



GOV-POL-02-02
Probity Policy

0.	DOCUMENT CONTROL		
0.1	SUMMARY		
0.2	DOCUMENT INFORMATION		
Role	Name/Position	Date	
Governance Manager	Rebecca Hallam	Mar 18	
Approved by	Torus Board	May 18	
Document Reference	GOV-POL-02		
0.3	DOCUMENT STATUS HISTORY		
Version	Date	Change owner	Reason for Update
2	May 18	Rebecca Hallam	New format, increased limit of acceptable hospitality, incorporated some elements of Code of Conduct. This version supersedes the previous version of the policy. (see V3 filed in superseded)
0.4	DOCUMENT REVIEW DATE		
Review Due	Mar 19		
Responsible Officer	Governance Manager		
0.5	DISTRIBUTION		
Name / Department	Title		
All staff	All staff		
Board and committee members	Board and committee members		
0.6	ASSOCIATED DOCUMENTS		
Ref:	Title:		
Ref:	Title:		

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19. Definitions

1. Scope

- 1.1 This Policy is owned by the Group Business Support Director and is applicable to all Board and Committee members, Employees and involved tenants. Companies we contract with will have the Policy drawn to their attention and will be expected to follow it in spirit.
- 1.2 As a Registered Provider and a charity the conduct of Board Members and Employees impacts directly on Torus' ("the Group") reputation. Therefore it is important that the Group has a Probity Policy in place to promote good governance and manage situations where potential conflicts of interest could occur or be seen to occur.

2. Policy Statement

- 2.1 S122 of the Housing and Regeneration Act 2008 restricts the grant of gifts and Benefits by registered providers. This Policy implements the requirements of the Act and aims to promote best practice and ensure that the Group promotes the highest standards of probity and governance, complies with the law and the requirements of the Regulator of Social Housing, the Financial Conduct Authority and Charity law and guidance and strives to conduct the Group's business in a way that maintains its good reputation.

3. Sanctions for Policy Breaches

- 3.1 Failure to follow the Probity Policy can have serious implications for the group and the individual concerned. A breach of the Policy can result in:
 - Disciplinary action, including dismissal, if Employees have breached their terms and conditions.
 - Personal liability for Board Members for losses or liabilities the group suffers as a result of a Board Member breaching their duties and responsibilities.
 - Disciplinary action or removal from their position if Committee Members have breached the group's expectations of them.

4. Payments to Board Members

4.1 Payments to Board Members

- 4.1.1 Payments to Board and Committee Members will only be permitted under individual contracts for services or in accordance with this Policy.
- 4.1.2 Such payments and Benefits will only be for services carried out as a Board or Committee Member and not for additional services provided to the group from time to time (which are generally prohibited).
- 4.1.3 Severance and redundancy payments to Board or Committee Members are not permitted.

4.2 Expenses

- 4.2.1 To assist in the proper performance of their duties, the group may reimburse Board and Committee Members for reasonable expenses legitimately incurred in the course of their duties including:
- Travel costs incurred travelling to and from board and committee meetings and other official functions on the group which Board or Committee Members are required to attend from time to time
 - Any other appropriate expenses as agreed to facilitate the carrying out of Board or Committee Member duties.
- 4.2.2 Board and Committee Members must follow the appropriate procedure in claiming expenses.
- 4.2.3 The Group is under no obligation to pay any expenses to a Board or Committee Member who is unable to produce receipts or other evidence that the expenses have been incurred.
- 4.2.3 Any disputes or disagreements about expenses will be determined by the Chair of the board in his or her absolute discretion, unless the Board Member in question is the Chair, in which case the Vice Chair determines the decision.

5. Payments to Employees

5.1 Remuneration

- 5.1.1 The Group may pay remuneration to Employees where such payments are due under a contract of employment or are otherwise made in accordance with this Policy from time to time.
- 5.1.2 Remuneration decisions relating to the Executive Management Team will be made by the Nomination & Remuneration Committee. All other remuneration decisions will be made in accordance with the Group's Remuneration Policy. All decisions relating to remuneration will be made fairly and transparently.

