

Policy Owner	Roger Wilde	Business Area	Governance
Document Type	Key Policy		

Group Probity Standard

1.0 Purpose of the Standard

1.1 The purpose of the Probity Standard (Standard) is to set out the ‘rules’ for internal operations in order to ensure the honesty and integrity of processes and decisions within the Coastline Group (where individuals receive a benefit (such as a job, a house or a contract) from the Group and expands upon the provisions of the Group Standing Orders.

2.0 Background and guidance

- 2.1 The Standard recognises that Coastline is both a registered charity and a Registered Provider of Social Housing. It also receives a large amount of public money through grants and public sector contracts and therefore needs to be able to demonstrate that it operates in an ethical, fair, open and transparent manner. The Standard will also serve to protect the Group and its decision makers against any potential claims of impropriety.
- 2.2 The National Housing Federation (NHF) Code of Conduct 2022 which the Group Board has adopted for the Group is used as a basis for areas of this Standard.
- 2.3 Best practice from the Regulator of Social Housing publication’s including findings from Regulatory judgements is kept under review to inform this Standard.
- 2.4 In determining this Standard the Board recognises its role both as charity trustees and in the collective responsibility of registered providers to uphold the sector’s reputation for good governance and social purpose.

3.0 Scope

- 3.1 This Standard covers all employees, Non-Executive Directors (NEDs) and Independent Committee Members (ICMs) of all companies in the Coastline Group who are currently employed (in the case of colleagues) or are currently Board or Committee members or have been within the previous 12 months, and covers the following areas:
- Probity Standards relating to;
 - Employment and re-employment;
 - Housing;
 - Non-contractual payments to colleagues;
 - Provision of services;
 - Colleagues, NEDs and ICMs as customers of Coastline
 - Standards of behaviour;
 - Remuneration of Directors (NEDs and Executive) and ICMs; and
 - Declarations of interest.
- 3.2 Should a probity issue arise outside of the above scope the matter will be referred to

the Group Board.

- 3.3 For the purposes of this Standard 'closely connected' is defined as anyone who is a close relative or a close friend to an employee, NED or ICM. Whilst such a definition is not entirely clear, common sense must be applied by all those involved in the process. A close relative is a relative by blood, marriage or partnership. This includes; a spouse, partner, parent, grandparent, child, grandchild (including step-children), brother, sister, in-laws, partners of close relatives or anyone living in the same household of an employee, NED or ICM.
- 3.4 The Policy does not apply to Volunteers, governance of whom comes under the Volunteer Policy.

4.0 The Probity Standards

4.1 Employment of people closely connected to employees, NEDs or ICMs

- 4.1.1 From time to time it is inevitable that people who are closely connected to existing employees, NEDs or ICMs may apply for a job within the Coastline Group.
- 4.1.2 If such an application arises for a role within the same team (meaning under the same Head of Service line of management) as the existing employee the application will not normally be considered. However, given the demographic within and geography of Cornwall, such applications may be considered on a case by case basis. However, the application should be dealt with following the normal full and fair competitive recruitment process ensuring that no person having any personal knowledge of the applicant plays any part in the assessment or decision. In addition, suitable management control measures should be put in place and recorded, to mitigate any potential for a conflict of interest. Such measures to be included in the approval request submitted ahead of any employment being offered. Any change in employment status of a closely connected person from Fixed Term to permanent should prompt a further approval request to ensure any changes in measures agreed can be considered and recorded. Due consideration shall also be given during internal movement of existing closely connected colleagues to ensure any potential conflicts of interest have control measures in place.
- 4.1.3 If the application is for a role elsewhere within the Group (i.e. different Head of Service line of management), the application can be considered and dealt with following the normal full and fair competitive recruitment process ensuring that no person having any personal knowledge of the applicant plays any part in the assessment or decision.
- 4.1.4 Before any job offer is made to someone identified as being 'closely connected' it must be approved by at least two members of the Executive Team one of whom must be the Chief Executive (or Deputy CEO in the CEO's absence).
- 4.1.5 If such an application occurs for a position at the level of senior manager (Senior Leadership Team, SLT) or above the matter will be referred to the Group Board (see section on Authority and Delegations below) **before** short-listing for a decision on whether to proceed with the application or not.
- 4.1.6 Should an employee (and/or NED and/or ICM) strike up a relationship with another employee, NED or ICM this should be declared at the earliest opportunity to the relevant Director / Chair in order that the situation can be managed. These

declarations are recorded by the Assistant Company Secretary in the confidential Staff Register of Interests.

