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**code of governance**

**for  
housing  
co-operatives**

produced  
in  
partnership  
with



National  
Housing  
Federation



# The principles of good governance for housing co-ops

Governance is the task of defining the goals and standards of an organisation and ensuring that there are effective management and other structures that will enable the organisation to achieve those goals and standards.

There are four key elements to good governance in housing co-ops:

- 1 that the co-op maintains high ethical standards
- 2 that the co-op has strong systems of accountability to its members
- 3 that the co-op has proper systems to ensure effective operations
- 4 that members work together to achieve common democratically agreed objectives

All co-operatives base their ethical standards on a formal set of values and principles that have been defined by the International Co-operative Alliance. Co-operative values define the ethical standards which govern all co-operatives. Housing co-ops, in order to maintain their co-operative identity, should ensure that their operations are supporting the following co-operative values:

- 1 self-help and self-responsibility
- 2 democracy
- 3 equality, equity & solidarity
- 4 honesty & openness
- 5 social responsibility & caring for others

Housing co-ops also need to ensure that their systems operate effectively to best meet their members' needs and to satisfy the requirements of external organisations to which the housing co-op is formally and informally accountable. The following principles should dictate the operational standards to which a housing co-op should adhere:

- 1 control - there should be effective systems for internal delegation, so that the co-op can work on a day-to-day basis
- 2 structures - there should be appropriate staffing or support structures to maintain the co-op's work
- 3 information - there should be a means by which the co-op receives adequate up to date information and advice to inform its decisions
- 4 review - there should be formal and open processes for periodic review of the co-op's performance
- 5 clarity - there should be clarity regarding the roles and responsibilities between co-op management committee members, co-op general members, and staff and agencies employed to carry out work for the co-op
- 6 audit - there should be an effective and proper means by which the co-op audits its work internally and externally.

This code of governance aims to help housing co-ops put these principles into practice. Good governance is more than good practice, it makes good business sense too. It is about organisational mission, clarity of purpose and effectiveness. As such, good governance enhances the housing co-op's reputation, and ensures better results are achieved.

NB This code of governance applies to primary housing co-operatives and not to secondary housing co-ops that are set up to provide services to primary housing co-operatives.

## A Preamble

A1 The code has been based on the Code of Governance published by the National Housing Federation and has been specifically adapted for use by housing co-ops. It contains guidance for best practice in the governance of housing co-ops. We recognise that housing co-ops are all different - they are about ordinary people developing their own standards and structures to meet the needs of their communities. Therefore, not all recommendations will apply to all co-ops. Even so, every housing co-op should consider all the issues in the code, take action appropriate to its circumstances and record that action in

published documents.

A2 Housing Co-ops should set out, in their published annual report, a clear statement of whether they comply with this code and, if not, the areas concerned, and the reasons for non-compliance.

A3 This code also recommends the annual publication of other key information. Where not all of this information appears in the published annual report, there should be a clear statement in the report of how it can be obtained.

A4 Housing Co-ops are advised to adopt constitutions, standing orders and other governance documentation which support and enable their implementation of this code.

## B Housing Co-op governance - general membership

Membership of a housing co-op entitles the member to one vote at all general meetings of the co-op. The way in which the co-op should be run will be determined by the co-op's rules. However, usually the General meeting should determine strategic direction and policies, while management, that is implementation of the general meeting's policies, will usually be delegated elsewhere. This section defines the minimum role of the co-op's general meetings and the rights and responsibilities of co-op members.

B1 The co-op should be accountable to its general membership through general meetings. It should be the case that the co-op's values and objectives and all key policy issues are agreed at general meetings, which are open to all members of the co-op, who should be able to express their opinions and cast votes as their democratic right.

B2 The co-op, in general meetings, should have a minimum duty to:

- 1 define the co-op's values and objectives;
- 2 establish policies to achieve those objectives;
- 3 approve the co-op's annual budget and accounts prior to publication;
- 4 establish a framework of delegation and systems of control;
- 5 agree policies on all matters that might create significant financial or other risk to the co-op, or which raise material issues of principle;
- 6 satisfy itself that the organisation's affairs are conducted lawfully and in accordance with generally accepted standards of performance and

propriety.