5.2 Benefits

- 5.2.1. The Group may only grant Benefits of any description to an Employee they are permitted under their contract(s) of employment, or accordance with this Policy or where they are approved by the Executive Management Team (for Employees) or the Nomination and Remuneration Committee (for members of the Executive Management Team).

5.3 Additional Payments

- 5.3.1 The Group may make additional payments e.g. Performance Related Pay, "on call" allowances, Emergency Call Out pay to an Employee in accordance with the relevant Employee's contract of employment.

5.3.2 Where additional payment is proposed which is not in accordance with the Employee's contract of employment or an established policy of the Group, it must be approved by the Executive Management Team or Nomination and Remuneration Committee, as appropriate. In deciding whether to approve such a payment, the Executive Management Team or Nomination and Remuneration Committee must consider doing so only on evidence of exceptional performance or in exceptional circumstances.

5.3.3 Any additional payments will be made in accordance with comparable levels in the sector, and having regard to the Group's obligations as a Registered Provider and a charity.

5.4 Severance and redundancy

5.4.1 For the purpose of this Policy, severance payments shall include out of court settlements in relation to cases referred to the Employment Tribunal.

5.4.2 The Group may make reasonable and fair severance and redundancy payments to Employees. Redundancy payments should be made in accordance with the Change Policy and severance payments should be made in consultation with the OD Team.

5.4.3 Decisions as to severance and redundancy payments to Employees shall be made by the Executive Management Team (for Employees) or the Board (for members of the Executive Management Team). Any non-contractual payments should be approved by the Executive Management Team (for employees) or the Nomination and Remuneration Committee (for members of the Executive Management Team).

5.4.4 In making a decision as to what is a reasonable and fair level of payment under paragraph 5.4.3 above, the following considerations shall be taken into account:

- (a) the total level of payment due to the Employee contractually, including pension and notice requirements;
- (b) advice from a legal advisor and any other suitably qualified persons;
- (c) any relevant statutory formula;
- (d) any published policies of the Group;
- (e) any relevant guidance on best practice;
- (f) information on comparable payments made in the sector (if available);
- (g) the Employee's conduct and reasons for departure; and
- (h) potential risks to the Group (either by making or not making a payment), including, in relation to out of court settlement payments for employment disputes, the claim's prospects of success, the potential legal costs of defending a matter and the effect on the Group if settlement is not made.

5.4.5 The terms of any severance payment will be included within a properly drawn up settlement agreement or similar document.

6. Benefit schemes

6.1 From time to time the Group may put in place or arrange to participate in Benefit schemes for its Employees with external organisations, such as discount cards. Information about the Benefit schemes will be published internally including any eligibility criteria governing an individual's ability to participate in such schemes.

6.3 If the Group is contemplating awarding a contract for the provision of goods or services to any external organisation offering a Benefit scheme, the fact the organisation offers a Benefit scheme to Employees should be declared for the purposes of that contract award procedure.

6.4 In accordance with the Group's contracts standing orders, no preferential treatment shall be given to any external organisation offering such a Benefit scheme to the Group's Employees.

7. Ex Gratia Payments

7.1 In certain circumstances as a reward for excellent or long-standing service, ex gratia payments may be made to Employees or Board or Committee Members, provided that any such payments do not exceed £200 annually for any one Board or Committee Member or Employee.

7.2 Any ex gratia payments to be made under paragraph 7.1 above shall be made in accordance with the Retirement Policy.

8. Gifts and Hospitality

8.1 Gifts made to Board and Committee Members and Employees by the Group

8.1.1 The Group may make a discretionary non-contractual allowance purchase gifts or vouchers for Employees or Board and Committee Members as a reward for excellent service. Under normal circumstances the value should be limited to £50 per person per occasion but this may be increased to £100 per person per occasion in exceptional circumstances. This is subject to an annual limit of £200 per person and must have the approval of the Executive Management Team (for employees) or Nomination and Remuneration Committee (for Board and Committee Members).

