
<b>C1</b> The essential functions of the board must be formally recorded. In addition to matters set out in law and in the organisation's constitution these will include as a minimum:	Y	Board's duties are set out in the BCT Rules. The Scheme of Delegations explicitly states the matters reserved for Board.
(1) setting and ensuring compliance with the values, vision, mission and strategic objectives of the organisation, ensuring its long-term success;	Y	As above
(2) setting a positive culture, with strong customer focus;	Y	As above
(3) ensuring that the organisation operates effectively, efficiently and economically;	Y	As above

<b>Requirements</b>	<b>Compliant?</b>	<b>Notes and Actions</b>
(4) providing oversight, direction and constructive challenge to the organisation's chief executive and executives;	Y	As above
(5) the appointment and, if necessary, the dismissal of the chief executive;	Y	As above
(6) satisfying itself as to the integrity of financial information, approving each year's budget, business plan and annual accounts prior to publication;	Y	As above
(7) establishing, overseeing and reviewing a framework of delegation and systems of internal control; and	Y	As above
(8) establishing and overseeing a risk management framework in order to safeguard the assets and reputation of the organisation.	Y	As above
<b>C2</b> The board must formally record a schedule of those essential functions and other significant matters which are specifically reserved for the board's decision and which cannot be delegated.	Y	As above – recorded formally in the Scheme of Delegations.
<b>Provisions regarding groups</b>		
<b>C3</b> The board of a parent organisation in a group structure must ultimately have the responsibility and the clear powers to direct and if necessary intervene in the governance of its subsidiaries.	N/A	Not applicable to BCT
<b>C4</b> The board of the parent organisation must determine how and whether this code should apply to each of its subsidiaries.	N/A	Not applicable to BCT
<b>C5</b> The constitutional relationship and arrangements between parent and each subsidiary must be formally recorded.	N/A	Not applicable to BCT
<b>C6</b> The board of the parent organisation must approve the group's plans and budgets, and hold the subsidiary boards accountable for delivery of their objectives.	N/A	Not applicable to BCT
<b>Provisions regarding the chair</b>		
<b>C7</b> The chair is responsible for leadership of the board, and ensuring its effectiveness. The particular duties and responsibilities of the chair must be formally recorded.	N/A	The Chair's duties are set out in the BCT Rules and the Scheme of Delegations.
<b>Section D - Board skills, renewal and review</b>		
<b>Main requirement</b>		
Recruitment to board vacancies must be open and transparent and based on the board's considered view of the skills and attributes required to discharge its functions. The board must select or appoint new members objectively on merit and must undertake regular appraisals of its members and of the board as a whole.	Y	Board has set out a clear basis for Board recruitment and applications are advertised and open to all eligible candidates. Board maintains a skills matrix to identify gaps that may be filled by training or recruitment.

Requirements	Compliant?	Notes and Actions
<b>Provisions regarding renewal</b>		
<p><b>D1</b> Boards must have a strategy for their own renewal which is based on an agreed statement of the skills, qualifications and attributes required, and balances the need for experienced members with that for new thinking and independent challenge. This statement should be reviewed regularly, and whenever the organisation is about to undertake new activities or become exposed to new risks.</p>	Y	BCT Board has considered current gaps in its Skills and Experience. Recruitment to the Board seeks to fill these gaps where possible.
<p><b>D2</b> Maximum tenure must be agreed for all non-executives which must in total be nine years or fewer, composed of two or more consecutive terms of office. This maximum tenure must apply to all board member service with an organisation or its predecessors or its subsidiaries.</p>	Y	As set out in the BCT Rules.
<p><b>D3</b> Where a member comes to the end of an individual term of office and is eligible for reappointment, this must be subject to consideration of the member's appraised performance and skills, and to the wider needs of the board at that time.</p>	Y	As set out in the BCT Rules.
<p><b>D4</b> A member who has left the board after serving the maximum tenure must not be reappointed for at least one full term of office.</p>	Y	As set out in the BCT Rules.
<p><b>D5</b> In considering its composition and renewal the board must have regard to the need for a board which includes people from diverse backgrounds and with diverse attributes, to help ensure healthy debate and challenge, and a range of perspectives.</p>	Y	The Board seeks a wide range of attributes, skills and experience – not just traditional technical and professional expertise. The Board retains at least 3 tenant members to ensure challenge and perspectives from local residents.
<b>Provisions regarding nomination and election</b>		
<p><b>D6</b> Where the board members are elected by a wider shareholding membership, the organisation must support its shareholders so they can play an informed role in the election of board members.</p>	Y	The Chair and Company Secretary advises the Shareholders during election of Tenant Board Members. Applications for Board member elections are reviewed by the Board.
<p><b>D7</b> Where the organisation's constitution provides for one or more board members to be nominated or directly elected, the organisation must ensure that those coming forward bring skills and experience that meet the needs of the board, and that they are fully aware in advance of the responsibilities that they will undertake. New board members must not be appointed without undergoing a due selection and assessment process to establish their suitability.</p>	Y	All Board Members must adhere to the Board Membership Policy. All new Board members are given a detailed induction including an expectation of the time commitment and behaviours required. Board Member applications are scrutinised by GRC prior to approval by Board.