B3 The co-op should ensure that all members are aware of their rights and responsibilities as members. The co-op's tenancy agreement should clearly state that members will:

- 1 adhere to the values and objectives of the co-op
- 2 abide by the co-op's policies
- 3 contribute to and share responsibility for co-op's decisions made in general meetings
- 4 attend general meetings, training sessions and other events, whenever possible and which relate to general meetings of the co-op
- 5 declare any relevant interests and that in their involvement with the co-op, they will act only in the interests of the co-op and not on behalf of any constituency or interest group.

All members should be made aware when they join the co-op that signing their tenancy agreement is committing them to the above responsibilities.

B4 The co-op should ensure that:

- 1 all co-op members are encouraged to become involved in the running of the co-op
- 2 all co-op members receive information about the running of the co-op (translated into the co-op member's first language where appropriate)
- 3 no barriers exist to any member becoming involved in the running of the co-op, particularly in relation to equal opportunities issues
- 4 appropriate training and support are available to all co-op members to enable them to become involved in the running of the co-op

B5 The co-op's rules will specify how often general meetings must be held and what quorum exists for general meetings.

## C Day to day governance of housing co-ops

Each housing co-op must ensure that it has a governing body that has ultimate legal responsibility for the co-op. The composition, role and functions of the governing body should be set out in the co-ops rules. For some, usually smaller, co-ops, the governing body may be the general meeting itself, but the majority of co-ops elect a management committee which deals with day-to-day management of the co-op. This section seeks to define the role of the governing body, and sets out guidelines for effective operation.

## GOVERNANCE THROUGH GENERAL MEETINGS

C1 Where a co-op is governed through its general meetings, general meetings will have the following further duties to:

- 1 ensure compliance with the values and objectives of the co-op;
- 2 ensure that policies that will enable that the co-op to achieve its objectives are drafted, reviewed and proposed at general meetings;
- 3 establish plans which will enable the co-op's policies to be achieved;
- 4 oversee the co-op's framework of delegation and systems of control;
- 5 monitor the co-op's performance in relation to the co-op's plans, budgets, controls and decisions
- 6 make decisions on all matters that might create significant financial or other risk to the co-op, or which raise material issues of principle;
- 7 determine staffing or support arrangements to enable the co-op to meet its objectives.

C2 Co-ops governed through general meetings should consider whether its duties will best be performed through use of sub-committees and working groups.

C3 Co-op policies and standing orders should state what powers are delegated to sub-committees and working groups. In particular, co-op policies and standing orders should state how urgent decisions are delegated in specific areas of operation. As many members of the relevant sub-committee as possible should be consulted on urgent decisions. Wherever possible, urgent decisions should not be taken by only one co-op member. All urgent decisions taken should be reported to the next general meeting, and those consulted should be recorded in the minutes.

## GOVERNANCE THROUGH MANAGEMENT COMMITTEE

C4 Where the co-op elects a management committee at its annual general meeting, the co-op's rules will set out the powers of the committee. The co-op should aim to ensure, through its democratic processes, that the management committee is broadly representative of the co-op's membership.

C5 The executive powers of the management committee to manage and be legally accountable for the business of the co-op should be set out in the co-op's rules. The co-op's rules should make it clear that decisions of the management committee, acting within its executive powers, are binding and cannot be rescinded or overturned at a subsequent general meeting of the co-op. However, the management committee should always see itself as accountable to the general membership of the co-op reporting regularly and being willing to account for its decisions and actions at general meetings of which all members have been given proper written notice in accordance with the co-op's rules. The management committee should manage the day to day business of the co-op according to policies agreed at general meetings, although such policies cannot alter the powers of the management committee set out in the co-op's rules. The co-op's rules may provide a general meeting with the power to replace a management committee that acts contrary to policies approved by the co-op in general meeting.

C6 The management committee should seek to involve the maximum number of co-op members in the running of the co-op as possible, either through membership of the management committee or through other means. The management committee should consider whether the interests of openness and accountability would be best served by making all management committee meetings open to all co-op members, although the management committee will always need to have facilities to hold closed meetings to deal with confidential matters. .

