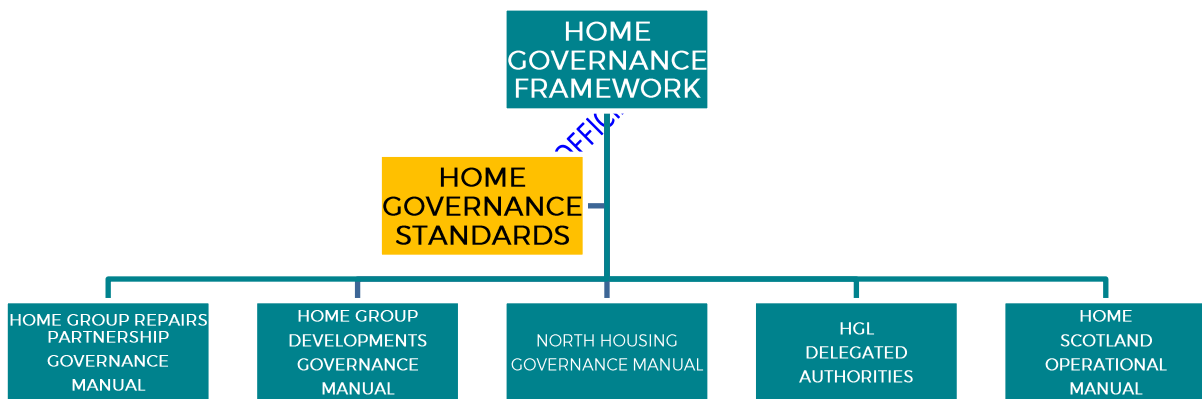


Building homes,
independence
and aspirations



Governance Standards



Home Group Limited
Charitable Registered Society No. 22981R

Governance Standards

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1. CONDUCT

1. Introduction

Home Group is committed to high standards of conduct. Our code of conduct sets out the main principles that you must comply with, and links to a number of key policies which provide more detail behind this. Failure to comply with our code of conduct or policies could result in disciplinary action or removal from office in some serious cases.

The code of conduct is based around our values:

- **Accountable** –Taking responsibility for your actions; and being seen to act in line with our policies and values.
- **Caring** –Treating each other with dignity and respect; and considering the impact of your actions on others.
- **Energised** –Being a brilliant representative of Home Group; and having the confidence to challenge behaviours not in line with our values.
- **Commercial** –Protecting Home Group’s funds and resources; and acting honestly.

Colleagues across Home Group, together with involved customers, volunteers and others directly involved in delivering the Group’s business activities are expected to act in accordance with its values, and to work together to deliver our strategic goals.

2. Accountable

Don’t pass the buck – own it!

We are all responsible for our own behaviour. We should always be aware of how our actions may be viewed by others, and there are policies and procedures in place to help us to show that we are always acting in Home Group’s best interests.

2.1 [Avoiding conflicts of interest](#)

Home Group recognises that you may have interests outside the organisation. However you must not put yourself in a position where your personal interests could, or might be perceived to, conflict with your role or Home Group in general.

You must declare any known relationship to a customer or potential customer of Home Group. You must not be involved in decisions relating to their relationship with Home Group, or seek or accept preferential treatment for them.

You must declare any interests which may, or may be perceived to, conflict with the duties of your role.

[Link to Home Group's Managing Conflicts of Interest Policy](#)

2.2 [Accepting gifts and hospitality](#)

Seeking or accepting gifts or hospitality from individuals or organisations with a connection to Home Group could be seen as a favour and put you in an awkward position. If anyone offers you any incentive to act improperly or give them preferential treatment, you must not accept.

Even if a gift is offered in good faith, you should consider how accepting the gift might appear to others. If it might be perceived that receiving the gift could influence your decisions or actions, you must not accept.

[Link to Home Group's policies on gifts and hospitality within Managing Conflicts of Interest Policy](#)

2.3 [Respecting confidentiality](#)

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You must not disclose, without appropriate authorisation, any confidential or sensitive business information. This duty continues to apply after you have left Home Group.

In addition to this, Home Group has to comply with data protection regulations on the handling of personal information. You must familiarise yourself with the requirements and how they apply to your role.

