

# HR Policies & Procedures



## Probity Policy

### 1. Introduction

Hexagon is committed to ensuring that the highest standards of probity are maintained in all of its dealings. Hexagon's Board are responsible for ensuring that we conduct our business in a way which maintains the good reputation of the sector and does not bring it into disrepute.

This Policy is designed to ensure that board members and staff do not abuse their positions, and that they do not benefit from their connection with the Association.

As a general rule, Hexagon will not grant any non-contractual payments or benefits to staff, board members or their families. Agreed exceptions under which a payment or benefit may be granted are detailed within this Policy. Any such exceptions must be approved by the Board (or Chief Executive/HR Manager as formally delegated).

### 2. Who does the Policy apply to?

This Policy and the provisions regarding payments and benefits apply to:-

- Board members
- Employees
- People who have been Board members or employees during the previous 12 months
- A close relative of a board member or employee. (For the purposes of this Policy - "Close" is defined as spouse, partner, parent, grandparent, children, grandchildren, brother, sister, and similar relations by marriage).
- A business trading for profit of which a board member, employee or one of their family is an owner, partner, significant shareholder ("a principal proprietor") or directly concerned in the management. A business trading for profit is one which can distribute its surpluses or profits to its members or shareholders for their personal use. A person is directly involved in the management of a business trading for profit if she or he has power to make decisions for the business so that there is a real risk that Hexagon's decision to make a payment or grant a benefit to the business could be influenced by the interests of that business. A person who is a member of a governing body of the business (e.g. a director of a company) is concerned in its management.

### 3. What counts as a non-contractual benefit?

Non-contractual benefits include:-

- The grant of a tenancy or licence

- The grant of a lease under a shared ownership scheme or under a leasehold scheme for the elderly
- The sale of a property – unless it is under a statutory scheme
- The award of a contract of employment
- The award of any other kind of contract – e.g. a building contract or a contract for services
- Loans, unless included in the employment contract (e.g. car loans)
- Payment of a non-contractual severance payment

#### 4. **Are any benefits permitted?**

The only benefits that are allowed under this Policy are:-

- Payments or benefits under a formally agreed contract of employment. (Contracts will not be amended retrospectively after an employee has left the Association e.g. in order to increase severance payments)
- Paying back money that a board member has spent in order to carry out their duties. As well as, for example, meal and travel expenses this could include child-minding fees, or paying for someone to look after a dependent
- The granting of a further tenancy to a tenant if they or one of their family has become a board member or employee after the tenancy was first granted

#### 5. **Circumstances under which a Payment or Benefit may be Granted**

The Board (or Chief Executive/HR Manager as delegated) may agree to grant payments or benefits in the circumstances set out below. Any decisions on the use of these exceptions must be recorded with the date and summary of payments made or benefits granted, in the minutes of the Board meeting and in a separate register.

The following exceptions may apply, subject to full Board Approval, unless formally delegated to the Chief Executive or HR Manager:-.

##### 5.1 **Employment of employees' relatives**

Hexagon may employ close relatives of employees if they are the best candidate after a full and fair competitive recruitment process. For Director level posts, or for relatives of the Chief Executive, full Board Approval will be sought. For posts below Director level, the Chief Executive's approval will be sought – prior to the offer of employment being confirmed.

##### 5.2 **Re-employment of former employees or engagement as self-employed contractors**

Hexagon may re-employ or engage as a self-employed contractor, a member of staff who worked for the Association during the previous 12 months.

For Director level posts, full Board Approval will be sought, and for posts below Director level, the Chief Executive's approval will be sought – prior to the offer of employment being confirmed.

### **5.3 Housing of employees and their relatives**

Hexagon may provide accommodation (tenancies etc) to its employees, former employees and their close relatives. This exception will be used with care in order to avoid any risk of the Association seeming to favour its employees unfairly. The person in question must only be offered housing on the basis that the Association's agreed procedures have been followed.

Accommodation will not be offered with a job unless it is necessary for the post holder to carry out his or her duties properly (e.g. as a warden or caretaker). In such cases, the contract of employment should refer specifically to the provision of accommodation.