Requirements	Compliant?	Notes and Actions
<b>Provisions regarding learning and development</b>		
<b>D8</b> So they can discharge their duties all new board members must receive a properly resourced induction, and ongoing learning and development during their tenure.	Y	All Board members received an induction and continuous training is arranged for the whole Board.
<b>D9</b> A full and rigorous appraisal process for the individual members of the board and its committees, including the chairs, must be carried out at least every two years.	Y	The Chair carries out annual appraisals and reports back to Board on the findings.
<b>Provisions regarding board payment</b>		
<b>D10</b> If the organisation is paying board members it must ensure that it has an objective mechanism for establishing payment levels. This will normally be the responsibility of a committee responsible for remuneration, using independent advice and benchmarking as required.	Y	BCT has introduced median pay levels after consideration of an independent report which set out the benefits and recommended a level of Board pay benchmarked to the sector.
<b>D11</b> Payment to non-executive board members must be:		
(1) permitted by law and by the organisation's own constitution;	Y	Yes.
(2) in the best interests of the organisation;	Y	Yes, as considered by the Board in conjunction with independent advice.
(3) reasonable and proportionate to the organisation's size, complexity and resources;	Y	Yes. The pay levels are benchmarked to similar organisations in the sector.
(4) linked to the carrying out of the specified duties of the post, against which performance must be reviewed; and	Y	Yes, Chair and Committee Chairs receive additional pay.
(5) fully disclosed on a named basis in the organisation's annual financial statements.	Y	Yes – in the directors' remuneration note to the accounts.
<b>Section E – Conduct of board and committee business</b>		
<b>Main requirement</b>		
The board must act effectively, making clear decisions based on timely and accurate information. Committees may be established where the board determines that they will provide expertise and enable it to deliver effective governance and manage risk.	Y	Board has reviewed its arrangements fully during 2017-18 and implemented decisions in May 2018 regarding Committee structure and responsibilities.
<b>Provisions relating to the board</b>		
<b>E1</b> The board must have formally recorded terms of reference to ensure that its conduct is transparent, effective and in the interests of the organisation.	Y	These are set out in the BCT Rules. The Scheme of Delegations and the Board Standing Orders.

