



Lafford Homes Limited will be a profitable, sustainable and flexible housing company that is focused on helping meet the housing demands of local people in North Kesteven and be an exemplar landlord

Our Principles of Good Governance

1. Background

Assurance Lincolnshire undertook a governance review of Lafford Homes over the summer of 2017. The following issues were highlighted for attention.

- Ensure that there are decision making protocols in place – confirming appropriate due diligence undertaken – conflicts of interest considered – rationale recorded in minutes – decision log etc.
- Guidance developed to help avoid and manage the inevitable conflicts of interest that will arise in conducting Company business. This should include some case studies / scenarios. The guidance should be explicit on the actions to be taken and the ‘public interest’ test where potential competing objectives / strategy occurs e.g. developments for the Company or HRA / Planning (refer to conflicts of interest slides).
- The company should develop and publish a code of conduct and ethical values statement. This will set the tone from the top and expectation around transparency, openness and propriety in the operations of the Company. All designed to build trust and confidence for major stakeholders.

The Board has addressed these issues and annual internal audits focused on specific elements have been conducted since. As it is now 5 years since a full review of governance arrangements has been completed, for 2022 a review will be completed including:

- Governance structure in place for effective oversight, reporting and decision making (including roles and responsibilities).
- Compliance with policies and procedures.
- Adequacy of decision making and approval processes.
- Reporting and information flows, including financial and performance data

2. Principles of Good Governance

Articles of Association

Notwithstanding any provisions made within this document the company's articles of association are the legal reference point for the administration of the company. The articles will take precedence if any conflict arises between the provisions in this document and the articles.

In the same way a shareholders agreement is in place and again these principles are to operate within the boundaries of that agreement. This agreement regulates a number of issues not least the appointment and dismissal of directors.

Meeting structure

The Board of Lafford Homes will meet at least every 6 weeks, unless the Board agrees otherwise.

The Board will also meet every 6 weeks as the Project Board which will have the specific purpose of reviewing progress with new build schemes and overseeing emerging new business opportunities.

Notices of meetings will be provided with three clear working days' notice and may be provided by means of electronic communication.

The quorum for meetings shall be two directors. The Chairman shall have a casting vote. In the absence of the Chairman, the Company Secretary will act as Vice Chairman and shall have a casting vote.

Board meetings will be held in private and invitees will be at the discretion of the chairman.

The board will report to its shareholder (North Kesteven District Council) at least annually for the purpose of presenting:

- An annual report
- Signing of accounts
- Appointment of Auditors
- Business Plans

Other shareholder meetings will be arranged as and when required.

North Kesteven District Council's Executive Board represents the shareholder. For shareholder's meetings the quorum will be one half of the members of the Executive Board.

Notices of shareholder meetings will be provided with three clear working days' notice and may be provided by means of electronic communication.

Directors

The Board in conjunction with the shareholder will review the membership of the Board every two years. Lesley- can you add an item onto the AGM please on Membership of the Board please.

The Board will review its on operation on a yearly basis and appoint positions of Chairman and Company Secretary. Can we have an item which goes to the board meeting annually, a head of the start of the next financial year please on the appointments.

Decision making

All decisions will be recorded in minutes. Minutes will be approved at the following meeting.

The Board may make decisions outside of a meeting to expedite progress with the company's business plan. Such decisions must be approved by all three directors and are to be recorded and confirmed at the following meeting.

Conflicts of interest

All Directors must adhere to the points of law set out in the Companies Act 2006 in relation to conflicts of interest.

The company operates a register of interests which each board member will be asked to complete on an annual basis. A gifts and hospitality policy has been developed separately.

Directors must ensure that their obligations to the company do not compete with any other interest they may have, or with obligations they owe to others. A conflict of interest arises where a director is unable to fairly or objectively consider an issue on behalf of the company. Interests which should be declared include personal, personal financial and professional interests which might influence processes connected with the company.

Determining when a conflict of interest is present is the responsibility of each individual director. Whilst difficult to define, as a general guide where a director may be perceived by others as not being objective on a matter they should declare such an interest before entering into discussion or decision making.

The process to be followed is as follows:

1. Before entering into a discussion or a decision on any matter connected with the company, each director must consider the potential for a conflict of interest.
2. Where a conflict exists each director must notify fellow board members at the board meeting considering the matter before a discussion commences or by email where a matter is being considered by exchange of emails.
3. Each declaration of interest will be recorded by the clerk to the meeting and added to the register of interests maintained.

Where an interest is clear and apparent the director concerned will not take part in the debate and will not vote on the matter and the decision must be made by other members of the board.

Conflicts of interest are likely to be an issue given that the Council is acting as an agent of the company in the delivery of services. For clarity one of the directors is also a director of North Kesteven District Council over the functions being provided on agency basis. In all decisions which regulate the relationship of the company to these services this director will not take part in decision making. This will also apply to decision making within the Council and for any decisions which regulate the relationship with the company, and/or refer to funding decisions and development choices between the Council and the company, this director will not take part.

Code of conduct

All directors are to adopt the following code of conduct as part of their responsibilities to the company.

- Follow the provisions of the articles of association and the shareholder agreement.
- Adopt the ethical values statement in all dealings on behalf of the company.
- Respect the views and positions of other directors.
- Ensure that wider professional, personal financial interests do not influence decision making.
- Disclose all personal, personal financial and professional interests which might influence decisions of the company.
- Adhere to all policies and procedures connected with the company.
- Respect the confidentiality of the company and not refer to any of the company's dealings outside of board meetings without the agreement of the board.

Where a director contravenes the provisions of the code the Chairman (or Vice Chairman where it is alleged that the Chairman has made the contravention) shall conduct an investigation and report the matter to the shareholder. The shareholder will then decide on an appropriate course of action. If the Director is to be dismissed the shareholder will arrange for an appeal panel to be established. This will comprise the Chairman (or the Vice Chairman if the Chairman has received notice of dismissal) plus two representatives from the shareholder.

Ethical Values Statement

The company, its director's agents and contracts will adopt the following values in all of their operations on behalf of the company:

- Honesty – representing the truth at all times and adopting practices which show a separation of conflicts of interest.

- Respect – demonstrating respect for the roles, responsibilities and views of all board members, the company’s shareholders, all agents and employees of the company.
- Commitment – to deliver the company’s mission statement, vision and strategic objectives and provides a profit on its activities.
- Customer focused – to ensure that the company provides excellent housing services and becomes a landlord of choice.
- Promote equality – to ensure that the company provides functions which recognize the diversity of the customers, the board, shareholders, agents and employees and do not discriminate in any way.

Review

This document will be reviewed on a two year basis to ensure reflective of current practice and compliant. Any proposed changed will be considered and approved by the Lafford Board.

Version	Date Approved	Title
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Effective From	Last Review Date	Next Review Date
24/01/2020	Aug 2022	Jan 2024