

**North East Derbyshire District Council**

**Standards Committee**

**26 February 2015**

**Ethical Standards in Contracted Public Services**

**Report of the Managing Director Rykneld Homes Limited**

This report is public

**Purpose of the Report**

- To respond to North East Derbyshire District Council (NEDDC) Standards Committee's, 2 October 2014, request that Rykneld Homes Ltd (RHL) confirms in writing how the Company deals with issues concerning ethical standards when they are awarding contracts to third parties for the provision of public services.

**1 Report Details**

- 1.1 The Ethical Standards for the Providers of Public Services was published by the Committee on Standards in Public Life (CSPL) in June 2014, and makes a series of recommendations in regard to promoting the seven principles of Public Life. Whilst the seven principles are specifically for the holders of public office, the Committee recommends these should be extended through contractual relationships to third party service suppliers. Rykneld Homes has commissioned work through contractual relationships varying in contract size ranging from large capital works programmes to very small one-off agreements. The CSPL recognises and believes that contractual and monitoring arrangements should be appropriate. This need is recognised in RHL's approach to procurement to encourage the supply of services from Small Medium Enterprises which would include smaller local businesses to support local employment.
- 1.2 Rykneld Homes staff are bound by a number of documents including: requirements through the contract of employment, specific contract clauses covering the Local Government Officer regulation 1990 Political Restrictions, Staff Code of Conduct, additional training in terms of professional boundaries, declarations of interest for staff and the overall requirement to work within the company Financial Regulations and Standing Orders. Rykneld Homes has signed up to the National Housing Federation (NHF) Code of Governance as part of its requirement to become a Registered Provider. The code, Excellence in Governance, covers the principles outlined in the Ethical Standards. Below are the documents that demonstrate RHL's expectations of staff and employees in terms of the ethical standards:

(a) **Selflessness:**

NHF Code Section A: Constitution and Composition of the Board.

This covers putting the interests of the organisation above personal interests. Compliance is evidenced through the Governance Handbook (reviewed and signed by existing and new Board Members September 2012) containing: Company Memorandum and Articles of Association, Code of Conduct, Board Member Complaints Procedure, Protocol for Board and Sub-Board Meetings, Board Member Roles and Responsibilities Protocol, Board Member Expense Claims Policy, Board and Sub-Board Structure, Scheme of Delegation and Terms of Reference, Annual Board and Sub-Board Schedule of Meetings, Board Member Job Descriptions and Recruitment Policy, Declarations of Post Acceptance, Declarations of Interest.

Staff: Code of Conduct, Declarations of Interest, Separation of roles during tendering

(b) **Integrity:**

NHF Code Section L: Conduct and Probity.

Organisations must maintain the highest standards of probity and conduct. This is evidenced through compliance with Company Articles of Association – Article 36(1), Governance Handbook, Code of Conduct, and Register of Gifts and Hospitality.

Staff: Code of Conduct, Equality, Personal interest, Relationships

(c) **Objectivity:**

NHF Code Section F: Conduct of the Boards Business.

The Board must act effectively, making clear decisions based on timely and accurate information. Evidence of compliance is the Scheme of Delegations, Board/Sub-Board minutes, Board/Sub-Board Agenda and document circulation seven full days prior to meetings, all relevant documents published on a secure web based Board Portal.

Staff: Standards, disclosures, Political neutrality, relationships, appointment and other employment matters, Financial Regulations, Standing Orders.

(d) **Accountability, Openness:**

NHF Code Section I: Openness, transparency and accountability.

Boards must provide leadership in operating in an open and transparent manner, having satisfactory dialogue with key stakeholders including tenants. Boards must demonstrate accountability to shareholders and other key stakeholders. This is evidenced through Published Board minutes, inclusive Business Planning process, Annual Report to Tenants, Tenant Scrutiny Panel, and Tenant Service Improvement Groups.

