

DECISION

Committee:

**Board of Management of Sanctuary
Scotland Housing Association Limited**



Date:

15/06/2021

Agenda Item:

8

Report from:

Secretary

Title: National Housing Federation Code of Governance 2020

Executive Summary: This report seeks Board of Management approval for the adoption of the National Housing Federation Code of Governance 2020.

1. Introduction

1.1 This report summarises the requirements of the National Housing Federation's (NHF) new Code of Governance 2020 (Code) and seeks approval for the adoption of the Code by Sanctuary Scotland Housing Association Limited (Sanctuary Scotland Housing Association).

2. Strategic context

2.1 The new 2020 Code (replacing the 2015 version adopted by Sanctuary Housing Association and its subsidiaries) was driven by the need to reflect the distinctiveness of the sector, its social purpose and funding model, as well as changes within the operating environment.

2.2 The Code was adopted by Group Board at its meeting on 26 May 2021.

3. Analysis

3.1 The Code sets out four new core principles with a set of requirements under each.

3.2 The core principles are:

1. Mission and values

The board sets and actively drives the organisation's social purpose, mission, values and ambitions, and through these embeds within the organisation resident focus, inclusion, integrity, openness and accountability.

2. Strategy and delivery

The board sets ambitions, plans and strategies which enable the organisation to fulfill its social purpose and remain viable and sustainable, and exercises demonstrable and effective oversight of their delivery.

3. Board effectiveness

The organisation is led by a skilled and diverse board which regularly reviews and capably manages its own performance and effectiveness and ensures that it complies with this code.

4. Control and assurance

The board actively manages the risks faced by the organisation, and obtains robust assurance that controls are effective, that plans and compliance obligations are being delivered, and that the organisation is financially viable.

3.3 Although the first two principles mark a break from previous versions of the Code, the latter two principles are broadly aligned to previous principles and provisions regarding the role of the board, risk, and internal control.

3.4 Specifically, the requirements regarding the role of the board, board composition, board selection, remuneration, appraisal, tenure, and conduct are in line with previous versions. Where the wording has changed in these sections, it is mainly to outline further detail on the requirements.

4. New requirements

4.1 The new Code requires those adopting it to make sure that:

- The views and needs of residents are at the heart of strategic decision making.
- Measures are in place to ensure that residents, and other customers and staff are kept safe.
- Boards have an oversight of risk and thoroughly test the impact of potential risk scenarios on their organisation's future.

4.2 While there is a clear focus on the resident voice, the Code does not require resident involvement in governance via boards. Instead, it requires that 'people with direct lived experience of the communities

served by the organisation are meaningfully engaged in governance structures’.

4.3 Reflecting developments in the wider understanding of good governance, greater emphasis has been placed on:

- Accountability to stakeholders, including residents and other customers.
- Equality, diversity and inclusion in governance.
- Environmental sustainability.
- Organisational culture.

6. Appraisal

6.1 Risk management

6.1.1 RM 4 Governance; the risk of non-compliance with the Code will be mitigated by continual assurance and compliance reviews.

6.2 Value for Money

6.2.1 There are no specific Value for Money implications arising from the adoption of the Code.

6.3 Corporate Strategy

6.3.1 Adoption and adherence to the Code ensures that effective governance is in place to deliver the Group’s strategic priorities to Engage, Invest, Advance and Grow.

6.4 Customer and/or Employee considerations

6.4.1 Adoption and adherence to the Code ensures that the views of customers and employees are integrated within governance structures and form part of strategic decision making.

7. Recommendation

7.1 The Board of Management is asked to approve the adoption of the Code for Sanctuary Scotland Housing Association in so far as it is compatible with Scottish regulatory requirements.