Requirements	Compliant?	Notes and Actions
<p><b>E2</b> Board and committee meetings should, wherever possible, be based on full agendas and clearly presented and accurate documents circulated to members well in advance of meetings. Decisions and the main reasons for them must be recorded in the meeting minutes.</p>	Y	BCT minutes and reports meet this requirement.
<p><b>E3</b> Urgent decisions between board meetings must be taken in accordance with proper, formally recorded and predetermined arrangements.</p>	Y	BCT Scheme of Delegations sets out the process for urgent decisions.
<p><b>E4</b> All boards and committees must consider their effectiveness annually and how they conduct their business, including:</p>		
<p>(1) their governing instruments, delegations, regulations, standing orders, structures, systems and other formal documentation;</p>	Y	As part of the Governance review 2018.
<p>(2) the timing and frequency of meetings;</p>	Y	As part of the Governance review 2018.
<p>(3) the format of their agendas, papers, minutes and communications;</p>	Y	As part of the Governance review 2018.
<p>(4) their collective performance as a decision-making body; and</p>	Y	As part of the annual effectiveness review carried out in January 2019
<p>(5) their compliance with this code and their legal duties.</p>	Y	As part of this review.
<p>There must be a formal review of these matters at least every three years, to ensure best practice, and that documentation is compliant with the latest legislation and regulations.</p>	Y	As part of the Governance review 2018
<p><b>Provisions relating to committees</b></p>		
<p><b>E5</b> The chair of the board must not chair the committee responsible for remuneration, nor that responsible for audit.</p>	Y	The Chair does not Chair these Committees.
<p><b>E6</b> Paid staff of an organisation must not be members of the committees responsible for nominations, remuneration, audit or risk.</p>	Y	There are no employees as members as Committees.
<p><b>E7</b> Each committee must have formally recorded terms of reference approved by the board, and must report regularly to the board on its work and the exercise of any delegated authority it has been given.</p>	Y	ToR are in place for each Committee, minutes are made available to Board for each Committee and an annual report from each Committee Chair is received by the Board.
<p style="text-align: center;"><b>Section F – Audit and risk</b></p>		
<p><b>Main requirement</b></p>		
<p>The board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with its auditors.</p>	Y	Board has approved risk management, stress-testing, and internal controls frameworks in May 2018. Audit and Risk Committee approves the Internal Audit Plan.



Requirements	Compliant?	Notes and Actions
<b>Provisions relating to audit</b>		
<b>F1</b> There must be effective internal controls and appropriate systems for business assurance, so that the board can have confidence in the information it receives.	Y	Board has approved new control policies and appointed a new internal audit team in the year.
<b>F2</b> The organisation's external auditors must be independent and effective.	Y	Evidenced by the statement of audit independence that is considered by Board.
<b>F3</b> All but small non-developing organisations must have a committee primarily responsible for audit, and arrangements for an effective internal audit function. Other organisations must make effective arrangements for discharging these functions.	Y	Audit and Risk Committee (ARC) has a focus on audit, have appointed an internal audit team and agreed an audit plan.
<b>F4</b> The committee responsible for audit must bring independent scrutiny and challenge to provide the board with assurance, and exercise oversight of the internal and external audit functions.	Y	ARC is responsible for IA and EA oversight. ARC independently manages risk and assurance, as evidenced in the Terms of Reference.
<b>F5</b> The committee responsible for audit must meet regularly and its minutes must be available to all members of the board. The reasons for the decisions taken must be recorded in the minutes and presented to the board for noting or endorsement.	Y	ARC meets quarterly and detailed minutes are made available to Board.
<b>F6</b> The committee must be able to meet with the external auditors without executives or other paid staff being present at least once a year.	Y	Provision for this is made in the Terms of Reference of the Committee.
<b>F7</b> The chair of the committee responsible for audit must either be a member of the board or have clear arrangements for reporting to the board.	Y	Yes, a member of the Board.
<b>F8</b> The voting members of the committee responsible for audit must not include the chair of the board or any executives.	Y	The Chair attends ARC but is not a voting member.
<b>Provisions relating to risk</b>		
<b>F9</b> The board must identify and regularly review the individual and combined material risks faced by the organisation and make plans and strategies to mitigate and manage them effectively.	Y	The Board considers risks quarterly including recommendations from ARC. Board participates in an annual risk workshop to focus on risk in detail.
<b>F10</b> The board must retain overall responsibility for risk management, and determine the organisation's tolerance of risk. The board may delegate the detailed scrutiny and evaluation of risk to the committee responsible for audit, or to another committee.	Y	Board approves the risk appetite statement and overall responsibility for risk. Detailed scrutiny is delegated to ARC.