[Link to Home Group's Information Governance Policy on Data Protection](#)

3. Caring

Looking after one another

We treat everyone fairly, and with dignity and respect, recognising their individual needs. We do not allow our personal opinions to affect how we carry out our role and responsibilities.

3.1 [Treating others with respect](#)

Equality, diversity and inclusion are fundamental to the way we work at Home Group. You must treat everyone with equal respect, care and consideration.

You must not act in a way that discriminates against, or unjustifiably favours, particular individuals, groups or interests, including on the basis of any protected characteristics they may have.

[Link to Home Group's Equality, Diversity and Inclusion Policy](#)

3.2 Protecting yourself, others and the environment

Everyone has the right to undertake their role within a professional environment. Home Group expects you to treat others with respect and courtesy, and any behaviour contrary to this will not be tolerated.

[Link to guidance on bullying and harassment](#)

If you have concerns about anyone's behaviour, you should discuss this with your manager, or if you don't feel comfortable doing so, raise it through our Grievance Process.

[Link to Grievance Process](#)

Our strategy and customer promise keeps us focussed on delivering services that are important to the people we work with. You must seek and value views from customers when making decisions that will affect them.

You must always consider the impact of your actions on the safety and wellbeing of others. You must also consider the environmental impact of your decisions, and where possible, seek to achieve positive environmental outcomes.

4. Energised

Having a positive, can-do approach

We are brilliant representatives of Home Group, and demonstrate our values through our behaviour. Everyone should feel confident in challenging inappropriate behaviour, and there are procedures in place to help you raise concerns if necessary.

4.1 Representing Home Group

When carrying out your role, you are representing Home Group and are expected to uphold its values and policies.

You must always be careful about how your actions may be viewed by others, and avoid anything which could compromise or embarrass yourself or Home Group. You must not make derogatory, false or otherwise damaging comments about Home Group or any person, service or organisation connected with it.

Unless it is part of your role and you have the appropriate authorisation, you must not seek to officially represent the views or position of Home Group.

4.2 Working professionally

You must always try to understand and carry out the requirements of your role to the best of your ability. If anything is preventing you from this, you should raise your concerns with your manager. You must share responsibility for your own learning and development, regularly updating or refreshing your skills and knowledge.

You must always behave in a professional and appropriate manner. Further guidance on this is set out in our policy compliance notes on Working Professionally.

[Link to Policy Compliance Notes: Working Professionally](#)

4.3 Acting on concerns

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Home Group is committed to probity, openness and accountability. If you are concerned about serious problems that conflict with the values and culture of the organisation, or suspect a fraud or other illegal activity has taken place, you must report it.

[Link to Home Group's Confidential Reporting \(Whistleblowing\) Policy](#)

5. Commercial

Spending wisely and working creatively

We have a responsibility to our customers to spend our money wisely and get the best value for money that we can. There are policies and procedures in place to help us to protect Home Group's resources.

5.1 Protecting funds and resources

Home Group is committed to using its income and resources in an effective, efficient and socially responsible way. You must comply with our procurement policies and procedures.

[Link to Procurement Policy](#)

Home Group does not tolerate fraud or bribery in any form. You must take all reasonable measures to protect Home Group's funds, resources, property and assets from fraud, theft, damage and misuse.

[Link to Home Group's Fraud, Tax Evasion and Bribery Prevention, Detection and Response Policy](#)

You must only handle money belonging to customers where absolutely necessary. Your role may require you to be involved in handling donations and fund raising, and our policies and procedures on welfare funds must always be followed.

[For a link to policies and procedures on Looking After Money and Valuables, click here.](#)

[For a link to policies and procedures on Using and Managing Welfare Funds, click here.](#)

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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 within:

[Managing Conflicts of Interest Policy](#)

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 within:

[Managing Conflicts of Interest Policy](#)

Home Group is committed to the highest ethical standards and sound governance arrangements and adopts a zero tolerance approach to fraud and the criminal facilitation of tax evasion, and bribery. Our policy is set out within:

[Fraud, Tax Evasion and Bribery Prevention, Detection and Response Policy](#)

Home Group has confidential reporting procedures which have been established to encourage colleagues, board/committee members and involved customers to report any concerns they might have in relation to possible malpractice, illegal acts or omissions within Home Group. These are set out within:

[Confidential Reporting \(Whistleblowing\) Policy](#)

Home Group have a zero tolerance approach to modern slavery, and is committed to acting ethically and with integrity in all our business dealings and relationships. Home Group implements and enforces effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or supply chains.

