



## Governance In Action

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## 1. Governance Policy Statement

Framework Housing Association (“Framework”) is a Company Limited by Guarantee and governed by UK Company Law (registration number 3318404). Framework is also a Registered Charity (number 1060941) and a provider of Social Housing registered with and regulated by the Regulator of Social Housing (number LH4184). Framework has adopted the National Housing Federation (NHF) Code of Governance 2020 (“the Code”).

The Code has a structural framework which is based on the four principles of good governance: mission and values, strategy and delivery, board effectiveness, control and assurance. Each principle is supported by the requirements set out in the associated ‘Compliance: from Principle to Practice.’

The code identifies that the foundation of good governance is the emphasis on accountability to residents and other customers; equality, diversity and inclusion in governance; a focus on environmental and wider sustainability; and attention to the organisational culture.

Framework’s governing document is its Articles of Association (“the Articles”). Framework’s objects and powers are fundamentally defined within its Articles, which should be read in conjunction with this document.

This document, Governance in Action, is Framework’s Governance Policy and nothing within it is intended to replace, or take precedence over, the Articles unless this is explicitly stated (and allowed). The purpose of Governance in Action is to bring together in one place clear instruction on the remit and operating procedures of Framework’s Board and its committee(s). Frequently, this document will make reference to other documents, such as the Code, the Articles and associated policies and procedures where further detail is relevant. Governance in Action also serves to demonstrate how Framework has implemented the Code.

In accordance with the Policy Statement above, the elements of Governance in Action are as follows:-

- Board Standing Orders: the operating procedures of Framework’s Board
- Board Terms of Reference: a formal record of the duties and responsibilities of the Board including matters reserved for the Board
- Audit and Risk Management (ARM) Committee Terms of Reference
- Governance, Remuneration and Appraisal (GRA) Committee Terms of Reference
- Provision for some Policy setting to be delegated to the Operational Leadership Group

## 2. Board Standing Orders

The following standing orders govern the detailed operation of the Board and should be read in conjunction with the Articles where there is further detailed information, including on the proper conduct of meetings.

### 2.1 Meetings schedule and urgency procedures

The Board will meet not less than six times a year in a general meeting, plus an Annual General Meeting (AGM) and an annual Board conference.

The dates of meetings will be planned in advance and agreed by the Board before the start of the financial year in question.

The Board has agreed that notice of meetings must be given at least five calendar days in advance. This is shorter than the 21 day notice period detailed in the Articles, which also make provision for the Board to determine a shorter notice period if it wishes to do so.

Urgent decisions may be required between scheduled Board meetings.

These will be made in accordance with the following urgency procedures:-

- Urgent decisions or approvals required between Board meetings will be minimised wherever possible.
- If this is unavoidable, approval will be sought from Board members by email.
- The email will include as much information as possible to justify the recommendation and enable Board members to respond in a fully informed way.
- A deadline for responses will be provided in the email.
- Decisions will be made by simple majority and non-responses will be taken as indicating consent for the proposed action.
- Where deadlines are short, the Chief Executive will attempt to contact Board members by phone to inform them of the email and approval being sought.
- The outcome of the decision will be reported back to the subsequent Board meeting and recorded in the minutes.

## 2.2 Membership, Composition and Quorum

The Board comprises a minimum of seven members and a maximum of twelve. The upper limit of twelve is derived from the Code (whereas the Articles provide for a higher maximum, the Code takes precedence here).

The Board must appoint a Chair, who is responsible for the leadership of the Board and for ensuring its effectiveness. The duties and responsibilities of this office are set out within the Chair's Role Profile.

The Board may also decide to appoint a Vice Chair, to support and assist the Chair in providing leadership to the Board and to deputise in the Chair's absence. The duties and responsibilities are set out within the Vice Chair's Role Profile.

The Board must appoint a Company Secretary, who is not normally a member of the Board. The Duties of the Company Secretary will meet the requirements of the Companies Act and the provisions of the Articles.

The offices of Chair and Vice Chair will be appointed annually at the AGM.

The quorum for Board meetings is defined in the Articles as "three or one third of the Board's members, whichever is the greater" and states that the quorum should be rounded up wherever one third does not produce a whole number of members.