8.1.2 As some of the companies within the Group are charities there is a further limit on the combined value of gifts given to Board and Committee Members of £1000 per year in line with guidance issued by the Charities Commission.

8.1.3 No gifts may be given to any person or organisation which falls within one of the following categories:

- Former Board or Committee Members or their Close Relatives; or
- A company which has a former Board Member or one of their Close Relatives as a director; or
- A company which has an existing Board Member or one of their Close Relatives as a director

8.2 Social Events for Officers and Employees

8.2.1 The group may provide funding for social events which Employees and/or Board and Committee Members will be attending, such as parties to celebrate key achievements. There will be a limit of £50 per Employee or Board or Committee member for the event with a total annual budget of £200 per Employee or Board or Committee Member.

8.3 Gifts and Hospitality Received from Third Parties

8.3.1 Employees and Board or Committee Members may, from time to time, receive hospitality and gifts from external organisations. These may include free gifts (e.g. pens, stationary etc.) or hospitality such as lunches and invitations to social events, awards ceremonies etc.

8.3.2 Board or Committee Members and Employees should generally not receive or offer hospitality and gifts from or to persons or organisations that may be in a position to benefit from actions or decisions taken by the Group.

8.3.3 Gifts or hospitality should also not be accepted from organisations with which the Group is in dispute or where that organisation is taking part in, or about to enter into, an active tendering process for a contract with the Group.

8.3.4 However, there are circumstances where the acceptance of hospitality or gifts is in accordance with established business practice, or where the acceptance of gifts is difficult to avoid without causing offence.

8.3.5 Hospitality should only be accepted by Board or Committee Members and Employees where:

- (a) it is incidental to the conduct of business or regarded as sustenance;
- (b) the event is in direct furtherance of the Group's business or linked to the sector; or
- (c) guests include parties other than Board Members and Employees.

For example this could include a low value working lunch and attendance at events in an official capacity or as a representative of the company.

8.4 Acceptable and Unacceptable Gifts and Hospitality

8.4.1 Personal gifts must not be solicited under any circumstances.

8.4.2 Gifts of cash should not be accepted under any circumstances.

8.4.3 Gifts of value from residents, customers or potential residents should generally not be accepted although birthday cards or small gifts to a member of staff who is leaving may be acceptable.

8.4.4 Offers to attend purely social or sporting events which have no or limited relevance to the Group's objectives or work should not be accepted.

8.4.5 The following table shows the value of gifts or hospitality that can be accepted and how they need to be reported.

Value	Accept or Decline?	Limitations	Reporting Requirements
Up to £10	Can be accepted	Subject to an annual limit of £50 from one person or organisation to one employee or board member	No need to report if the gift or offer is below the annual limit
Up to £20	Can be accepted	Subject to an annual limit of £100 from one person or organisation to one employee of board member	Report to the Governance Team
Between £20 and £100	Gifts: Should not be accepted Hospitality: May be accepted with approval	Prior approval from relevant Director or member of EMT should be obtained before accepting the offer of hospitality.	Report to the Governance Team
Over £100	Should not be accepted	Should not be accepted	Report to the Governance Team

8.4.6 All gifts or offer of hospitality with a value of over £10 should be reported to the Governance Team on a monthly basis whether they have been accepted or not. A register of offers of gifts and hospitality will be maintained by the Governance Team and updated on a monthly basis.

8.5 Gifts and Hospitality Provided to Third Parties

- 8.5.1 Other than in exceptional circumstances hospitality or gifts will not be provided to external organisations, other where they have a value of up to £50 per person per event with a value not exceeding £10 per gift. This could include catering for a lunch meeting, or commemorative gifts for a function.
- 8.5.2 Any hospitality or gifts to be provided to external organisations with a cost to the Group of over £50 per person shall be approved by the Executive Management Team and with a cost to the Group of over £100 per person shall be approved by the Board.
- 8.5.3 The Group will maintain a register of any gifts and hospitality provided by the Group to external organisations. All such hospitality or gift must be recorded in the register regardless of value. The register will be shared with Audit and Risk Committee on a quarterly basis.