We publish an annual modern slavery statement in accordance with the requirements of the UK Modern Slavery Act 2015, setting out steps taken that year to identify, prevent and mitigate modern slavery in our operations and supply chain.

3. BOARD SHAREHOLDING AND MEMBERSHIP

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

[3.1 Board Member Recruitment Framework](#)

The role of board or committee member and the particular role of Chairman are detailed within the [Governance Framework](#) document.

The code of conduct to which we expect all board and committee members to sign up and adhere to is set out within:

Board Member Conduct, Disputes and Grievances Policy; and
Code of Conduct for Governing Body Members

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:

[3.2 Board Member Appraisal Framework](#)

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

[3.4 Board Member Remuneration Framework](#)

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:

[3.5 Shareholding Policy](#)

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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 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: [Managing Conflicts of Interest Policy](#)
 - in the case of the boards and committees within Home Group Limited, the Rules of Home Group Limited;
 - in the case of Home Scotland, Home Group Repairs Partnership, Home Group Developments and North Housing, the Rules of Home in Scotland Limited and the Articles of Association of Home Group Repairs Partnership 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:
 - [1. Conduct](#)
 - [2. Probity](#)
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:
[3.3 Board Member Competency Framework](#)
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;
- Audit and Compliance;
- Treasury;
- Legal;
- Risk Management;
- 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;
- Customer Experience;
- Cyber Security and Information Governance;
- Digital Inclusion;
- Health & Safety;
- Clinical Governance.
- Sustainability and Environment

5. Upon their appointment, non-executive members of the Home and Home Scotland boards and non-executive Committee members 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 Chair.
- Arrangements for reviewing the performance of each Chair.
- 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.

- 2.1 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 stakeholders, 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 Chair 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 Chair 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 Audit Committee would be appraised by the Home Board's Chair but this would include discussion on the additional role. Independent committee members who do not sit on the Home Board are appraised by the chair of the respective committee.

4.2 Aim

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

- general discussion between the Chair and member on the member's role as a board/committee member and any issues or concerns the member may have,
- feedback by the Chair to the board/committee member on their 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 Chair 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 Any conduct issues including underperformance or disputes or grievances should be dealt with in accordance with the Board Member Conduct, Disputes and Grievance Policy.

4.3.3 The Company Secretary and Governance team provides support to the relevant Chair in the coordination and administration of the board appraisal process.

5 PERFORMANCE REVIEW – CHAIR

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

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 Chair.

6.2 The feedback to the Board will be given by the relevant Chair 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 Chair 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.

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

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

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 wish to draw remuneration, on the basis set out below:

| | |
|--|---------|
| Home Group Chair | £28,000 |
| Senior Independent Member | £14,500 |
| All other non-executive Home Board members | £11,700 |
| Independent committee members | £3,000 |

Non-Executive Home Board members who also chair other committees or subsidiaries of Home Group An additional £1,000

There are four positions on the Home Board reserved for customer board members, two unpaid and two paid on the basis set out above.

Remuneration is by way of a fixed annual sum which will be paid in monthly instalments in arrears. Remuneration payments are subject to tax and National Insurance.

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

- 3.1 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 (Rule G12);
 - 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.

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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:

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, and disclose any departures from this.
- 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 Annual General 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 Four 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 information about our Corporate Strategy, together with our Customer Promise.
- 4.3 Our financial performance is published in our annual report and 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 our customer promise in our Customer Report, which is created by customers.
- 4.5 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. This includes data on key performance areas scrutinised by our Customer Forum.
- 4.6 We 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. We publish an annual summary of our expenditure for the year.

7. Environmental, social and governance

7.1 We publish an annual report on how we are performing on key environmental, social and governance measures, and activity undertaken in these areas during the year. We have voluntarily adopted the Sustainability Reporting Standard for Social Housing.

8. Requests for information

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8.1 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.

8.2 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.

8.3 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.

8.4 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.

8.5 In Scotland, our Scottish subsidiary Home in Scotland Limited 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.

9. Review

- 9.1 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.

