



The Confederation of
Co-operative
Housing

Code of Governance for community led housing organisations 2021

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While all reasonable care and attention has been taken in preparing this guide, the Confederation of Co-operative Housing regret that they cannot assume responsibility for any errors or omissions.

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CCH Code of Governance 2021

This Code of Governance has been developed for community led housing organisations. Community led housing organisations can include housing co-operatives, tenant management organisations, community land trusts, mutual home ownership societies, cohousing schemes, development trusts and various other organisations.

Community led housing organisations come in many shapes and sizes. That's what makes them successful. They are about people considering local issues and using bespoke methods to develop what's right for them.

No two community led housing schemes are quite the same. They can be set up for a wide range of different reasons and to meet various needs; they are in different locations; their legal and governance structures can be quite different; they own and/or manage different types of homes; they house different groups of people. They vary from the very small (in some cases just one house shared by a group of members); through to larger locally based organisations (which could own or manage any number of homes). Some are set up specifically to house their members. Others are set up by community organisations seeking to address local housing need. It is a diverse sector united by principles of community governance.

A Code of Governance sets out a framework to enable an organisation to govern itself well. This Code of Governance (and the principles within it) are intended to potentially apply to any form or size of community led housing organisation. It is up to each community led housing organisation to choose whether they wish to adopt this Code of Governance or another Code.

All community led housing organisations define either a geographical community or a community of specific individuals that the organisation is set up to serve. Members of the defined community are usually entitled, or in some cases are required, to become members of the organisation. This relationship to the community, and the community accountability that stems from it, is a unique part of what makes the community led housing organisation what it is.

The Code of Governance refers to the Governing Body. In most community led housing organisations, the Governing Body is a Management Committee or a Board, but in some smaller community led housing organisations, the Governing Body is the full membership of the organisation meeting in General Meetings. The Governing Body leads and controls the organisation on behalf of the community led housing organisation's membership and/or its defined community.



If a community led housing organisation chooses to adopt this Code of Governance, the Governing Body has the responsibility for ensuring that the community led housing organisation complies with it.

Some community led housing organisations are also Registered Providers. Registered Providers are *registered* with the Government's Regulator for Social Housing, and their registration means they are required to comply with a set of Regulatory Standards. The Governance and Viability Standard includes that Registered Providers must sign up to a Code of Governance and consider how it complies with it. Choosing to adopt this Code and compliance with it complies with that requirement.

Some community led housing organisations have developed in partnership with Registered Providers, which means that the Registered Provider involved will use various methods to ensure that the community led housing organisation complies with Regulatory Standards where appropriate. If a community led housing organisation is a subsidiary of another organisation, the parent organisation determines if and how the community led housing organisation should adopt and comply with a Code of Governance.

Good governance

Good governance is about defining and reviewing:

- what an organisation is – what is it there to achieve? what is its mission? what are its vision and values?
- the structures, standards, policies, strategies and financial and other arrangements which will result in the organisation achieving its aims
- the risks that might prevent the organisation from achieving its aims.

Good governance makes good business sense. It is about organisational vision, mission, clarity of purpose, control and effectiveness. The CCH has produced [guidance](#) that defines good governance and management and has also provided [guidance](#) on developing policies that will support good governance.

Comply or Explain

Community led housing organisations who wish to adopt this Code of Governance will consider it in full and will review their governance against it on an annual basis. They will provide a statement of compliance (included in the community led housing organisation's accounts and in their annual report) detailing any areas where they do not comply. There may be legitimate reasons why the organisation does not comply, but these reasons will be included in the statement of compliance, together with any plans to achieve compliance if applicable. This *comply or explain* approach to a Code of Governance is a standard best practice governance approach for any organisation.