If an employee is housed, Hexagon will ensure that situations where a conflict of interest might arise will be avoided – e.g. an employee will not be responsible for chasing his or her own rent arrears. Hexagon will not act or appear to act in a way that favours the tenant employee.

### **5.4 Housing of Board Members or their relatives with special needs**

Board Members or their relatives who would otherwise qualify may be granted specialist support provisions for the elderly, the disabled or others with special needs. This does not cover general elderly accommodation where no special services are provided.

### **5.5 Housing of Board Members and their relatives**

A Board member or their relative may be housed by Hexagon provided that the Association's agreed procedures have been followed.

The applicant must have not involvement in or influence over the decision-making process, housing need must be the key consideration, and the process must be scrupulously fair.

### **5.6 Homebuy/VPG/RTA payments for tenants who are employees or officers**

Board members and employees who are Hexagon tenants may benefit from Homebuy or Voluntary Purchase Grant offers, provided they meet the published criteria, and subject to approval by the Chief Executive.

## 5.7 Settlement of employment related disputes

Hexagon may make a payment to a person in full and final settlement of an employment related dispute where legal advice has been sought which confirms that the merits of the claim are strong, or the cost of disputing the claim is disproportionate to its value. The Chief Executive may approve payments up to a maximum of £10,000. Any such approvals will be reported to the Board. Any payments above £10,000 will be subject to full Board Approval.

A payment made in accordance with a decision of an Employment Tribunal will not be considered a breach of this Policy, and therefore does not require full Board approval.

## 5.8 Severance and Redundancy payments

Other than in exceptional circumstances, severance and redundancy payments will be as set out in Hexagon's Redundancy Procedures.

Any non-contractual severance payments, including early retirement, will only be made if there are reasonable and in line with the best interests of the Association.

Non-contractual severance payments will not be made in cases where the member of staff is subject to any disciplinary action related to the reason for their leaving. However, a disciplinary action which has expired will not prevent a payment being made under this exception and nor will a disciplinary action which is clearly unrelated to the reason the individual is leaving.

In considering the granting of a non-contractual severance payment, the Board will consider the following factors:-

- Reasons for departure and length of service
- Total value of remuneration including benefits such as pension contributions, bonuses, car allowance
- Any contractual entitlement to redundancy payment and length of notice period
- Full costs to Hexagon and other impacts of the settlement proposed including any additional costs (over and above normal employer contributions) associated with pensions
- Legal and financial risk and costs to Hexagon of failing to agree a settlement.

Any settlement reached will, at all times, take into consideration any reputational risk to Hexagon and will not exceed the equivalent of one year's gross remuneration for staff with ten or more year's service. Staff with fewer years' service will be paid on a strictly pro rata basis on completed continuous years' of service.

Any payments made under this exception will be in addition to any contractual entitlement the employee may have. This exception does not apply to a situation where a person is involved in an employment related dispute with the Association (see Section 5.7).

## 5.9 **Payments to businesses trading for profit in the management of which Hexagon's employees or officers are directly concerned**

In order to achieve greater efficiencies, improve services and provide more affordable housing, Hexagon may choose to work with other organisations in order to pool resources, expertise, and deliver specific projects. Such arrangements may take a variety of forms ranging from participating in informal groupings to being members of legally constituted organisations. Hexagon may form subsidiaries to engage in activities which fall outside of its own permitted objects, but are complementary – for example Horniman Housing Association which develops properties for sale . Hexagon has asserted a degree of control by appointing the Chair, Vice Chairs, Chief Executive and Finance Director of Hexagon, plus one independent member onto Horniman's Board.

In the event that Hexagon decides to enter a joint venture which acts for profit this must have the objective of furthering Hexagon's social housing objectives. This will be demonstrated in the decision making process and will be recorded in the separate register. These objectives may be achieved either directly (because activities of the joint venture relate to the provision of social housing) or indirectly – for example, where Hexagon invests in a business with a view to generating a return for the Association which is re-invested in social housing, or where the business is “complementary” to Hexagon's social housing activity.

Hexagon must have a “significant interest” in the business, for example:-

- A shareholder in a company
- A partner in a conventional partnership, limited partnership of limited liability partnership
- A holder of other rights which entitled Hexagon to an interest in the underlying assets or revenues of the business, or
- A lender to the business

Hexagon's interest is “significant” if it justifies appointing an officer or an employee as a representative to become directly concerned in managing the business and so protect Hexagon's interest in it. This includes Hexagon's holding in a 100% owned subsidiary.

