



Probity Policy

Version 2

Approved by: Board
Approved date: 26 May 2017

1.0 Introduction

1.1 This Policy is based on the National Housing Federation (NHF) Codes of Governance (2015 edition) and Conduct (2012 edition). It is the responsibility of the Board to ensure compliance with these codes, and additionally:

- Ensure compliance with associated policies relating to statutory and regulatory requirements
- Ensure compliance with generally accepted standards of performance, probity and good practice
- Ensure that their conduct and the conduct of Optivo generally is transparent and effective, and in the interest of the organisation and the social housing sector as a whole.

1.2 'Probity' covers a wide range of areas, and those specifically covered in this Policy are:

- Severance and redundancy payments – [section 5.0](#)
- Out of court settlements – [section 6.0](#)
- Non-contractual (ex-gratia) payments – [section 7.0](#)
- Code of Conduct – [section 8.0](#)
- Declaration of interest – [section 9.0](#)
- Personal benefit – [section 10.0](#).

1.3 Links to the following policies also associated to probity can be found in [section 16.0](#):

- [Whistleblowing Policy](#)
- [Gifts & Hospitality Policy](#)
- Anti-fraud, bribery and corruption Policy
- Anti-money laundering Policy
- [Board, Committee and Subsidiary Members' Pay and Benefits Policy](#)
- Disciplinary Policy
- [Complaints about Governance Members Policy](#).

2.0 Legislation

2.1 The implementation of the Housing and Regeneration 2008 Act on 1 April 2010 removed the requirements of Schedule 1 of the Housing Act 1996. This set out prescriptive requirements for Registered Providers (RPs) on how to deal with non-contractual benefits to Board members and employees. As a charitable

organisation with social objects, Optivo has confirmed its commitment to the principles of good governance and transparency.

3.0 Guiding principles

- 3.1 The provisions within the Codes of Governance and Conduct relate to areas where we need to exercise probity and propriety. In circumstances where Optivo faces situations not addressed by either Code, we will be guided by the 7 Principles of Public Life produced by the Committee on Standards in Public Life (see [section 16.0](#)).
- 3.2 This Policy sets out the circumstances in which Optivo will consider making non-contractual payments, severance payments and out of court settlements, as well as deal with housing applications and offers of employment to governance members, employees and related parties.

4.0 Policy statement

- 4.1 This Policy applies to anyone who is (or has within the last 12 months) a connection with Optivo i.e.
- Is employed by the organisation, either directly or as a sub-contractor or agent;
 - Is a director, owner, board member, trustee or has some other controlling or financial interest in Optivo;
 - Is a shareholder;
 - Has some other connection or link that a member of the public may see as a conflict of interest.
- 4.2 For the purpose of this Policy and for completing the Declaration of Interest form (see [section 9.0](#)), Optivo considers a 'related party' to include:
- A partner (husband or wife, civil partner or 'live-in' partner)
 - Parent or parent-in-law
 - Son, daughter, stepson, step daughter or child of partner
 - Brother or sister, brother or sister of a partner
 - Grandparent, grandchild
 - Uncle, aunt, nephew, niece
 - The partners of any of the above
 - Any dependents
 - Any person on whom the individual depends including:
 - Estranged, separated and divorced family members (and estranged, separated and divorced persons who might reasonably be regarded as similar to family members)
 - A person with whom someone has a 'close association' would be a friend, colleague, neighbour, business associate or a social contact.

The test is, when considering who is a 'related party' - would a member of the public reasonably think the individual would favour or disadvantage their 'close associate?'

5.0 Redundancy payments

5.1 Optivo recognises the occasional need to make discretionary non-contractual redundancy payments in exceptional circumstances where it is corporately advantageous for an employee to depart, and a redundancy payment is considered necessary to achieve this. We operate clear, fair and open policies in respect of redundancy, including early retirement. Any redundancy settlement will take into account:

- Reasons for departure;
- Length of service;
- Total value of remuneration including benefits e.g. pension, car provision, health insurance and performance bonuses (not to exceed more than one year's gross remuneration);
- Contractual entitlement to redundancy and notice period;
- Legal and financial risks and other impacts of failing to agree a settlement
- Best practice in the social housing/charitable sector.

5.2 Redundancy payments will be made in line with the Redundancy Policy and approved Change process. The People, Governance and Remuneration Committee will provide scrutiny and oversight on an annual basis and more often as agreed by the committee.

6.0 Out of court settlements (including severance payments)

6.1 Any out of court settlements up to £10k will be approved by the Executive Team and reported to the People, Governance and Remuneration (PGR) Committee. Any settlements above £10k will require approval by the PGR Committee and they will be informed of all relevant facts and seek any independent advice necessary in order to approve the settlement.