Principles of governance for community led housing organisations

Clarity of purpose and values (page 5)

What is the purpose of community led housing organisations?	The community led housing organisation understands what its mission, vision and values are. The organisation is committed to accountability to the community, democracy, fairness, equality of opportunity and a recognition of diversity, and high standards of ethics, probity and integrity.
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Community accountability (page 6)

What makes the organisation community led?	The community led housing organisation has defined either a geographical community and/or a specific community of people it has been set up to serve. It ensures its accountability to the defined community, including through offering (or in some cases requiring) membership of the organisation to community members. Active community involvement is encouraged in various ways.
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Effective leadership and control (page 7)

How is the community led housing organisation governed?	The Governing Body is effective in leading and controlling the community led housing organisation on behalf of the community and its members to whom it is accountable. There is clarity regarding its role. How it is composed and structured and how it is trained and provided with information ensures it has what it needs to properly discharge its duties.
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Effective and clear delivery (page 11)

How does the community led housing organisation deliver?	The Governing Body makes decisions about how the community led housing organisation delivers its ambitions day to day. Operational roles, delegated authority and systems of accountability are clearly documented. The community led housing organisation has systems to discharge its legal, regulatory and other responsibilities.
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Strong systems of control and audit (page 13)

How is the community led housing organisation controlled?	The Governing Body establishes formal and transparent arrangements to ensure financial viability and effectiveness of activities. It has sufficient systems of internal financial and other controls. It manages risk and maintains an appropriate relationship with external auditors where appropriate.
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1 Clarity of purpose and values

What is the purpose of the community-led housing organisation?

The community led housing organisation understands what its mission, vision and values are. The organisation is committed to accountability to the community, democracy, fairness, equality of opportunity and a recognition of diversity, and high standards of ethics, probity and integrity.

1.1 A clear mission, vision and values

The community led housing organisation:

- a) has a clear understanding of its mission, vision and values and makes these publicly available.
- b) periodically reviews how it is progressing towards achieving its mission, vision and values.
- c) ensures that its defined mission, vision and values accord with objects defined in the community led housing organisation's Rules or Memorandum of Association.

1.2 Fairness, equality of opportunity, diversity and inclusion

The community led housing organisation:

- a) makes a commitment to achieve fairness, equality of opportunity, diversity and inclusion in its work.
- b) aims to eliminate discrimination in all its activities.
- c) commits the organisation to being positively against discrimination of all forms and welcomes diversity.
- d) sets objectives to support these commitments.
- e) periodically reviews the extent to which it is achieving its objectives and identifies areas for improvement.
- f) periodically reports its performance in relation to fairness, equality of opportunity, diversity and inclusion and the objectives it has set.

1.3 Ethics, probity and integrity

The community led housing organisation:

- a) operates with high standards of ethics, probity and integrity.
- b) has codes of conduct setting out behaviours expected of any active community member, of any employee and of Governing Body members.
- c) is open and transparent about how it makes decisions.
- d) has a policy regarding management of conflicts of interest.
- e) has a policy on the offering, giving and receiving of gifts and hospitality.
- f) can demonstrate that all its decisions are taken solely on the basis of what is best for the organisation, its members and the community it serves.



2 Community accountability

What makes the organisation community-led?

The community led housing organisation has defined either a geographical community and/or a specific community of people it has been set up to serve. It ensures its accountability to the defined community, including through offering (or in some cases requiring) membership of the organisation to community members. Active community involvement is encouraged in various ways.

2.1 Encouraging community membership

The community led housing organisation:

- a) has defined the community it serves (either a geographical community or a specific community of people). Who is entitled to become a member is set out in the Rules or Articles of Association.
- b) encourages active membership amongst all those entitled to become members. There is clarity about the role and powers of membership.
- c) understands the demographic and other profiles of the community the organisation is set up to serve.
- d) aims to ensure that its membership reflects the diversity of the community it serves and takes active steps if it does not.

2.2 Accountability to the community and to the membership

The community led housing organisation:

- a) uses various means to ensure that it is accountable to the community it is defined to serve. In particular, it is legally accountable to those who are members of the community led housing organisation. A primary purpose of membership is to hold the Governing Body to account.
- b) provides information about the community led housing organisation's activities and performance to its community and membership, including through its annual report. This includes reporting on key decisions taken by the Governing Body on behalf of the community and membership.
- c) has an active strategy to encourage its community and its membership to engage with, influence and contribute to strategic decision making in various ways.
- d) encourages members to put themselves forward for governance roles in the community led housing organisation (ie. to the Governing Body, to officer or sub-committee/working group roles)
- e) enables regular two-way dialogue and communication with the community and the membership.
- f) uses various methods to find out the views of the community and the membership and bases decision-making on those views.
- g) ensures that consideration is given to the diversity of those who participate in community or membership activities under its community and membership involvement strategies.



2.3 **Accountability to other stakeholders**

The community led housing organisation:

- a) has clarity regarding what other stakeholders it needs to be accountable to and how it is accountable to them.
- b) particularly ensures that it is accountable to any residents of homes it owns or manages who may not be members.