In effect, the minimum Board size of seven results in a quorum of three and the maximum Board size of twelve results in a quorum of four.

Framework has chosen not to appoint any Executive staff to the Board, although the Chief Executive and Senior Leadership Team (SLT) are in attendance and encouraged to contribute fully to discussions. It is within the powers of the Board to change this position in the future, if it so wishes.

The Senior Leadership Team is composed and convened by the Chief Executive and acts within his/ her delegated authority. This does not include the establishment and updating of policies though it may propose them to the Board and/ or the Operational Leadership Group (OLG).

Framework encourages attendance from SUAG members at all Board meetings, to inform decisions and contribute to discussions. SUAG is the Service User Advisory Group, a consultative and advisory body consisting of current and former service users and Board Members.

### 2.3 Board appointments, recruitment policy and terms of office

Where there is a vacancy, the Board may appoint new members by majority vote.

Board appointments will initially be made for a three year term of office, which may be renewed for up to a further term, subject to a six-year maximum tenure. There is the option to extend this in exceptional circumstances, by up to a further three years.

Where a member comes to the end of an individual term of office and is eligible for reappointment, this will be subject to consideration of the member's appraised performance and skills, and to the wider needs of the Board at that time.

A member who has left the Board will not be reappointed for at least three years.

All recommendations for appointment to Board must be made in accordance with the Board Member Recruitment Policy and Procedure.

The Board Member Recruitment Policy and Procedure ensures that Board recruitment is open and transparent, based on merit and reflective of the required skills mix for the Board at that time. The provisions on diversity seek to ensure that the Board attracts applications from people from diverse backgrounds with diverse attributes.

### 2.4 Board skills, development and renewal

The main duties of Board members and expected time requirements are set out in the Board Member Role Profile.

The Board will undertake a skills audit, at least every two years, demonstrating compliance with the Code which sets out that Boards should review their combined skills on a regular basis. The skills audit will assess the combined skills and experience of members against those agreed to be required to effectively fulfil the duties of the Board. Consideration will be given to Framework's diverse range of activities and exposure to new risks through expansion or business development.

The Board will manage its own renewal through succession planning and the succession plan will be reviewed annually at the Board Conference. The need for experienced members will be balanced with the benefits of new thinking and independent challenge.

Succession plans will take account of known terms of office and any requirements emerging from the skills audit.

The Chair will be appraised on an annual basis. An annual compliance assessment will be undertaken against the code.

The Chair will appraise individual Board members at least every two years, in accordance with the requirements of the NHF Code providing feedback on performance and identifying areas for development including any training needs.

The performance of the Board as a whole will be appraised annually. The approach to these appraisals will be determined by the Governance, Remuneration and Appraisal Committee, which will also collate the subsequent action plan to be presented to the Board.

New Board members will be provided with a copy of the Role Profile and an induction programme upon appointment. Opportunities for ongoing learning and development will take place through their appraisal.

## 2.5 Board payment and expenses

Framework's Articles of Association do not allow the payment of any remuneration to Board members. However, the Articles do allow payments to members for all reasonable out-of-pocket expenses incurred by them in the performance of their duties.

## 2.6 Establishment of Committees

Framework has established the Audit and Risk Management (ARM) Committee and the Governance, Remuneration and Appraisal (GRA) Committee with delegated authority from the Board to take decisions.

In the case of the ARM Committee these decisions relate to the identification and assessment of risks and the creation and monitoring of systems, policies and procedures to manage those risks. In the case of the GRA Committee these decisions relate to the structures and processes that are established and maintained for the governance of the organisation, compliance with relevant standards, the self-appraisal of the Board and its Committees, the appraisal of individual Board and Committee members and of the CEO, the remuneration of senior and other staff, organisational development, skills audit and succession planning.

Further detail is included within the ARM Terms of Reference and the GRA Terms of Reference, both of which have been approved by the Board.

The Board retains overall responsibility for risk management, the approval of the Risk Appetite statement and the setting of the annual budget. The Board has the power to establish further Committees with specific delegated authority defined by their terms of reference.