6.2 Optivo will only make payment of an out-of-court settlement where a business case supports the necessity for early resolution and the legal advice obtained indicates any of the following:

- Extended delays would result in costs greater than any predicted employment tribunal settlement
- Operational performance would suffer if the case was not resolved swiftly
- defence of the action was unlikely to be successful given the nature of the claim
- Settlement would not set an adverse precedent within Optivo.

6.3 Optivo will be careful to avoid any suggestion of secrecy or impropriety. The PGR Committee or Executive Team will approve the amount to be offered in an out of court settlement as set out in 6.1 above.

7.0 Non-contractual (ex-gratia) payments

7.1 The Reward Policy, including bonus scheme arrangements, will cover the majority of ex-gratia payments. This part of the Probity Policy could be applied

for retention payments to individual staff, although these types of payments are rare. They will be one-off payments set at a level that avoids any reputational risk to Optivo or the sector.

- 7.2 All ex-gratia payments must avoid any suggestion of impropriety or discrimination, and the process must be documented and all payments must be processed through the Payroll department to ensure an appropriate audit trail is maintained.
- 7.3 Any payment above £10k to any employee must be approved by the PGR Committee. Any payment £10k or less can be approved by the Leadership Team.

8.0 Payment to residents

- 8.1 We are able to make payments to residents as an incentive or reward – whether in cash, shopping vouchers, cash back or entry into a prize draw. We will offer this only after considering the following factors:
- How the reward or incentive will enable us to better meet our aims and objectives
 - The views of other residents and stakeholders
 - Any published guidelines and sector norms.
- 8.2 Any reward of incentive will be:
- Determined by Strategic Board
 - Transparent, fair and proportionate
 - Kept under review to ensure outcomes are achieved in line with expectations
 - Not susceptible to abuse
 - Not in contravention of s122 of the Housing and Regeneration Act 2008
 - Subject to internal and external audit.

9.0 Code of Conduct

- 9.1 The Optivo Code of Conduct (based on the NHF Code of Conduct 2012 edition) sets out the standard of conduct expected of all governance and staff members in line with the principles of good governance. Staff and governance members must agree to abide by this Policy and the Code of Conduct.
- 9.2 The standard of conduct required at governance meetings reflects the importance and responsibilities of the meetings, the principles of good governance and just ‘good manners’. Defining the standards expected means Optivo can deal impartially and effectively with any incidents of inappropriate behaviour. See [section 16.0](#) for the guidance on the expected standards of conduct from employees and governance members.

10.0 Declaration of interest

- 10.1 Optivo has a responsibility to ensure that its staff, senior managers, governance members, and anyone else directly involved in Optivo, maintain a high standard of conduct and behaviour when performing duties on behalf of Optivo
- 10.2 As a registered housing provider, we face close scrutiny from our residents, regulators, central Government and the wider public. Therefore, it is important that we create a culture of trust and transparency across everything that we do. To help us achieve this, all governance members and employees are required to complete a Declaration of Interest form on a regular basis. See section 16.0 for the form to be submitted and guidance on declaring an interest.
- 10.3 Governance members and staff must maintain a constructive, professional relationship with its staff. Optivo recognises that staff and governance members may meet a romantic partner during the course of their duties. To avoid any potential conflicts of interest, this must be declared by both parties using the Declaration of Interest form.

11.0 Personal benefit

- 11.1 Registered Providers must demonstrate that governance members, staff and people they are closely connected with, receive no preferential treatment i.e. benefits such as housing and employment. The following sections outline the specific approach to be considered:

(a) Offers of Accommodation

When offers of accommodation are to be made to individuals connected to Optivo or a related party (see 4.1 and 4.2) including tenancies, transfers, direct lets, shared ownership, leases, etc., advance approval must be sought from the Executive Director Governance & Compliance. They must confirm that the offer has been made in accordance with Policy and that no person having a close connection to the prospective resident played any part in the offer of the accommodation. In the case of an offer involving a Board, Committee or Executive Team member, approval is required from the People, Governance & Remuneration Committee. See [section 16.0](#) for an example of the approval report to be submitted to the Governance Team. The Governance team will administer applications and record these in the Probity Register.

(b) Offers of Employment

All offers of employment are based solely on merit and suitability, and must be made in accordance with legislation and Policy.