9. Housing Board Members, Employees and their Close Relatives

- 9.1 The Group will only house people in accordance with its published Allocations Policy.
- 9.2 Relevant Persons will receive equal treatment to all other applicants in the allocation of housing (including transfer and re-housing applications), and the consideration of an application made by a Relevant Person will be open, fair and transparent.
- 9.3 Any decision to allocate or sell properties, re-house or transfer Board or Committee Members or members of the Executive Management Team and/or their Close Relatives must be reported quarterly to Audit and Risk Committee, and the interest of that Relevant Person must be disclosed.
- 9.4 Any decision to allocate or sell properties, re-house or transfer Employees (other than members of the Senior Management Team) and/or their close relatives must be approved by the Executive Management Team and the interest of that Relevant Person must be disclosed.
- 9.5 Any Employee or Board Member or Committee Member:
- with an interest in; or
 - who has a close personal relationship with
- a Relevant Person whose application, transfer or sale is being considered under paragraphs 9.3 or 9.4 above will declare that interest and discontinue any involvement they might have in that person's application, transfer or sale process.
- 9.6 A payment under the Homebuy or Voluntary Purchase Grant Scheme (and any successor schemes) may be made to Officers, Employees and their Close Relatives in accordance with the Group's published criteria for such schemes.

10. Declarations of Interest

10.1 All Employees and Board and Committee Members must disclose any circumstances where they could receive a person or business Benefit as a consequence of the Group's activity. This covers situations where a Benefit has actually been received and where one could in theory be received. Declarations should be declared on an annual basis and updated whenever the individual has a change in circumstances.

10.2 There are two main examples where a conflict could occur:

- A duality of interest – This is where the circumstances could potentially bring about some person or business gain;
- A conflict of interest – This is where both a company interest and a personal or business interest do actually occur.

Both types of interest must be declared.

Examples of interests that should be declared can be found in the Probity Procedure.

10.3 Employees also have a duty to disclose other business interests or work activity. This includes work that is formal and informal, paid and unpaid. If the activity is not deemed to be compatible with their employment with the Group then the Employee must stop the activity and failure to do so will be a disciplinary matter. If the conflict cannot be resolved or if it has an unacceptable impact on the Group's reputation then it may be necessary for the Employee to resign from their position with the Group.

11. Use of Group Contractors, Suppliers or Advisors

11.1 Contractors, suppliers or advisors who work for the Group must not receive, or be seen to receive, preferential treatment. In order to do this employees and Board and Committee Members must separate their private purchasing decisions from those made on behalf of the Group.

11.2 Board and Committee Members, members of EMT and OLT should not use any of the Group's professional advisors for private business except where services are provided by monopolies for near monopolies for example water and utilities providers. Where using one of the Group's contractors or suppliers is unavoidable the Board or Committee Member should inform the Company Secretary and confirm that they have not received any financial advantage as a result of their relationship with Torus.

11.3 Other members of staff must obtain approval from a member of EMT or OLT before using and any of the group's contractors, suppliers or advisors.

12. Political Activities

- 12.1 Employees and Board and Committee Members must keep personal political activities separate from the Group's work. Where Employees or Board or Committee Members are involved in political activity in their private lives they should ensure that the Group's reputation or status is not damaged by their activities.
- 12.2 Where the Group does have to make a political representation it should present a balanced case that supports the Group's key objectives.

13. Employing Board and Committee Members and their Close Relatives and the Close Relatives of Employees

- 13.1 The Group will carry out all recruitment processes in a way that is rigorous, transparent and fair.
- 13.2 Employment may be offered to persons who are Close Relatives of the Group's Employees or Board and Committee Members only where it can be demonstrated they are the best candidate for the role.
- 13.3 Where this role is for a senior (i.e. Operational Director) or executive post, the Board must first approve that decision.
- 13.4 Where an applicant for a position of employment is a Close Relative of an Employee or Board or Committee Member, this interest must be disclosed by the applicant.
- 13.5 Any Employee or Board or Committee Member whose Close Relative is applying for a position of employment will not be involved (either directly or indirectly) in the recruitment process for that post.
- 13.6 Subject to compliance with paragraph 13.1 above, the Group may offer a contract of employment to any former Employee.