Hexagon's officer or employee must not receive any benefit, reward or remuneration from any party other than Hexagon. That is, if the representative receives remuneration for his/her role in the business, this must be payable to Hexagon.

This provision will not apply where the representative owns a stake in a trading business which is another party to the joint venture, or is involved in the management of that business.

For example, if a board member of Hexagon is a shareholder or a senior manager of a contractor, and Hexagon wants to form a joint venture of which the contractor is a member, that individual could not ordinarily sit on the board of the joint venture.

Typically, where the business is a company, Hexagon will appoint one or more officers of employees as directors. In the case of partnerships (including LPs and LLPs), ordinarily Hexagon itself (corporately) will be a member, and if Hexagon appoints an officer or employee to represent it at partnership meetings or Committee Meetings, that officer or employee acts in the name of Hexagon rather than as an individual.

These provisions do not apply to former employees/officers or their close relatives, or where Hexagon's representatives are themselves principal proprietors of the business.

#### **5.10 Provision of indemnity**

Hexagon may indemnify a relevant officer against specified expenses in connection with any civil or criminal proceedings in relation to the Association or application for relief from liability for negligence, default, breach of duty, breach of trust in relation to the Association, so long as the officer is not found guilty or judgement is given against him or her.

If, under the indemnity, Hexagon is advancing legal costs by way of a loan, that loan will be permitted under this provision.

For the purposes of this provision a relevant officer means any director or board member of former direct of board member of Hexagon.

Hexagon will take legal advice on the terms of issuing such an indemnity and on setting appropriate limits.

#### **5.11 Permitted Payments and Benefits**

Hexagon may make specific payments or grant benefits as permitted by this provision to any eligible person.

This provision covers two classes of payments or benefits and sets separate limits for each:-

- Token gifts or payments to staff or board members up to a value of £300 per person per year
- Corporate events providing hospitality or entertainment specifically for employees or board members. In this category there is a limit of £50 per person for an individual event and an overall limit of £250 per person per year.

#### **What sort of gifts and payments are allowed?**

The HR Manager can decide within the limits set out above and in line with Hexagon's own Policy, what kinds of rewards Hexagon might wish to offer. These could include (and this list is by no means exhaustive):-

- Token payments – perhaps in the form of vouchers – for staff who have made a special contribution, done extra work or been involved in a high-profile project;
- A gift for a staff or board member on retirement or to mark a special event such as long service with the Association, or a corporate anniversary.

This provision does not cover performance-related pay or bonuses. These payments will be detailed in the contract of employment.

The annual limit of £300 per person for such payments or benefits might be granted as a single amount/benefit or as two or more smaller ones.

The limits do not provide a norm. It is not expected that everyone in Hexagon will receive payments and benefits up to the limit. They are set at this level to allow, for example, a generous present to be bought for a departing chairman, or for the recipient of a small gift marking an anniversary to be able to receive an award as well (e.g. Staff Excellence Award).

### **What kind of events are covered?**

There is a separate limit of £250 per person per year to cover staff events such as Christmas parties or occasional staff lunches or receptions (any event put on as a social occasion mainly for the benefit of staff and/or board members. This is to ensure that staff can attend a Hexagon party and also receive a gift/award during the year.

If a few stakeholders/residents have been invited to the party, the cost of providing them with food and drink will be excluded when calculating the cost for an individual staff member to attend an event.

The £250 annual limit is not a norm, but should allow a senior member of staff, say, to attend more than one team event in a year.

### **What about people who have recently left Hexagon?**

This provision also applies to staff and board members who have left Hexagon within the previous 12 months. This allows presentations to be made to those who have just retired and recently departed employees or board members to attend corporate events.

### **Reporting and recording**

While the individual sums involved may be small, overall amounts could be significant if a number of staff receive payments or benefits in one or both of the categories during the year. As a matter of good practice, an annual report will be presented to the Board, detailing both the rewards and events paid for under this provision, and the total cost to Hexagon during the year.