Where an interest has been declared by a candidate, the recruiting manager must obtain advance approval from the Executive Director Governance & Compliance and demonstrate that the offer has been made in accordance with Policy. The employee having a close connection will play no part in the recruitment process or on-going management. In the case of an offer involving a Board, Committee or Executive Team member, approval will be required from the People, Governance &

Remuneration Committee. See section 16.0 for an example of the approval report to be submitted to the Governance Team.

A list of approvals requested for offers of accommodation and employment is maintained by the Governance Team and reported to the Optivo Board as part of the annual probity report.

Governance members can apply for employment but if appointed they will have to resign from their duties as a governance member.

(c) Use of suppliers

Suppliers cannot be used if a member of staff, a governance member or a 'related party' have a significant interest in that business. This significant interest must be in a business trading for profit. This is defined as:

- A shareholder in a company
- A partner in a conventional partnership; limited partnership or liability partnership
- A holder of other rights which entitle the association to an interest in the underlying assets or revenues of the business
- A lender to the business
- Any other expression of company ownership.

Staff with responsibility for the appointment and/or supervision of contractors, consultants and suppliers, must take care to avoid any suggestion of impropriety in their relationship with individuals or companies. Where a conflict or potential conflict arises, these should be declared and steps taken to ensure staff concerned have no involvement in the process.

12.0 Compliance

12.1 To ensure compliance with the requirements of being a Registered Provider, Optivo will:

- Monitor compliance with policies, procedures and codes, including reviews by internal/external audit
- Take appropriate action for any area of non-compliance identified;
- Have appropriate policies in place, including whistleblowing and anti-fraud, bribery and corruption, with procedures in place for dealing with disclosures
- Implement an Openness and Transparency Policy
- Engage with the regulator at an early stage of any significant breach of legal or regulatory requirements.

13.0 Training and awareness

13.1 Corporate induction programmes for governance members and staff include responsibilities with regard to probity and conduct. This is also included in terms of appointment, with refresher training also available.

- 13.2 Residents who are not governance members, but participate in forums or other activities, will be made aware of required levels of behaviour expected from them during the course of their involvement.

14.0 Access to advice

- 14.1 Governance members and staff are able to seek advice on the contents of this Policy and the requirements of 'probity' from the Governance and Human resources teams, who are able to seek legal advice if necessary.

15.0 Confidentiality and data protection

- 15.1 In demonstrating integrity in everything we do and complying with the Data Protection Act, it is important that personal information about residents, applicants for housing or Optivo staff be kept strictly confidential. Personal information may only be released outside the organisation with the consent of the individual concerned, or in line with the Data Protection Policy. Advice from the Data Protection Manager should be sought.
- 15.2 Staff and governance members must not use any information obtained in the course of their duties for personal gain or benefit, nor should it be passed to others who might use it in such a way. Governance members and staff should continue to exercise this duty of confidentiality when they leave Optivo's governance structure or employment.
- 15.3 Optivo and its subsidiaries will take appropriate action against governance members and staff who fail to:
- Comply with the Data Protection Act 1998 – including unintentionally, knowingly or recklessly breaching the Act
 - Comply with their duty of confidentiality as 14.1 and 14.2 above
 - Comply with our data protection policies and procedures – and any associated policies and procedures.

16.0 Breaches of the Probity Policy and Code of Conduct

- 16.1 Staff and governance members must agree to abide by this Policy and the Optivo Code of Conduct.
- 16.2 Any breaches of this requirement will result in the following actions:
- Suspension or dismissal of governance members in line with the Rules, Agreement for Services or breach procedure for governance members;
 - Disciplinary action in line with the Disciplinary Policy for staff.

17.0 Related documents

- 17.1
- Principles of Public Life
 - NHF Code of Governance (2015 edition)

- [Optivo Code of Conduct](#)
- [Whistleblowing Policy](#)
- [Guidance on making a whistleblowing disclosure](#)
- Anti-fraud, Bribery and Corruption Policy
- Anti-money Laundering Policy
- [Gifts & Hospitality Policy](#)
- Declaration of Interest form
- [Declaration of Interest guidance](#)
- [Approval Template for Employment of a Related Party](#)
- [Approval Template for Housing of a Related Party](#)
- [Expected Standards of Conduct at Optivo](#)
- [Board, Committee and Subsidiary Members' Pay & Benefits Policy](#)
- Disciplinary Policy
- [Complaints about Governance Members Policy](#)
- [Breach Procedure for Governance Members.](#)

18.0 Review

- 18.1 This Policy will be reviewed in 18 months after amalgamation as part of the next Governance Review. If necessary, the Policy will be reviewed sooner to incorporate legislative, regulatory, best practice developments, or address operational issues and any proposed changes will be presented to the Optivo Board for approval.