If the community led housing organisation manages homes for a local authority, housing association or other landlord, it:

- c) periodically reviews its compliance with the terms of the agreement made with the landlord.

If the community led housing organisation is a Registered Provider, it:

- d) periodically reviews its compliance with the Regulatory Framework published by the Regulator of Social Housing.

If the community led housing organisation is a registered charity, it:

- e) periodically reviews its compliance with requirements for registered charities set by the Charity Commission.

3 Effective leadership and control

How is the community led housing organisation governed?

The Governing Body is effective in leading and controlling the community led housing organisation on behalf of the community and its members to whom it is accountable. There is clarity regarding its role. How it is composed and structured and how it is trained and provided with information ensures it has what it needs to properly discharge its duties.

3.1 The role of the Governing Body

- a) The purpose of the Governing Body is to direct and control the organisation on behalf of the community and membership, producing community led strategies and policies aimed to achieve the mission, vision and values and scrutinising and reviewing their success. Operational management is delegated as appropriate.
- b) The essential functions of the Governing Body are formally recorded in Governing Body Terms of Reference and include ensuring:
 - that the mission, values, vision, and objectives are set and that strategies are set to achieve them
 - financially sustainable plans that ensure that sufficient resources are available to achieve objectives
 - satisfaction as to the integrity of financial information, and that each year's budget is set and approved, and that the business plan and annual accounts are approved prior to publication
 - effective community and membership involvement strategies and Governing Body accountability to the community and membership in various ways
 - compliance with Rules or Memorandum and Articles of Association that are periodically reviewed to ensure they remain fit for purpose



- compliance with the law and regulations that apply to it
 - compliance with this Code of Governance
 - consideration of environmental sustainability
 - that structures are established and reviewed to enable delivery of mission, vision, values and objectives
 - dependent on structural options chosen:
 - i) relevant role descriptions are developed and reviewed
 - ii) an appropriate staffing structure is established and salaries and terms of employment agreed, with the most senior member of staff is appointed and if necessary, dismissed
 - iii) one or more service providers are recruited and their fees and contractual agreement are approved
 - iv) a long-term lease is agreed with another organisation that includes management of homes developed
 - v) contractual arrangements are made regarding any other structural option.
 - the establishment and review of frameworks to delegate decision-making alongside systems of internal control
 - full compliance with responsibilities relating to:
 - i) health and safety issues
 - ii) general data protection requirements
 - iii) staff employment issues where appropriate
 - iv) complaints and disputes issues
 - establishment, monitoring and reviewing of a risk management framework in order to safeguard the assets and reputation of the community led housing organisation.
- c) The Governing Body has drawn up a schedule of significant matters that can only be decided upon by the Governing Body and which cannot be delegated to individual members, staff, service providers or sub committees. Where the community led housing organisation has a Management Committee or Board, the schedule also identifies which significant matters require consideration by ordinary members either through consultation or at a General Meeting.

3.2 **Composition of the Governing Body**

This section only applies where the Governing Body is a Management Committee or Board as opposed to the Governing Body being the organisation's membership.

- a) The community led housing organisation's Rules or Articles of Association define the composition and numbers of Governing Body members and how they are elected or recruited.
- b) The Governing Body periodically reviews whether permitted numbers of Governing Body members reflect best practice. If a review considers that the permitted numbers do not enable the Governing Body to act effectively on behalf of the community and membership, the Governing Body will propose changes to the community led housing organisation's membership.



- c) The Governing Body ensures that those seeking to be members of the Governing Body are fully aware of the responsibilities of Governing Body membership.
- d) Where the community led housing organisation's Rules or Articles of Association require that some or all the Governing Body members are elected, the community led housing organisation ensures that elections are open, fair and transparent and aims to ensure that those elected bring in the skills and experience that are sufficient for the Governing Body to discharge its duties. The Governing Body uses co-options if it requires particular additional skills.
- e) Where the community led housing organisation's Rules or Articles of Association require that some or all the Governing Body members are recruited, vacancies are open, transparent and based on merit and objective selection and assessment techniques.
- f) Whilst the contribution of experienced Governing Body members is important to community led housing organisations, Governing Bodies also need new members who can provide a fresh challenge to long-standing practices and thinking. The community led housing organisation considers whether it is appropriate for at least a quarter of the Governing Body's membership to be renewed over a three-year period.
- g) The community led housing organisation particularly considers whether the composition of the Governing Body reflects the diversity of the community led housing organisation's membership and takes active steps to address any imbalances.
- h) The community led housing organisation annually publishes information about the election or appointment of new Governing Body members, and about the diversity, skills and attributes of all the Governing Body members.