Requirements	Compliant?	Notes and Actions
<b>Section G – The chief executive</b>		
<b>Main requirement</b>		
There must be clear working arrangements between the board and the chief executive and clear delegation of authority.	Y	These are set out in the BCT 7 guiding principles and the Scheme of Delegations.
<b>Provisions</b>		
<b>G1</b> The chief executive must be clear about the essential duties of the role and have clarity over his or her legal responsibilities, delegated authority and relationship with the board.	Y	The duties are set out in the CE's job description, and the Scheme of Delegations. Reinforced through meetings with the Chair.
<b>G2</b> Like all other employees, the chief executive must have a written and signed contract of employment; the board must consider whether it should be reviewed at least every three years.	Y	Contract in place.
<b>G3</b> Periods of notice of more than six months and other provisions for material payments to be made or benefits granted in the event of the contract being terminated must be specifically approved by the board with the reasons for the decision clearly minuted.	Y	Period of notice is 3 months. No provisions for material severance payments exist.
<b>G4</b> The board must delegate to a committee responsibilities that include oversight of the appraisal of the chief executive and making a recommendation to the board on the chief executive's remuneration. The committee must not include any executive members of the board.	Y	GRC recommend to Board the salaries of CE and Chair.
<b>G5</b> The chief executive's remuneration must be disclosed in the annual financial statements in accordance with the applicable Statement of Recommended Practice (SORP).	Y	Included in the notes to the accounts.
<b>Section H – Conduct, probity and openness</b>		
<b>Main requirement</b>		
Organisations must maintain, and be seen to maintain, the highest ethical standards of probity and conduct. Boards must operate in an open and transparent manner, having dialogue with and accountability to tenants and other key stakeholders.	Y	As set out in the Board Membership Policy and the Code of Conduct.
<b>Provisions relating to probity and conduct</b>		
<b>H1</b> Board membership entails a particular responsibility to avoid any suggestion of impropriety. Matters such as conflicts of interest, or acceptance of gifts or hospitality, are particularly sensitive. Boards must adopt and comply with a code of conduct such as the Federation's <i>Code of conduct 2012</i> .	Y	Board members record gifts and hospitality and register their interests. The Code of Conduct for reinforces expectations.



Requirements	Compliant?	Notes and Actions
<p><b>H2</b> Boards must consider any potential conflicts of interest and adopt appropriate policies and procedures for their declaration and management. All conflicts must be dealt with in a way which upholds the organisation's reputation, and reflects, as applicable:</p>	Y	Provisions for management of conflicts of interest are set out in the BCT Rules. Board members are required to maintain a register of interests.
(1) the organisation's own constitution;	Y	
(2) charity law;	N/A	Not applicable
(3) The Co-operative and Community Benefit Societies Act 2014, concerning transactions and dealings with members and committee members; and	Y	
(4) The Companies Act 2006, concerning how conflicts (of interest, loyalty or duty) are to be declared and managed.	N/A	Not applicable to BCT.
<b>H3</b> Where conflicts of personal interest arise these must be recorded and, if material, the individual concerned must be excluded from the discussion or decision by a resolution of the non-conflicted members present.	Y	There is a standing agenda item for this purpose which has been exercised during the year.
<b>H4</b> In the case of a fundamental or ongoing material conflict the board must consider and determine whether the person concerned should cease to be a board member.	Y	This situation has not arisen at BCT.
<b>Provisions relating to groups</b>		
<b>H5</b> Where there are persons who are members of more than one board in a group, there must be formal arrangements to ensure that if there are any actual or potential conflicts of interest, these are identified and managed.	N/A	Not applicable to BCT.
<b>Provisions relating to openness</b>		
<b>H6</b> The board must publish an annual report of the organisation's activities and performance.	Y	Annual report to tenants is published each year.
<b>H7</b> The organisation must have in place a strategy for regularly communicating information about its work to its shareholders and stakeholders, and ascertaining their views. In doing so, it must have regard to the communication needs of the diverse groups and communities it serves.	Y	BCT reports to its tenants and shareholders through the regular Newsletter. Board reports are published on the BCT website, as are corporate updates and health and safety information. BCT obtains shareholder views through the Tenant Engagement Framework, and formally through the new CSC.
<b>H8</b> The organisation must respond in a considered and transparent way to requests for information about its work and activities.	Y	BCT maintains a balance between transparency appropriate for an organisation with charitable purposes, and confidentiality required for a commercial organisation.