C7 The essential functions of the management committee should be set down in the rules of the co-op, or where the rules provide, in standing orders and should, as a minimum, include duties to:

- 1 ensure compliance with the values and objectives of the co-op;
- 2 ensure that policies that will enable that the co-op to achieve its objectives are drafted, reviewed and proposed at general meetings;
- 3 establish plans which will enable the co-op's policies to be achieved;
- 4 oversee the co-op's framework of delegation and systems of control;
- 5 monitor the co-op's performance in relation to the co-op's plans, budgets, controls and decisions;
- 6 determine staffing arrangements to enable the co-

- op to meet its objectives;
- 7 make decisions on all matters that might create significant financial or other risk to the co-op, or which raise material issues of principle;
- 8 report to the general membership that co-op business is being conducted lawfully and according to accepted standards of performance and propriety.
- C8 All management committee members share responsibility for its decisions. Each member should act only in the interests of the co-op and not on behalf of any constituency or interest group.
- C9 The co-op's rules will state how many members should make up its management committee. We suggest that management committees should have not fewer than 7 members and not more than 15. The co-op's rules will also state what quorum the co-op has for management committee meetings.
- C10 The management committee should consider carefully how it deals with issues relating to confidentiality, and it should be clearly stated how such matters are dealt with. The management committee should ensure that it has the facility to discuss confidential issues in closed session, and it is usual that management committee members be asked to sign a declaration of confidentiality to cover issues discussed in closed session. Members of the management committee, including any co-optees, should be made fully aware of the requirement for confidentiality for particular items, and that breaches of confidentiality could result in termination of membership of the management committee.
- C11 Members of the management committee should accept the responsibility that they will attend meetings, training sessions and other events, whenever possible which relate to the management committee.
- C12 The management committee has a responsibility to ensure that:
- 1 all co-op members are aware of their right to stand for election to the management committee and what that means
  - 2 training and support are available as necessary for new members of the management committee
  - 3 effective arrangements are in place to maintain and enhance the skills and motivation of all

members of the management committee.

C13 The management committee may wish to co-opt members for one of the following reasons:

- 1 to involve new co-op members with the management committee prior to a general meeting
- 2 to gain particular skills and experience on the co-op management committee
- 3 to involve a representative of a particular minority group not represented on the committee

The co-op's rules will state the maximum number of co-optees allowed to stand on the management committee, and the rules should state whether or not co-optees have voting rights. Co-op employees or representatives from organisations that the co-op employs should not normally be co-opted onto the co-op's management committee, although the management committee will usually invite particular employees to be in attendance. A co-optee should not be chair of the co-op, and the co-op should carefully consider whether it is appropriate that a co-optee should fill other officer roles of the co-op.

C14 Co-op policies and standing orders should state how urgent decisions will be taken. As many members of the management committee as possible should be consulted on urgent decisions. Wherever possible, urgent decisions should not be taken by only one co-op member. All urgent decisions taken should be reported to the next management committee meeting, and those consulted should be recorded in the minutes.

## FURTHER GOVERNANCE ISSUES

C15 The *governing body* of the co-op must ensure that it has the ability to work as an effective team to take strategic decisions and an understanding of members' issues and concerns. It should also ensure that it either has itself or has access to (either through co-options or through purchasing relevant services as appropriate) various qualities and skills so that it can make effective decisions and monitor the co-op's performance. Dependent on the range of activities undertaken by the co-op, the *governing body* will need access to the following to carry out its duties:

- 1 skills relating to co-op member involvement
- 2 general business, financial and management skills
- 3 knowledge of the external framework and operating environment for housing co-ops; and

- 4 other relevant skills, such as legal, property and development, and public affairs

C16 Decisions made by any co-op meetings should, wherever possible, be based on documents circulated to members well in advance of meetings. Points for decision should be clearly identified in those documents. Decisions should be recorded in the minutes of the relevant meeting.

C17 The *governing body* of the co-op should set aside time annually for a full discussion about the effectiveness with which it is conducting its business.

## D Sub-committees

Most housing co-ops will have sub-committees to the governing body to oversee specified areas of the co-op's work. This section sets out the principles that should apply to the work of sub-committees.

- D1 Co-ops should periodically review sub-committees reporting to the *governing body*.
- D2 Each sub-committee should have clear terms of reference and written responsibilities agreed by the *governing body* and should report regularly to the *governing body*.
- D3 Only co-op members or co-opted members of the management committee should serve on a sub-committee, although paid staff or agency representatives may be in attendance at sub-committee meetings. If a management committee sets up a sub-committee, there should be a minimum of one management committee member on the sub-committee.
- D4 Sub-committee members should be prepared to sign a declaration of confidentiality, where the *governing body* deems it necessary.
- D5 In the case of dispute, decisions made by the *governing body* must override those of any sub-committee. However, if there is a sub-committee responsible for audit matters the sub-committee should have the right to report any such decision to the external auditors (and where necessary to external regulatory bodies), after discussion at the governing body about this proposed course of action.