3.3 **Code of Conduct for Governing Body members**

- a) All Governing Body members are required to sign up to a statement of Governing Body member responsibilities (that includes a Code of Conduct for Governing Body members) on an annual basis.
The statement of Governing Body member responsibilities includes that Governing Body members:
 - b) understand and comply with their legal, regulatory, moral and social duties and responsibilities, including collective decision making and confidentiality.
 - c) do not vote on matters on the basis of the personalities of other Governing Body members and do not form *factions* within the Governing Body.
 - d) share the same legal status and have equal responsibility for collective decision making.
 - e) act only in the interests of the community led housing organisation and not on behalf of any constituency, interest group or *faction*.



- f) declare any ongoing personal or family interests, which are recorded in the community led housing organisation's register of interests which is formally reviewed and updated annually.
- g) declare any particular or potential conflicts of interests regarding particular matters under discussion, which the community led housing organisation records with actions taken to mitigate the conflict.
- h) may be excluded from discussion and decisions on a matter where a Governing Body member is considered to have a material conflict of interest.
- i) may be asked to step down as a Governing Body member where a material conflict of interest is likely to be ongoing.
- j) may be asked to step down as a Governing Body member if they severely or persistently breach the organisation's Code of Conduct.

3.4 **Decision making and information**

Governing Body members:

- a) receive an induction programme and an ongoing training and development programme designed to enable them to fulfil their Governing Body responsibilities.
- b) receive up-to-date, clearly presented and accurate information to enable them to make decisions.
- c) make decisions in the best interests of the community led housing organisation, using independent judgement formed on the basis of information and documents, circulated in advance of the meeting wherever possible. If a Governing Body member does not feel sufficiently informed about a particular subject matter, they seek further advice. Decisions and the key reasons for them are recorded in minutes.

3.5 **Meetings and urgent decisions**

- a) Governing Body meetings are accessible to all Governing Body members, with adjustments made as necessary so that all Governing Body members can attend and participate.
- b) Where meetings are conducted remotely, arrangements are made and support provided so that all Governing Body members can participate and contribute.
- c) The community led housing organisation's schedule of delegated authority and individual policies set out how urgent decisions between Governing Body meetings are taken and set clear limits to delegated authority.

3.6 **Officer roles**

- a) If the community led housing organisation appoints a Chair, the Governing Body ensures that they have the skills necessary to lead the Governing Body and that they are a member of the community led housing organisation. The Chair's duties are formally recorded.



- b) If the community led housing organisation does not appoint a Chair, the Governing Body documents alternative leadership arrangements for the community led housing organisation.
- c) As appropriate, the Governing Body also appoints a Secretary, Treasurer and other officers.
- d) The responsibilities of all officers (and alternative leadership arrangements) are set out in written role descriptions.
- e) Usually, the Chair (if the role exists in the organisation) serves a maximum of two three-year terms of office.
- f) Usually, the Secretary and Treasurer (if the roles exist in the organisation) serve a maximum of two three-year terms of office unless the roles are fulfilled by staff employed by the community led housing organisation, an arrangement that is periodically reviewed.
- g) Where the community led housing organisation considers it necessary to extend the period permissible in office of one of the officers, it annually communicates its reasons for so doing to the membership of the community led housing organisation and ratifies the decision at the Annual General Meeting.

3.7 **Sub-committees**

- a) The Governing Body may establish sub-committees where it determines that they will deliver effective governance.
- b) Sub-committees are usually chaired by a Governing Body member.
- c) Sub-committees have terms of reference agreed by the Governing Body that define whether general members of the community led housing organisation or staff can be members of the sub-committee.
- d) Terms of reference also set out any authority delegated to sub-committees, any limits to delegated authority and how sub-committees report and are accountable to the Governing Body.