4.2 **Re-employment of former employees or engagement as self-employed contractors**

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

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

4.3 **Housing, including letting, shared ownership, sale or disposal properties, of employees, NEDs or ICMs (or who has been within the previous 12 months) and those closely connected to them**

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

- Consideration of the application is based solely on published applications criteria;
- No person having any direct personal knowledge of the applicant plays any part in the assessment decision; and
- Requirements of the Tenancy Standard in allocations and lettings are met, namely that registered providers shall let their homes in a fair, transparent and efficient way.

4.3.2 Should an applicant be an employee or closely connected to an employee (or who has been in the previous 12 months) this must be declared and be subject to close scrutiny and approval of two members of the Executive Team, one of whom must be the Chief Executive (or Deputy CEO in the CEOs absence).

4.3.3 Should such an applicant be an employee in the housing or development teams, or a senior manager (SLT) or above, NED or ICM (or who has been in the previous 12 months) or if the applicant is closely connected to an employee in the housing or development teams or to any senior manager (SLT) or above or NED or ICM (or who has been in the previous 12 months) the matter will, in addition, be referred to the Board.

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

4.4 **Gifts / Awards**

4.4.1 The Group from time to time may make payments that fall under this category (i.e. gift/awards made by Coastline to colleagues, rather than gifts or hospitality offered to colleagues by third parties, which are covered by the Gifts and Hospitality Policy), and may for example include long service awards, retirement gifts, a leaving presentation or a bunch of flowers following an operation This list is not exhaustive and may include other payments of a similar nature

4.4.2 Such payments are acceptable providing they are covered by either a specific policy

such as the Retirement and Long Service Awards or Excellence Awards or do not exceed £300 per person per year.

4.4.3 Also permitted are Coastline events providing hospitality or entertainment specifically for colleagues, NEDs or ICMs. For such events there will be a £50 per person per event limit with an overall limit of £250 per person per year which would include conferences, retirement functions and Christmas meals.

4.4.4 Any requirement for approval:

- Between £50 and £500 must be authorised by two members of the Executive Team, one of whom must be the Chief Executive or Director of Finance, People & Change.
- Above £500 must also be approved by the Chair in addition.

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

4.5 **Bonus payments**

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

4.5.2 Coastline operates a bonus scheme which operates in accordance with employment contracts and an agreed bonus policy.

4.5.3 Should the situation arise where a payment is sought that is not provided for, the matter must be approved by the People Committee (or by Group Board in relation to such a payment to an Executive Team Member) based on evidence of exceptional performance or in exceptional circumstances and be at a level which avoids any reputational risk to the Group.

4.6 **Ex-gratia payments**

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

4.7 **Severance and redundancy payments**

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

4.7.2 To ensure reasonableness the Board or Executive must take advice from suitably qualified persons and act in accordance with best practice and the NHF Code of Governance 2020. In no circumstance will any non-contractual payment above one year's gross remuneration be approved.

4.7.3 Settlements may be made up to a contractual/statutory sum, eg; redundancy costs, Payment in Lieu Of Notice (PILON) and an ex-gratia element. The Executive Team

may approve non-contractual payments up to £10,000 subject to the totals in 4.7.4 below.

4.7.4 Two members of the Executive Team (including the Chief Executive (or the Director of Finance, People & Change in the CEO's absence) may approve settlements where the combined contractual and non-contractual elements total under £25,000. For any settlements relating to senior managers (SLT) and above or for settlements exceeding £25,000 approval must be sought from the Board.

4.7.5 In circumstances where a settlement is proposed as a result of whistleblowing or public interest disclosure the Board shall be informed prior to the settlement being issued.