## 2.7 Conduct, probity and conflicts of interest

If a Board member has concerns about the Board or the organisation that cannot be resolved, those concerns are shared with the Board and formally recorded.

All members of the Board share the same legal status and have equal responsibility. Each member must act only in the interests of Framework and not on behalf of or representing any constituency or interest group. Board members must ensure that the interests of Framework are placed before any personal interests, commercial or otherwise.

Framework has a Code of Conduct which applies to all Board Members (and employees) which seeks to ensure that the highest standards of conduct are upheld. Framework has a declarations of interest procedure which sets out the circumstances where an actual or perceived conflict of interest could arise. Signed declarations are obtained from all Board members annually in accordance with the procedure.

**Actual or potential conflicts** are considered at the start of each Board meeting and subject to discussion, conflicted members may be excluded from discussions or decisions on the relevant item.

In the case of a fundamental or ongoing material conflict the Board determines whether the person concerned should cease to be a Board member.

Existing and prospective Board members must not be disqualified under the Charities Act. Accordingly, Board members complete a Fit and Proper Person declaration on an annual basis.

### **3. Board Terms of Reference**

The following terms of reference set out the core purpose of the Board and the schedule of matters that can only be determined by the Board, through which it discharges its responsibilities.

#### **3.1 Core purpose and essential functions of the Board**

The core purpose of Framework's Board is to determine its vision and strategy and to direct, control, and scrutinise Framework's affairs.

This purpose is achieved by the Board carrying out the following essential functions (which are based upon the Code and the requirements of the Charities Act):-

- a) ensuring that, as a charity, Framework is carrying out the purposes for which it was set up, for the public benefit;
- b) setting and ensuring compliance with Framework's mission, strategic aims, corporate objectives and values, ensuring its long-term success;
- c) approving strategies, policies and plans to secure the achievement of the above;
- d) setting a positive culture, with strong service user focus;
- e) ensuring that Framework operates effectively, efficiently and economically;
- f) monitoring Framework's performance in relation to the delivery of strategies and plans and the achievement of budgets;
- g) providing oversight, direction and constructive challenge to Framework's Chief Executive and Senior Leadership Team (SLT);
- h) the appointment (and, if necessary, the dismissal) of the Chief Executive, along with the approval of the Chief Executive's initial salary, benefits and terms of employment;
- i) satisfying itself as to the integrity of financial information, approving each year's budget, business plan and annual accounts prior to publication;
- j) establishing, overseeing and reviewing a schedule of delegation and systems of internal control; and
- k) establishing and overseeing risk management processes in order to safeguard the assets and reputation of the organisation;
- l) ensuring that Framework complies with the Code and includes, as necessary, an explanation of any non-compliance within its annual financial statements;
- m) the appointment (and, if necessary, removal) of the Chair.

There follows a schedule of matters that can only be determined by the Board to enable these essential functions to be carried out and to maintain appropriate control and oversight.

### 3.2 Schedule of Matters that can only be determined by The Board

#### General

Board meeting minutes must be approved by the Board at each (subsequent) meeting.

Changes to the Articles of Association must be approved by the Board as required.

Adoption of a Code of Governance must be approved by the Board as required.

The Corporate Plan must be approved by the Board at least every five years.

New Board appointments must be approved by the Board as required.

Appointment of the Chair, Vice Chair and Chairs of ARM or GRA must be approved by the Board annually.

Appointment of the Company Secretary must be approved by the Board.

Appointment of Group Life Assurance Scheme Trustees.

Appointment of the Chief Executive, and the Chief Executive's Job Description must be approved by the Board as required.

The meetings timetable must be agreed by the Board annually.

Committees and working groups may be established by the Board as required.

Any changes to Key Control Policies (as listed in the Appendix) must be approved by the Board. Changes to some other policies are delegated to the Audit & Risk Management Committee or the Governance, Remuneration and Appraisal Committee. Changes to all other policies are delegated to the Organisational Leadership Group (OLG).

Terms of Reference for any Committees, and changes to them, must be approved by the Board.

Creation or dissolution of any subsidiaries or other changes to group structures.

Changes to Framework's branding or logo must be approved by the Board.