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5. FINANCIAL PRINCIPLES AND REGULATIONS

The financial principles adopted by Home Group are summarised in:

[5.1 Financial Principles](#)

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

[5.2 Financial Regulations](#)

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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 (Home Group Limited and Group accounts only);
 - the Determination of Accounting Requirements 2019 (Home in Scotland Limited only)
 - the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers;
 - the Housing and Regeneration Act 2008; and
 - the Co-operative and Community Benefit Societies Act 2014.
- 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), the Regulator of Social Housing (RSH) and the Scottish Housing Regulator (SHR)).
- 1.3 Nothing in these financial regulations overrides instructions or conditions imposed by the RSH, SHR, 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
- 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.
- 2.3 The Director of Finance and the Management Accounts team play lead roles in supporting the development of budgets for all parts of the business, including the major business units (Customers & Communities, Maintenance, Care, Building Safety and Development & Asset) and the Support Services functions. Budgets reflect the overall corporate strategy: Building homes, independence and aspirations.
- 2.4 The Senior Management Team (SMT) play a key role in developing the budget. In each business area, the budget will be reviewed and challenged until SMT are satisfied with a version to be presented to the relevant Executive Director for approval. Following approval of individual budgets, the full SMT will review a consolidated budget and provide comment and challenge until they believe it is appropriate to be shared with the Executive Team. The Executive Team will then provide further comment and challenge, and it is the responsibility of the Director of Finance to ensure all agreed amendments have been incorporated into the final draft of the budget, and confirm so with the Chief Financial Officer.

- 2.5 Following approval and recommendation by the Executive Team, the budget is then approved by the Home Group Board. Once approved, the Group and business unit budgets, along with budgets for individual subsidiaries and services are used for comparison with actual results on a regular basis (i.e. monthly and for the financial year to date), 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. Failure to achieve budgets or to accurately forecast adverse budget performance may lead to disciplinary action being taken against budget holders. 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. BUSINESS PLANNING

- 3.1 The Chief Financial Officer is responsible for developing long term financial plans. The approved budget forms the first year of the five year Business Plan, which is subsequently extended into a 30 year financial plan.
- 3.2 Economic assumptions underpinning the development of the Business Plan are approved by the Home Group Board. The Director of Financial Planning and Analysis is responsible for ensuring the involvement of key stakeholders across the business in providing forecast information on

development and sales, asset investment and operational changes to inform the development of the Business Plan.

- 3.3 Once developed, the Business Plan is subject to thorough stress testing linked to our strategic risk assessment.
- 3.4 The Business Plan and 30 year financial plan is approved by the Home Group Board following a recommendation from the Executive Team. The Chief Financial Officer is responsible for approving submission of the Financial Forecast Return to the Regulator of Social Housing based on approved plans.

4. BANKING ARRANGEMENTS

- 4.1 All bankers for any part of Home Group are appointed by authority of the Home Board.
- 4.2 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 are Barclays Bank.
- 4.3 All bank accounts must be reconciled to their respective nominal ledger records on a regular basis, at least monthly.
- 4.4 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.

4.5 Cheque Payments

- 4.5.1 All cheques processed at Home Group's Head Office are ordered in Accounts Payable by authority of the Chief Financial Officer, who must ensure proper arrangements are made for their safe custody.
- 4.5.2 Computer generated cheques are printed via a laser printer with restricted access for authorised users only.
- 4.5.3 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.

4.6 All Payments to Third Parties

- 4.6.1 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).

4.6.2 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.

4.7 Payments in Excess of £1m

4.7.1 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.

4.8 Exceptions – Intra-account funds transfers

4.8.1 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".

4.9 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.

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

5. PETTY CASH FLOATS

- 5.1 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.
- 5.2 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.
- 5.3 Personal or third party cheques must not be cashed out of money held on behalf of any business unit within Home Group.
- 5.4 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.

6. TREASURY MANAGEMENT

- 6.1 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.
- 6.2 For the purpose of treasury management, all money in the hands of Home Group Limited is aggregated where possible or appropriate.
- 6.3 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.)
- 6.4 The Home Board is responsible for authorising all new finance. Early redemption of existing finance also requires Home Board approval.
- 6.5 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.

- 6.6 Home Group is not restricted to specific sources of funding and makes use of any appropriate source within the limitations of the borrowing strategy.
- 6.7 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.
- 6.8 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.
- 6.9 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.