D6 Each housing co-op should ensure that specific arrangements, either by use of sub-committees or through the governing body itself, are made to cover the following responsibilities:

- 1 Audit matters (see section K)
- 2 standards and ethics (see section L)
- 3 either employment of staff or an agency (see section F) or appraisal and remuneration of the senior member of staff (see section G)

## E Specific functions and responsibilities

There are particular duties and responsibilities that might normally be carried out by the Chair of a larger organisation which the co-op should ensure are formally delegated. In carrying out these duties, co-op members should always remember that they are acting on behalf of the co-op, and not in isolation.

- E1 The co-op must ensure that it has appropriate structures that deal with various formal responsibilities listed below, possibly through the delegation of these tasks to specific members of the co-op (such as perhaps the co-op's Chair):
  - 1 to ensure effective conduct of the co-op's business;
  - 2 to ensure that all members have the opportunity to participate at co-op meetings and in the running of the co-op;
  - 3 to establish a constructive working relationship with agencies/staff employed by the co-op;
  - 4 to ensure that authority is sufficiently delegated to committees, appropriate delegated officers or staff to enable the business of the co-op to be carried out effectively in between meetings of the *governing body*, and that the use of these delegated powers is monitored by the *governing body*;
  - 5 to ensure that the *governing body* receives professional advice when it is needed;
  - 6 to ensure that the co-op complies with the recommendations in this code, which are appropriate to the co-op's circumstances;
  - 7 to ensure that proper arrangements are made to appraise the co-op's staff and to determine their remuneration, where applicable;
  - 8 to ensure, when necessary, that staff are replaced in a timely and orderly fashion;
  - 9 to ensure that proper arrangements are made to review the performance of agencies employed by the co-op, where applicable.

## F Employment of staff or agencies

Each co-op will need to determine whether their aims and objectives will best be met through employment of staff, through employment of agencies, or through voluntary activity by the co-op membership, or through combinations of each category. This section looks at how these choices should be made and what criteria should govern employment of staff or agencies.

F1 Where an agency or members of staff are employed, clear working arrangements between them and the *governing body* are a key element of governance.

F2 The *governing body* should determine which of its management functions, if any, should be carried out by co-op members and which functions should be carried out by paid staff or agencies. These decisions should be subject to regular review by the *governing body*, but in making such decisions the *governing body* should be mindful of:

- 1 day-to-day practicalities
- 2 not over-burdening the co-op's voluntary membership
- 3 how the co-op deals with issues of confidentiality and equal opportunities
- 4 ensuring that the co-op's day-to-day management functions are dealt with in a sustainable fashion, and do not suffer if particular co-op volunteers are not available to carry out their work.

F3 Responsibility for decision-making cannot be devolved to an agent or to members of staff. The co-op, through its *governing body*, remains accountable for all decisions, particularly to statutory external bodies. Therefore, the *governing body* should ensure that it receives information necessary to perform its duties, and in particular, that it receives advice and support on matters relating to compliance with its governing instrument, the law, the need to remain solvent and on establishing and maintaining proper systems of control. This support should be through employment of staff, through agency support or through some other method, but the *governing body* should satisfy itself that it has access to appropriate levels of support where necessary.

F4 Any members of staff or an agency employed should carry out management functions, where directed to do so by the co-op, in accordance

with the values, objectives and policies of the co-op.

F5 Where an agency is employed, a management agreement should be agreed between the co-op and the agent, which should be reviewed annually, that includes:

- 1 details of the management functions to be carried out by the agency
- 2 a property list for which the management agreement applies
- 3 details of remuneration for the services to be carried out
- 4 policies relating to how the services will be carried out
- 5 details on how the agency will report to the co-op
- 6 a complaints procedure between co-op and agent

F6 All members of staff should have a written contract of employment which, as well as complying with current legislation, clearly defines:

- 1 their duties and the standards of performance expected
- 2 the procedures for monitoring performance and fixing remuneration
- 3 how complaints and disciplinary matters will be dealt with
- 4 the length of the contract, whether or not it could be renewed and any notice period

F7 For co-ops employing staff, the *governing body* should ensure that there is a sub-committee, which has responsibilities to appraise and recommend to the governing body the remuneration of staff. This sub-committee should include at least one representative of the *governing body*, and should not include any paid staff of the co-op.