Staff: Hospitality, Separation of Roles during Tendering, Personal interest, relationships, Financial Regulations, Standing Orders

(e) **Honesty:**

NHF Code Section B: Essential functions of the Board.

Each Board must be clear about its duties and responsibilities. These must be set out and made available for all existing and potential Board Members. This is evidenced through Company Articles of Association – Article 19, Board Code of Conduct (paragraph 7), Scheme of Delegations and Terms of Reference, Board Member Roles and Responsibilities Protocol, Board Job Descriptions and Recruitment Policy, Induction process, Board Portal containing all relevant documentation, Board Member communications.

Staff: Hospitality, Separation of Roles during Tendering, Personal interest, relationships, Financial Regulations, Standing Orders

(f) **Leadership:**

NHF Code Section A: Constitution and Composition of the Board.

The Board must be effective in leading and controlling the organisation. Compliance is evidenced through Governance Handbook (reviewed and signed by existing and new Board Members September 2012) containing: Company Memorandum and Articles of Association, Code of Conduct, Board Member Complaints Procedure, Protocol for Board and Sub-Board Meetings, Board Member Roles and Responsibilities Protocol, Board Member Expense Claims Policy, Board and Sub-Board Structure, Scheme of Delegation and Terms of Reference, Annual Board and Sub-Board Schedule of Meetings, Board Member Job Descriptions and Recruitment Policy, Declarations of Post Acceptance, Declarations of Interest.

Staff: Chief Officer's terms and conditions, Staff Terms and Conditions, Code of Conduct, Financial Regulations, Standing Orders

- 1.3 Rykneld Homes selects contractors for tendering through the national procurement consortium Constructionline. This requires completion of a pre-qualification application to become a member requiring confirmation of compliance with appropriate standards and legislation. The Constructionline Supplier Certification Criteria is attached as **Appendix A**.

Of particular relevance to the seven principles of public life are the Compulsory information section page 5 to 21 which covers Company integrity, Associated Companies, Health and Safety, Equality and Diversity and environmental management.

- 1.4 Rykneld Homes also awards contracts through the Dynamic Procurement System (DPS). This also requires completion of a pre-qualification application to become a member requiring confirmation of compliance with appropriate standards and legislation.

Of particular relevance to the seven principles of public life is the mandatory questions section which includes: Company profile, Sole traders/partnerships, Financial information/outstanding litigations, Bribery and Corruption, Social value and localism, Tax avoidance and evasion, accreditations, Quality assurance, Environment, Health and safety, Equality and Diversity.

The CSPL recognition of a need for appropriate contractual and monitoring arrangements is essential to have an efficient management arrangement between parties. To this extent the larger capital contracts have more involved contractual requirements. An example of this is the Decent Homes contract with Apollo/Keep Moat which requires the completion of method statements covering how services will be delivered as well as what – as recommended by the CSPL. These cover things such as Customer Care and Community Investment. These included the promotion of RHL’s objectives such as local employment and construction industry skills. RHL also establishes data sharing agreements with to ensure the openness and accountability in terms there service provision.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 Rykneld Homes has in place strategy, procedures and safeguards to ensure that it complies with Ethical Standards when awarding contracts to third parties for the provision of public services.

## **3 Consultation and Equality Impact**

- 3.1 None, the report is supplied for information.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 None, the report is supplied for information.

## **5 Implications**

### **5.1 Finance and Risk Implications**

None, the report is supplied for information.

### **5.2 Legal Implications including Data Protection**

None, the report is supplied for information.

### **5.3 Human Resources Implications**

None, the report is supplied for information.

## **6 Recommendations**

- 6.1 That the content of the report of Rykneld Homes Limited in respect of how it deals with ethical standards issues when awarding contracts for the provision of public services to third parties be noted.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District Wards)	No
<b>District Wards Affected</b>	Rykneld Homes Limited operates District-wide
<b>Links to Corporate Plan priorities or Policy Framework</b>	

## 8 Document Information

Appendix No	Title
A	Constructionline Supplier Certification Criteria
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
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