#### Finance

The Statutory Accounts must be approved by the Board annually.

The Budget must be approved by the Board annually.

The Long Term Financial Plan must be approved by the Board annually.

The Asset and Liability Register must be reviewed by the Board annually.

The Treasury Management Policy and Strategy must be approved by the Board at least every three years.

Changes to the overall borrowing limit must be approved by the Board.

The opening of any bank accounts with new institutions must be approved by the Board.

The terms of any new loans must be approved by the Board as required.

The charging of property as security against loans must be approved by the Board as required.

The appointment of new Internal or External Auditors must be approved by the Board as required.

The Financial Regulations must be approved by the Board at least every three years.

Management accounts must be seen and reviewed by the Board quarterly.

Cash flow forecasts and covenant compliance must be monitored, discussed and reviewed by the Board quarterly.

Budget re-forecasts must be reviewed by the Board.

Annual rent changes are approved by the Board.

New material commitments (beyond previously approved budgets) require the approval of the Board.

### Risk and Internal Controls

The Board is responsible for the design and implementation of risk management and internal control systems that identify the risks to Framework and provide appropriate mitigation.

The Risk Register and Heat Map are reviewed by the Board at least annually alongside the Statement on Internal Controls Assurance.

The Board approves any changes to the Risk Management Policy

The Board has approved the terms of reference for the ARM, providing it with delegated authority in relation to the internal audit programme, insurance broker, in-year monitoring of the risk register and risk management actions. Its full terms of reference are included below.

### Capital Development and Asset Management

The Asset Management Plan must be approved by the Board as required.

The Development Programme must be approved by the Board as required.

Bids to the Department for Levelling Up, Housing and Communities grant funding in excess of £500k and all bids falling outside the agreed development programme must be approved by the Board.

Property disposals must be approved by the Board.

Land or property acquisitions valued over £500k must be approved by the Board.

### New Business

Business Development Bids may require approval by the Board dependent upon the activities and level of risk. All new business development bids will be cross-referenced to the Delegated Authorities (Materiality Appendix).

### Employee matters

Cost of living pay increases for staff must be approved by the Board.

Entry into any new pension schemes (where Framework is not already a participating employer) must be approved by the Board. In addition, the expansion of any existing defined benefit schemes by ten or more people (for example due to TUPE transfer) must be approved by the Board.

Programmes for the restructure of services or staffing that carry net additional costs (after the application of relevant income) of more than £200k must be approved by the Board. Note that where bids for new services are generating income and a positive contribution, they will be in net surplus rather than net cost and would not require Board approval even if their associated salary bill was more than £200k.

Any changes to the Chief Executive's remuneration that fall outside the parameters of the Senior Staff Pay Policy, must be approved by the Board. Changes to the Chief Executive's remuneration that are within the parameters of the Senior Staff Pay Policy are to be approved by the Governance, Remuneration and Appraisal (GRA) Committee.

Severance agreements with the Chief Executive or any member of the SLT must be approved by the Board.

Staff survey outcomes must be monitored, discussed and reviewed by the Board as appropriate

#### **4. ARM Terms of Reference**

The Terms of Reference for the Audit and Risk Management Committee appear as Appendix Two below.

#### **5. Governance, Remuneration & Appraisal Committee (GRA) Terms of Reference**

The Terms of Reference for the Governance, Remuneration and Appraisal Committee appear as Appendix Three below.

#### **6. Delegation of Policy Setting to the Operational Leadership Group (OLG)**

The authority to establish and update policies that are neither Key Control Policies nor specifically delegated by the Board, lies with the OLG.

#### **7. Co-option to Framework Board or Committees**

The Board will regularly consider whether there is the need for co-option to fill identified needs (skills and competencies), either on the Board or one of its Committees. These roles would be temporary, pending either the need no longer being required or a permanent appointment being made.

Co-opted members will have the same rights, duties, obligations and responsibilities as elected members at the Board and Committee meetings. Co-opted members can take part in discussions at the Board or the Committee meetings and vote at Board and Committee meetings on all matters, with the exception of those matters which directly affect the membership of the Association or the election of the Association's Officers.