14. Payments to Third Parties

- 14.1 Payments or grants of Benefits (including contracts to provide services or goods) to companies where either a Group Company or Relevant Person is a director or former director are generally not permitted except in the following circumstances:
- The company is a subsidiary or associate of the Group
 - The payment is made in respect of interest on capital lent to the company or subscribed in its shares
 - It can be demonstrated that the payment or grant of Benefit is in the best interests of the Group and that the relevant procurement process has been followed including consideration of other potential contractors and completion of the relevant Declaration of Interests form

14.2 Any payment or Benefit granted under paragraph 14.1 must be approved by the Executive Management Team (for Employees) or the Board (for Members of the Executive Management Team or Board or Committee Members).

14.3 A register must be kept of any payment made or Benefit given under paragraph 14.1 above, including information as to the Relevant Person and their interest in the Group.

15. Other payments

15.1 Any payments made or Benefits granted to Relevant Persons which are not set out as approved within this policy must be approved by the Board.

15.2 Board and Committee Members and Employees should not receive loans from customers and should not give loans of their personal money to either Employees or Board and Committee Members.

16. Responsibility

16.1 The Group Business Support Director has primary responsibility for implementing the Policy and ensuring that it is adhered to. All managers should ensure that their staff are aware of the content of the Policy and comply with its requirements.

16.2 The Torus Board has overall responsibility for ensuring that the Group is compliant with all relevant legislation, including s122 of the Housing and Regeneration Act 2008. The Torus Board has delegated authority to the Audit and Risk Committee to ensure that the group is compliant with this Policy.

17. Diversity & Inclusion

17.1 A key aim of the Torus approach to diversity and inclusion is to ensure that equality and diversity is embedded in our policies and procedures. In recognition of this we aim for the policy and the service provided to be compliant with all aspects of equality and diversity legislation.

18. Monitoring & Review

18.1 This policy will be reviewed annually.

19. Definitions of Terms used in this Policy

Benefit	<p>Includes but is not limited to:</p> <ul style="list-style-type: none">• Ex-gratia gifts or Benefits• Loans• Awarding a contract of employment• The sale of a property for value under the right to buy or right to acquire schemes• Granting a tenancy or licence• Granting a licence eg shared ownership• Awarding any time of commercial contract eg a contract for services
Board Member	<p>A member of the common purpose board or the Torus Commercial Services Board</p>
Close Relative	<p>Any person so close to a Board Member or Employee that there is a real risk that a decision of the Board Member or Employee could be influenced. This includes a person's husband, wife, partner, parents, grandparents, children, grandchildren, brothers, sisters and similar relations by marriage.</p>
Committee Member	<p>A member of the Audit and Risk Committee or the Nomination and Remuneration Committee</p>
Employee	<p>A person employed by Torus or its subsidiaries under a contract of employment, including member of the Executive Management Team</p>
Executive Management Team	<p>The Executive Management Team including the Chief Executive</p>
Involved Resident	<p>A customer of the Group who has involvement with the Group through Membership of a recognised, formal group such as the Community Consultative Forum</p>
OLT	<p>The Operational Leadership Team</p>
Registered Provider	<p>Registered Provider of Social Housing as defined in Chapter 3 of the Housing and Regeneration Act 2008</p>

Relevant Persons

- 1) Any Board or Committee Member or Employee or any person who, in the preceding 12 months, was a Board or Committee Member or an Employee;
- 2) A Close Relative of any person within paragraph 1 above; or
- 3) A business trading for profit of which a director is a person falling within paragraphs 1 or 2 above

The Group

Torus and its subsidiaries