## G The senior member of staff

For larger co-ops, it may be the case that the co-op will employ a senior member of staff who will be accountable to the governing body for all staffing matters, and who will have responsibility for leading and managing other staff. This section looks at how a senior member of staff should be governed.

G1 The essential duties of the senior member of staff should be to:

- 1 manage the affairs of the co-op in accordance

- with the values, objectives and policies of the co-op, and the specific decisions of the *governing body*;
- 2 help the *governing body* draft and review the co-op's policies and strategy;
- 3 draw the *governing body's* attention to matters that it should consider and decide;
- 4 ensure that the *governing body* is given the information necessary to perform its duties and, in particular, that it receives advice on matters concerning compliance with its governing instrument, the law and the need to remain solvent;
- 5 ensure that proper systems of control are established and maintained;
- 6 supervise the preparation of documents for consideration by the *governing body*;
- 7 assist the *governing body* in the proper conduct of its business
- 8 lead and manage the staff of the co-op and ensure that their performance is appraised;
- 9 represent the co-op if directed to do so by the *governing body*.

G2 Like other employees, the senior member of staff should have a written contract of employment which, as well as complying with current legislation clearly defines:

- 1 his or her duties and the standards of performance expected;
- 2 the procedures for monitoring performance and fixing remuneration;
- 3 how complaints and disciplinary matters will be dealt with;
- 4 the length of the contract, whether or not it could be renewed and any notice period.

G3 The *governing body* should ensure that there is a committee, which has responsibilities, which include the appraisal of and making recommendations to the governing body about the remuneration and terms and conditions of employment of the senior member of staff. This committee should include at least one member of the *governing body*, and should not include paid staff of the co-op. The following principles should be observed:

- 1 a remuneration package should be given which is adequate to attract, retain and motivate the quality of senior member of staff required, but is not more than necessary;
- 2 there should be full disclosure of all elements of the remuneration package, including pension arrangements, and periods of notice. Periods of

- notice in excess of 12 months should be avoided;
- 3 there should be explicit arrangements for early termination, including compensation to be paid where misconduct is not involved;
- 4 any performance-related elements of the remuneration package should be linked to the achievement of specific and measurable targets.

The committee may also deal with the remuneration and terms and conditions of employment of other staff members, observing the same principles.

## H Openness

Co-ops should act in an open and accountable way in relation to their members, local communities, local authorities and other interested parties. As a general rule, information about a co-op, its work, its governing body and sub-committees (where relevant), its employees or its relationship with agents should be available unless there are good reasons of confidentiality or practicality why not.

H1 Housing co-ops should accept an obligation to account for their actions in an open manner, and should have a policy about access to their information and documentation. Housing Co-ops should publish information about their performance in addition to the prescribed reports on their finances.

H2 The co-op should publish an annual report of its activities and performance, which should be circulated to all co-op members, to the local authority, to local community organisations and other interested parties. This report should include details of:

- 1 the housing stock, rent levels and those housed;
- 2 summary performance information;
- 3 the co-op's finances;
- 4 community activities and member involvement within the co-op;
- 5 if the co-op is governed by a management committee, listings of current management committee membership, and about how members can stand for election to the committee;
- 6 details of staffing and agency relationships;
- 7 as noted at A2, a statement of whether the organisation complies with this code of governance and, if not, the details of and reasons for non-compliance.

H3 Co-ops should comply with outside requests for

information wherever practicable.

- H4 The co-op should review the openness of the co-op's arrangements on a regular basis.

## I Accountability

Housing co-ops should balance the interests of various groups, and must be accountable in different ways to various stakeholders, including members, potential members, local authorities and other community interests. Accountability through governance structures, as described in this code, is important, but only one part of an overall approach to accountability.

- I1 The co-op is accountable to its general membership through general meetings of the co-op. The *governing body* has a responsibility to determine the best ways to ensure that this accountability remains genuine. Making management committee or sub-committee meetings open to all members of the co-op may be one means of ensuring accountability, although the *governing body* must ensure that there are means to hold confidential discussions.
- I2 The co-op should also determine other relevant organisations to whom it is accountable, such as the local authority and local community organisations, and should do what is necessary to meet these obligations.

## J Equality of opportunity

Equality is one of the standards determined by the International Co-operative Alliance for all co-operatives, and therefore should be a core value for all housing co-ops. A continuing focus on the implementation and monitoring of policies will always be needed. Co-ops are recommended to take lawful positive action where minority groups in the co-op's area of operations are under-represented in the co-op's membership, governing body or staffing structures (where appropriate).