Methods to fill identified vacancies may include targeted approaches to suitable individuals as well as advertising. All possible candidates will need to complete the FHA Board member recruitment and induction process. The GRA may adapt this process for expediency when it is considered a skill is needed urgently and where the role is strictly time limited.

Board or Committee members co-opted in this way must not make up more than one third of the total number of Board or Committee members at any one time.

All co-opted Board or Committee members must retire at each AGM but may offer themselves for further co-option.

**Approved by the Board  
May 2022**

## Appendix One

### Key Control Policies

Key Control Policies are those whose development and implementation has major significance in the governance, strategic direction, financial viability and risk management of Framework's activity.

Child Safeguarding Policy  
Code of Conduct  
Disciplinary Policy  
Equality and Diversity Policy  
Financial Regulations  
Governance in Action  
Grievance Policy  
Safety, Health, Environment and Quality Policy  
Risk Management Policy  
Safeguarding Adults Policy  
Senior Pay Policy  
Service User Participation and Empowerment  
Treasury Management Policy  
Whistleblowing Policy

All other Framework Policies may be approved by the Operational Leadership Group (OLG), unless the responsibility for their approval has been delegated by the Board to the ARM or the GRA Committee.

**Terms of Reference for the Audit and Risk Management Committee**

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**1. Membership**

- 1.1. The Board shall appoint the Committee.
- 1.2. The Committee will comprise a minimum of 4 Board members including the Vice Chair.
- 1.3. At least one member of the Committee should have recent and relevant financial experience.
- 1.4. The Committee will be attended by the Director of Finance, Governance & Risk and the Corporate Services Director, and the Chief Executive may also attend.
- 1.5. The Committee will have the authority to recommend to the Board the appointment of Co-opted members to the Committee to provide expertise in the event that this is required.
- 1.6. A quorum shall be 2 members.
- 1.7. Appointments to the Committee will be made annually at the AGM.
- 1.8. The Chair of the Committee will be determined by the Board. The Board reserves the right to appoint an independent chair, if required by regulations or conflicts of interest.
- 1.9. The Chair of the Committee cannot be the Chair of the main Board, the Vice Chair of the Board or the Chair of any other sub committees.

**2. Secretary**

- 2.1. The Company Secretary will be the secretary of the Committee.
- 2.2. In discharging this role the Company Secretary will be supported by the governance team who will attend the meetings to record the minutes and provide technical advice.

**3. Attendance at Meetings**

- 3.1. No-one other than the Committee members shall be entitled to attend the Audit and Risk Management Committee meetings.
- 3.2. Any other Board member, member of the Senior Leadership Team, the internal or external auditors or other members of Framework's staff or management may attend the Committee by invitation.
- 3.3. A record will be kept of attendance at each meeting, and will be reviewed annually by the Committee, as part of the annual review of its effectiveness.

**4. Frequency of Meetings**

- 4.1. The Committee shall meet not less than four times a year.
- 4.2. The scheduled meetings will take place two to three weeks before Board meetings.

4.3. The Audit and Risk Management Committee meetings will follow a planned programme of work which has been compiled to ensure that it meets its Terms of Reference and statutory duties

## **5. Authority**

The Committee is authorised by the Board to:

- 5.1. Investigate any activity within its Terms of Reference;
- 5.2. Seek any information that it requires from any employee of Framework and all staff are directed to co-operate with any request made by the Committee;
- 5.3. Obtain outside legal or independent professional advice at Framework's expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Agenda for each meeting will be determined by the Chair of the Committee and the minutes of meetings will be checked by the Chair prior to their circulation.

## **6. Duties**

The duties of the Committee will be:

### **6.1. *Statutory Accounts***

- 6.1.1. To approve and recommend to the Board the Annual Statement on Internal Controls Assurance and Value for Money Statement.
- 6.1.2. To receive, discuss and recommend to the Board the annual financial statements and external audit management letter.
- 6.1.3. To review and challenge where necessary the accounting policies: accounting treatments and compliance with legal and regulatory standards for financial reporting.

### **6.2 *External Audit***

- 6.2.1 To consider and make recommendations on the appointment, reappointment and removal of the external auditor.
- 6.2.2 To approve the external audit strategy memorandum (audit plan).
- 6.2.3 To review the 6 monthly follow up of external audit recommendations.