3.8 **Review of the governing body's performance**

- a) To assist with continuous professional development of the skills of Governing Body members individually and collectively, the Governing Body ensures that an appraisal of its members (including of its Chair) and of the skills and effectiveness of the Governing Body as a whole is undertaken on an annual basis by someone with appropriate skills to carry out such an appraisal.
- b) The Governing Body considers actions to develop the skills of the Governing Body and its members through the provision of training, through the election process, through seeking particular skills in a recruitment process or through co-options.



4 Effective and clear delivery

How does the community led housing organisation deliver?

The Governing Body makes decisions about how the community led housing organisation delivers its ambitions day to day. Operational roles, delegated authority and systems of accountability are clearly documented. The community led housing organisation has systems to discharge its legal, regulatory and other responsibilities.

4.1 Operational roles

- a) The Governing Body determines how the community led housing organisation delivers operationally through one or more of the following options:
 - Volunteers carrying out operational tasks within the organisation including through working groups with clearly defined roles
 - Staff directly employed by the organisation
 - One or more service provider carrying out operational tasks
 - Through a long-term lease to another organisation
 - Through some other arrangement.
- b) The Governing Body periodically considers whether its operations could be better delivered through alternative methods, and understands the relative costs and benefits of these alternatives.
- c) The roles of any volunteers or working groups involved in operational delivery are set out in written role descriptions.
- d) The roles of any staff are set out in written and signed job descriptions and related documentation.
- e) The roles of any service provider are set out in a written and signed contractual agreement.
- f) The roles of any organisation to whom a long-term lease has been granted are set out in the terms of a written and signed lease.

4.2 Delegated authority, accountability, appraisal and payments

- a) Any authority delegated and how those to whom authority is delegated are accountable to the Governing Body and are annually appraised is set out in relevant role/job descriptions, contractual agreements or leases, and in relevant policy documentation.
- b) The Governing Body has established arrangements to review the remuneration package for the most senior member of staff (if any) and fees for any service provider. Details of these costs are disclosed in annual financial statements in accordance with relevant accounting practice.
- c) The Governing Body has established appropriate human resources arrangements for any staff employed in the organisation with a member of the Governing Body designated to take responsibility for the management of the most senior member of staff (if any).



4.3 **Discharging legal, regulatory and other responsibilities**

- a) The Governing Body establishes frameworks to ensure its legal, regulatory and other responsibilities are discharged.
- b) If staff or a service provider is employed, some or all legal, regulatory and other responsibilities may be implemented through them, but the Governing Body remains responsible for their successful implementation.
- c) The Governing Body accesses and acts upon competent advice in relation to legal, regulatory and other responsibilities. Independent advice is particularly sought:
 - in relation to equality and diversity issues
 - in relation to health and safety issues
 - in relation to safeguarding issues as appropriate
 - in relation to data protection issues
 - on human resources issues if the community led housing organisation directly employs staff
 - on procurement issues if the community led housing organisation employs a service provider
 - on lease issues if the community led housing organisation issues a long lease to another organisation.

5 Strong systems of control and audit

How is the community led housing organisation controlled?

The Governing Body establishes formal and transparent arrangements to ensure financial viability and effectiveness of activities. It has sufficient systems of internal financial and other controls. It manages risk and maintains an appropriate relationship with external auditors where appropriate.

5.1 **Effective systems of audit and control**

- a) The community led housing organisation has effective internal financial and other controls detailed in written standing orders.
- b) These controls include developing suitable arrangements for oversight of financial and other matters, and the relationship with the external auditor (if there is one).
- c) The controls also ensure that the Governing Body receives adequate financial and business management reports.
- d) Where the community led housing organisation manages homes on behalf of a local authority, housing association or other landlord, it complies with the requirements of the landlord regarding internal audit controls as specified in the agreement with the landlord.
- e) The community led housing organisation's external auditor (if there is one) is independent and effective and their appointment is reviewed at least once every six years.



5.2 **Risk management**

- a) The Governing Body has established an appropriate risk management framework and the community led housing organisation's appetite for risk in relation to achieving objectives.
- b) The Governing Body particularly considers how any new initiatives will expose existing operations to risk.
- c) The Governing Body understands the community led housing organisation's risk profile and what controls need to be in place to mitigate the risks the organisation faces, including appropriate business continuity plans. The Governing Body regularly reviews the effectiveness of the controls it has put in place to mitigate risk.

5.3 **Whistleblowing**

- d) The community led housing organisation ensures that appropriate whistleblowing policies are in place.