- J1 Each co-op should adopt a policy for equality of opportunity and publish it. The policy should promote equal opportunities in all areas of the co-op's work including:
- 1 identification of and assessment of housing needs;
  - 2 allocation of housing (and any other services);
  - 3 provision of services;

- 4 opportunities for involvement in the running of the co-op, including the membership and operation of the management committee and any sub-committees;
- 5 staff recruitment, training and conditions of service;
- 6 the co-op's buying of goods and services and contracting procedures.

Co-ops should be open in publicizing their achievements and performance in these areas.

## K Auditing procedures

Effective audit is essential to good governance. This goes beyond traditional financial audit into all areas of a co-op's work. Standards of performance, service delivery and compliance should all be subject to some form of audit, if they are to remain effective.

- K1 Every co-op should ensure that it observes the following principles that:
- 1 its external auditors must be independent and effective;
  - 2 there should be a proper procedure for the selection and periodic review of the appointment of external auditors;
  - 3 every co-op must have effective internal controls;
  - 4 larger co-ops should have an effective internal audit service; others should make effective arrangements for discharging the internal audit function; and
  - 5 points (1) to (4) above should be regularly reviewed and the outcome of each review reported to the governing body.
- K2 All co-ops should be aware of and informed about the latest guidance and codes from the Auditing Practices Board, (and where appropriate the Housing Corporation) and should implement the recommendations of those documents that apply to them.

## L Conduct and probity

Housing Co-ops have a reputation for high standards of conduct and probity. These standards are reinforced by legislation, the co-operative ethos and the provisions of the co-op's rules. In line with the section above on the need for openness, this section stresses the need for co-ops to move towards a regime in which actual and potential conflicts of interest, whether financial or more general, are

formally recorded and available for public inspection.

- L1 Co-ops should have codes of conduct for their *governing body* members and staff, aimed at upholding high standards of probity and ethics.
- L2 The *governing body*, or a sub-committee with the necessary delegations, should from time to time review:
  - 1 the stated values of the co-op, and how they are implemented in practice;
  - 2 the implementation of this Code of Governance, and its underlying principles;
  - 3 the codes of conduct adopted by the co-op for its *governing body* members and staff;
  - 4 the policies and procedures of the co-op relating to hospitality, gifts and other matters of business ethics.
- L3 Co-op members must ensure that their private and personal interests do not influence their decisions, and that they do not use positions of responsibility within the co-op to obtain personal gain of any sort that does not apply equitably to all members
- L4 Co-op members should be meticulous about declaring dualities or conflicts of interest. Where appropriate, co-ops should maintain records of the interests of co-op members and staff and, subject to considerations of individual privacy, should make these available to public inspection.
- L5 When the co-op discusses an item, which poses a conflict of interest for any member or other person present, that person should declare the interest.
- L6 If the conflict is clear and substantial, the co-op member should offer to withdraw and, if invited to remain, refrain from voting on the matter. Where such a conflict is likely to reoccur on a frequent basis, a management or sub-committee member should offer to resign.
- L7 Co-op members should regard matters specifically concerning their individual circumstances as a clear and substantial conflict.
- L8 Co-op members who are the paid staff or board members of, or providing goods or services to, other housing or not-for-profit organisations (particularly including housing co-op agents), should declare conflicts of interest arising in the normal way. However, such employment or

board membership should not automatically mean that the co-op member cannot attend and vote at general meetings, or cannot become a member of a management or sub-committee.

- L9 The *governing body* should establish a policy on the receipt of hospitality and gifts by co-op members and staff engaged in co-op business to ensure that:
  - 1 personal gifts with a significant monetary value are not accepted;
  - 2 hospitality is not accepted if it could be seen as a way of exerting an improper influence over the co-op's decisions;
  - 3 gifts and hospitality are formally recorded in a register, apart from inexpensive items, such as working meals or free calendars.
- L10 The *governing body* should establish a policy on the offering of hospitality and gifts by the co-op, or by *governing body* members and staff on its behalf to ensure that:
  - 1 no gifts of a significant monetary value are given or offered;
  - 2 hospitality is not offered if it could be seen as lavish, or as a way of exerting an improper influence over the decisions of another person or organisation;
  - 3 all hospitality offered is formally recorded in a register, apart from inexpensive items, such as working meals.
- L11 The *governing body* should ensure that proper arrangements are made for the referral and determination of individual cases raising issues of ethics or probity.