### **6.3 *Internal Audit***

- 6.3.1 To consider and make recommendations on the appointment, reappointment and removal of the internal auditor.
- 6.3.2 To review and monitor the performance of the internal auditors.
- 6.3.3 To approve the annual internal audit plan at the start of the financial year.
- 6.3.4 To approve the management responses for each internal audit report and monitor follow up action.
- 6.3.5 To review and present to the Board the annual internal audit report on assurance.

## **6.4 Risk Management**

- 6.4.1 To undertake risk management activities in accordance with the Risk Management Policy.
- 6.4.2 To monitor the Risk Heat Map and accompanying information, ensuring appropriate management action is taken.
- 6.4.3 To monitor Serious and Untoward Incidents (SUIs).
- 6.4.4 Approve and oversee the organisation's Business Continuity Plan and review it on an annual basis.

## **6.5 Internal Control**

- 6.5.1 To review and oversee systems of delegation and internal control.
- 6.5.2 To keep under review the effectiveness of these internal control systems and have responsibility for recommending to the Board the Annual Statement of Internal Controls Assurance.
- 6.5.3 To commission, where necessary and with approval of the Board, special investigations into matters of particular concern relating to internal controls.
- 6.5.4 To ensure that the impact of alleged or fraudulent activity on the organisation's framework of internal control is properly assessed and, where it considers it necessary, to recommend changes to strengthen the control framework.
- 6.5.5 To receive reports relating to any matters of whistleblowing or alleged or actual fraudulent activity that may have an effect upon the organisation and ensure that any necessary reports about fraud are made to the Regulator.

## **6.6 Other**

- 6.6.1 To monitor the implementation of the Health and Safety policy and the compliance with it across the organisation.
- 6.6.2 To receive and review the organisation's Asset and Liabilities Register on an annual basis.
- 6.6.3 To approve the appointment of the Insurance Broker.
- 6.6.5 To undertake an annual review of the effectiveness of the Committee and its terms of reference and recommend to the Board any necessary changes.

## **7. Accountability and Reporting**

- 7.1. The Committee is accountable to the Board for the fulfilment of the responsibilities delegated to it as set out in this Terms of Reference.
- 7.2. All Committee members share responsibility for its decisions and should act only in the interests of the organisation.
- 7.3. The organisation will obtain assurance on the Committee's work via the meeting minutes, which will be presented to the subsequent Board for discussion, after review by the Chair of the Committee.

- 7.4. The Chair of the Committee will ensure that key issues arising from the work of the Committee that are outside of its decision making remit are promptly brought to the attention of the Board.
- 7.5. Formal approval of the Committee minutes will be made at the subsequent Committee meeting.

## **Terms of Reference for the Governance, Remuneration and Appraisal Committee**

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### **Introduction**

The Governance, Remuneration and Appraisal (GRA) Sub-Committee was established by the Framework Housing Association Board at its meeting on 19 June 2018.

### **1. Purpose**

The GRA is constituted by the Board of Framework with the purpose of assisting the Board to ensure that it possesses and is implementing appropriate policies, systems and processes and subsequent actions relating to:

- the governance of the organisation
- all appraisal processes relating to the Board, its committees and the CEO, and
- the remuneration of senior staff members.

### **2. Membership**

- 2.1. Appointments to the GRA are made by the Board and shall be made annually.
- 2.2. Membership of GRA is restricted to Board members. However, other individuals such as the Chief Executive, the Head of HR and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.3. The Board shall appoint the GRA Chair, who cannot be the Chair of the main FHA Board.
- 2.4. There will be a minimum of four members, including the Vice-Chair of the main Board.
- 2.5. A role profile, approved by the Board, is in place for the Chair of the Committee.
- 2.6. The Secretary of the Company will be the Secretary of the Committee. In discharging this role the Company Secretary will be supported by one or more members of the governance team who will attend the meetings to record the minutes and provide technical advice.