7. PFI SCHEME

- 7.1 The 8¾% Guaranteed Loan Stock 2037, together with the Zero Coupon Loan Stock 2027, fund the activity known as PFI. The PFI 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.
- 7.2 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.
- 7.3 The Chief Financial Officer is responsible for maintaining the 'assured tenancy account' and the financial management of the stocks in issue.

8. COMMITTING EXPENDITURE & MAKING PAYMENTS TO CREDITORS

- 8.1 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](#)

8.2 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.

8.3 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.

8.4 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 received. 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.

- 8.5 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.
- 8.6 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 here.](#)

9. OTHER FIXED ASSETS AND INTANGIBLE ASSETS (SOFTWARE)

- 9.1 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.

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- 9.2 Details of Home Group's approach to recording spend on all 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.

10. HOUSING PROPERTIES

- 10.1 Capital expenditure on the acquisition and development of housing properties by Home Group is subject to the authorisations and procedures outlined above.
- 10.2 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.

- 10.3 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.
- 10.4 The following rules for Social Housing Grant apply to all grants and funding bodies as appropriate:
 - 10.4.1 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 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.
 - 10.4.2 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.
 - 10.4.3 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.

10.4.4 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.

10.4.5 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.

10.4.6 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.

10.4.7 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.

10.4.8 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.

10.4.9 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.

10.4.10 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.

11. DISCRETIONARY PAYMENTS

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

11.2 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.](#)

11.3 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 the Managing Conflicts of Interest Policy.

11.4 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 within:

[Managing Conflicts of Interest Policy](#); Or

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

12. INCOME

12.1 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.

12.2 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.

12.3 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.

12.4 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.

12.5 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.

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

12.7 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.

13. EXPENSES & BENEFITS

13.1 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.

- 13.2 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.

14. INTER-ORGANISATION CHARGES & TRANSACTIONS

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

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

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

14.1.3 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 the development of market housing for sale and for design and build contracts;

14.1.4 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;

14.1.5 recharging arrangements between Home Group Limited and Home Group Repairs Partnership Limited (HGRP) in the provision of workforce by HGRP to Home Group Limited;

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

15. SECURITY

- 15.1 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.

- 15.2 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.

- 15.3 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.
- 15.4 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.

16. VAT

- 16.1 The Director of Financial Planning and Analysis 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.
- 16.2 The Director of Financial Planning and Analysis is also responsible for the assessment of any proposed VAT saving initiatives and where material will report these initiatives to Home Board.

17. CORPORATION TAX

- 17.1 It is the responsibility of the Director of Financial Planning and Analysis to ensure all of the Group's corporation tax returns are submitted in time to meet all statutory time limits. A review of the expected taxable surplus of Home Group Repairs Partnership Limited, Home Group Developments Limited and North Housing Limited is carried out prior to each statutory deadline to determine the level of any Gift Aid payment to Home Group Limited.

18. HOME GROUP PENSION SCHEME

- 18.1 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;
- 18.2 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.

- 18.3 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.
- 18.4 Home Group Limited is simply one of many participating employers in the Cumbria Local Government Pension Scheme and as such has limited authority over the administration of the schemes but maintains regular dialogue with the relevant administrator regarding Home Group's participation in their scheme.

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6. PROCUREMENT

The Director of Finance 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 Finance) 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's Procurement Policy can be found here.](#)

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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 and bribery;
- 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:

[7.1 Key Controls](#)

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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 and delivering day-to-day operations. 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 Information Systems 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: [5.2 Financial Regulations](#)

- 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: [5.2 Financial Regulations](#)

12. OPERATIONAL POLICIES

- 11.1 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.
- 11.2 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.

VERSION CONTROL

| Version Number | Effective Date | Amendment made by (name and job title) | Version approved by | Description of changes |
|----------------|----------------|--|---------------------|---|
| 16 | 28 July 2022 | Russ Hall (Company Secretary) | Board | Annual governance review – change to board skills matrix. Document subsequently rebranded and links updated. |
| 17 | 21 March 2023 | Jennifer Scarlett (Finance Manager) | Board | Refresh of code of conduct in line with NHF Code of Conduct 2022 and SHFA Code of Conduct 2021; annual governance review with minor updates to reflect changes in the business, and remove duplication where information already exists in separate policies. |
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