4.8 **Out of court settlements**

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

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

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

4.8.3 Following independent professional advice at least two members of the Executive Team (including one of the Chief Executive (or the Director of Finance, People & Change in the CEO's absence) may approve settlements under £25,000. For any settlements relating to senior managers (SLT) and above or for settlements exceeding £25,000 approval must be sought from the Board.

4.8.4 In circumstances where a settlement is proposed as a result of whistleblowing or public interest disclosure the Board shall be informed prior to the settlement being issued.

4.9 **Contracting with any trading entity for goods, land or services**

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

4.9.2 From time to time it is conceivable that some businesses could be run by people closely connected to our employees, NEDs or ICMs (or someone who has been within the previous 12 months).

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

4.9.4 If an application to trade with a business arises where one of the principals e.g. a director, partner, owner or member of its governing body is closely connected to an employee, NED or ICM (or someone who had been within the previous 12 months) the

relationship must be declared.

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

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

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

4.10 **Provision of services**

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

4.11 **Colleagues, NEDs or ICMs as customers of Coastline**

4.11.1 In circumstances where colleagues, NEDs or ICMs who are customers in Coastline's housing (as declared annually) and are in receipt of services that could be open to abuse of position, e.g. home improvements, access to the Sustainability Fund, management of arrears or related financial or in-kind support services etc, then the relevant Head of Service responsible for the service provision must take appropriate steps to avoid such abuse of position to ensure that colleagues, NEDs or ICMs who are also our customers do not receive any unfair advantage over those customers who are not.

5.0 **Standards of behaviour**

5.1 Standards of behaviour are covered in the existing Code of Conduct signed by all employee's, NEDs or ICMs and are in line with the NHF Code of Conduct 2022.

6.0 **Remuneration of Directors (NEDs and Exec)**

6.1 Remuneration of both Executive and Non-Executive Directors are contractual and are set following external review and advice from independent consultants and in accordance with the associated Coastline Policies.

6.2 This is in line with the NHF Code of Governance 2020.

7.0 **Declarations of interest**

7.1 A mandatory annual declaration is sought from all employees, NEDs and ICMs regarding the areas covered in this Standard and additionally any declarations arising at Board and Committee meetings are recorded as they arise and maintained on the

Boards register of interests. Refer to Appendix 1.

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

8.0 Authority / Delegations

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

8.2 Where Board approval is required it is likely to be via the Chair's urgent action and be reported to the next meeting of the Board as set out in section 4.6 of the Group Standing Orders.

9.0 Reporting requirements and service standards

9.1 In addition to the reporting identified above there is a requirement to report compliance with the NHF Code of Governance 2020 in the Annual Review and Financial Statements.

9.2 Any breaches of the Regulatory Standards are required to be reported to the Board and to the Regulator together with a full report as to the situation, impact, outcomes and any remedial action taken.

10.0 Review

10.1 The Standard will be reviewed every three years.

11.0 Appendix

11.1 Annual Declaration Form

ANNUAL DECLARATION

This form (or equivalent within the Citrus People & Culture software system) is to record actual or potential conflicts of interest arising under Coastlines Probity Standard and Code of Conduct.

If there are no such events or conflicts arising then please write none in the relevant boxes and sign and date the return.

You must declare any relationships which might be seen to create a conflict of interest in respect of your employment at Coastline. Coastline is required to collect this information to protect the public interest.

Your details

1	Name	
2	Job title	
3	Place of work	
4	Date of declaration	

Details of the declaration

5	Are you a Coastline customer?	
6	Are you related/connected to a member of staff/customer?	
7	If yes, please give details (name, role, relationship to you)	
8	Are you connected with any firm or business with Coastline?	
9	If yes, please give details.	
10	Is this declaration given confidentially? If so, why?	

I certify to the best of my knowledge that the information provided on this form is complete and accurate.

Signed Date:.....

If any information is deliberately omitted or deliberately incorrectly recorded on this return then it will be deemed as disciplinary offence and treated accordingly.

All forms to returned to Sara Pascoe – Assistant Company Secretary