### **3. Meetings, minutes and reporting**

- 3.1. Meetings will be held at least two times a year.
- 3.2. A quorum of two is required to be present for the transaction of business.
- 3.3. The minutes and agenda will be determined by the Chair of the Committee.
- 3.4. The draft minutes will be presented to the subsequent Board for discussion after checking by the Chair of the Committee.
- 3.5. Formal approval of the Committee minutes will be made at the subsequent Committee meeting.

### **4. Duties**

The GRA is authorised to investigate any matter within its remit, seek any information from SLT, which is necessary to enable it to satisfactorily discharge its duties, and make recommendations to the Board where action or improvement is needed. It shall have access to sufficient staff resources in order to carry out its duties, including access to the Company Secretary for assistance as required.

The GRA is responsible for ensuring that:

**4.1** An appropriate governance system is in place that complies with all the requirements of FHA's current code of governance (National Housing Federation Code of Governance 2015).

4.1.1 There is an annual review of the Board's compliance with the current requirements of the code of governance, culminating in an annual self-assessment of compliance with the code for each financial year, within six weeks of the financial year-end. A statement of compliance must be included in the statutory accounts;

4.1.2 There are periodic reviews of Governance in Action, Framework's governance policy and any recommendations for amendment are submitted to the Board for approval.

**4.2** There is an appropriate balance of skills on the Board to support Framework's strategic objectives, it has a formal, rigorous and transparent approach to the appointment of Board Members and maintains an effective framework for succession planning. The Committee will:

- Review annually the non-executive leadership needs of Framework and ensure suitable succession plans are in place;
- Undertake a skills audit of Board members at least every two years;
- Review the skills and appraisal performance of Board members who have come to the end of a term of office and who are eligible for reappointment, consider their potential reappointment in the light of the wider needs of the organisation and make a recommendation to the Board on whether they should be re-appointed;
- Review periodically the size, structure and composition of the Board, including knowledge, experience and diversity of its members, and make recommendations to the Board with regard to any changes;
- Recruit new Board members, following the Board Recruitment Policy and based on merit and against objective criteria, to fill any Board vacancies and make recommendations to the Board for appointments;
- Review, as necessary, the role profiles for the Chair and Board members, including an assessment of the time commitment.

**4.3** Appropriate appraisal processes are in place for the Board and the Audit and Risk Management (ARM) Committee, the Governance, Remuneration and Appraisal (GRA) Committee, all Board Members and the Chair. The Committee will ensure that:

- Appraisals are carried out in an appropriate manner and on a regular basis. (The Chair and the CEO will be appraised annually, and the Chair will appraise individual board members at least once every two years);
- Self-appraisals of the Board and both Committees are carried out on an annual basis with the outcomes reported to Board Meeting that follows the Annual General Meeting accompanied by an associated Action Plan collated by the GRA.

**4.4** An organisation-wide Pay Policy is developed and approved by the Committee. The Committee will review at least every three years the Framework Pay Policy and Senior Pay Policy, including pension rights & any compensation payments, and their ongoing appropriateness and relevance, with the authority to make and approve any changes.

**4.5** Recommendations are made to the Board regarding any matters relating to the remuneration of senior members of staff that require its approval. The Committee will:

- Confirm that the CEO salary has been reviewed and falls within the parameters of the Senior Pay Policy (any proposed change to the CEO's remuneration that falls outside of them requires the approval of the Board);
- Consider and approve any recommendations made by the CEO regarding any changes to the remuneration of senior members of staff other than the CEO that fall outside the parameters of the Senior Pay Policy (The CEO may set their remuneration if it remains within them).
- Consider and approve the contractual terms on termination, and any termination payments made to members of Senior Leadership Team (i.e. the CEO and those s/he appoints as the SLT) ensuring that they are fair to the individual and the organisation, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

## **5. Other**

5.1 Work and liaise as necessary with ARM and any other Committees of the Board.

5.2 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

5.3 Acting with delegated authority from the Board, approve the following policies:

- Board Member Recruitment Policy and Procedure, Role Profile and Induction Policy
- Declaration of Interest and Fit & Proper Person Procedures
- Senior Staff Pay Policy and Pay Policy

5.4 Carry out any other areas of related activity as requested by the Framework Board.