

RULES of: Community Gateway Association Limited

*A Registered Society under the Co-operative and
Community Benefit Societies Act 2014*

Register No. 29838

MODEL RULES 2015

National Housing Federation

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Part A Name and objects**Name**

- A1 The name of the society shall be Community Gateway Association Limited (the **Association**).

Objects

- A2 The Association is formed for the benefit of the community. Its charitable objects shall be to carry on for the benefit of the community:
- A2.1 the business of providing and managing housing, including Social Housing, and providing assistance to help house people and associated facilities, amenities and services for people in financially necessitous circumstances or for the relief of aged, disabled (whether physically or mentally) or chronically sick people;
- A2.2 any other charitable object that can be carried out from time to time by a registered society registered as a provider of Social Housing with the Regulator.

Non-profit

- A3 The Association shall not trade for profit and any profits shall only be applied for the purpose of furthering the Association's objects and/ or in accordance with these Rules.
- A4 Nothing shall be paid or transferred by way of profit to Members of the Association.

Corporate status

- A5 The Association is not a subsidiary of another organisation and shall not become a subsidiary of another organisation without first amending these rules to state the name of the parent entity and without first having obtained the consent of the Regulator to such a rule change pursuant to section 212 of the Housing and Regeneration Act 2008 to the extent that consent is required under that Act.

Part B Powers of Association, Board, and Members**Powers**

- B1 The Association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these Rules.
- B2 Without limiting its general powers under rule B1, and only so far as is necessary or expedient to achieve its objects, the Association shall have power to:

- B2.1 purchase, acquire or dispose, take or grant any interest in property including any mortgage, charge, floating charge or other security whatsoever;
- B2.2 construct or carry out works to buildings;
- B2.3 help any charity or other body not trading for profit in relation to housing and related services;
- B2.4 subject to rules F12, F13 and F14, borrow money or issue bonds, notes loan stock or any other debt instrument or enter into any transaction having the effect of borrowing;
- B2.5 enter into and perform any Derivative Transaction on such terms as the Association thinks fit for the purpose of hedging or otherwise managing any treasury risk or other financial exposure of the Association;
- B2.6 subject to rule F15, invest the funds of the Association;
- B2.7 lend money on such terms as the Association shall think fit;
- B2.8 guarantee, enter into any contract of indemnity or suretyship in relation to, or provide security for, the borrowing or performance of the obligations of any other organisation, in each case on such terms as the Association shall think fit;
- B2.9 establish a community fund for investment in community business, projects or activities in order to achieve the Association's objects;
- B2.10 enable members of the community to participate in the affairs of the Association and local Tenant and Resident groups;
- B2.11 deliver strategies for the wellbeing of the community in partnership with Local Authorities and other organisations;
- B2.12 develop and promote the rights of members of the community, employees of the Association and people dealing with the Association and in particular the need to provide information to members and conduct the affairs of the Association in accessible and appropriate ways;
- B2.13 provide Tenants and members of the community with the opportunity to choose and exercise options in relation to the ownership, management and control of their housing and communities;
- B2.14 providing training and information to encourage community development;
- B2.15 promote equality and diversity for the benefit of the community;
- B2.16 promote for the benefit of the community urban and rural regeneration in areas of social and economic deprivation by all or any of the following means:
 - (i) the relief of unemployment;
 - (ii) the creation of training and employment opportunities;
 - (iii) the maintenance, improvement or provision of public amenities;
 - (iv) the preservation of buildings or sites of historic or architectural interest;
 - (v) the protection or conservation of the environment;

- (vi) the promotion of public health facilities and childcare;
- (vii) the promotion of public safety and prevention of crime;

B3 The Association shall not have power to receive money on deposit in any way which would require authorisation under the Financial Services and Markets Act 2000 or any other authority required by statute unless it has such authorisation.

Powers of the Board

B4 The business of the Association shall be directed by the Board.

B5 Apart from those powers which must be exercised in General Meeting:

B5.1 by statute; or

B5.2 under these Rules;

all the powers of the Association may be exercised by the Board for and in the name of the Association.

B6 The Board shall have power to delegate, in writing, subject to rules D27-D31, the exercise of any of its powers. Such delegation may include any of the powers and discretions of the Board.

Limited powers of Members in General Meetings

B7 The Association in General Meetings can only exercise the powers of the Association expressly reserved to it by these Rules or by statute.

Community empowerment in local community areas

B8 The Association will at all times have in place and operate the following:

B8.1 A strategy and programme to promote and provide options for increased Tenant and community control of their housing and communities;

B8.2 A strategy and programme to secure the widest possible community involvement in the Association;

B8.3 A strategy and programme for community development, training, communication and consultation and the identification of Local Community Areas and Sub-areas within Local Community Areas for the purpose of rules B8 to B13;

B8.4 A procedure to facilitate Local Community Areas and Sub-areas to establish local representative Tenant and Resident groups.

B9 Subject to rule B10, where a Tenant and Resident group makes a proposal to the Board to vary the current provision of management of its housing, the Board shall:

B9.1 Satisfy itself that the Tenant and Resident group has a constitution that allows all Tenants in the Local Community Area or Sub-area to become

- members of the Tenant and Resident group, has an equal opportunities object of an acceptable standard, and meets other best practice requirements for the recognition of Tenant and Resident groups;
- B9.2 Satisfy itself that the proposal is supported by the Local Community Area or Sub-area;
- B9.3 Take reasonable steps to implement the proposal where the requirements of this rule B9 are satisfied and where applicable funding, regulatory or legal constraints permit.
- B10 Where a proposal under rule B9 involves a tenant management organisation or other such vehicle with an equivalent or higher level of delegated power, the Board shall:
- B10.1 Satisfy itself (having acted reasonably and having obtained independent verification of such opinion) that such variation will not materially adversely prejudice the financial viability or reputation of the Association;
- B10.2 Ensure that the proposal is communicated to all Tenants in the Local Community Area or Sub-area;
- B10.3 Ensure that a majority of those Tenants in the Local Community Area or Sub-area who express a preference are in favour of the proposal;
- B10.4 Instigate a feasibility study into the proposed organisation where the requirements of this rule B10 are satisfied, which shall include:
- Group development, financial, equal opportunities and other non-technical training for the Tenants and Residents group;
 - An assessment of the competence of the Tenants and Residents group to satisfactorily govern their organisation and to take on the legal powers and responsibilities requested.
- B11 If the feasibility study in rule B10.4 concludes that the proposal is feasible, the Board shall:
- B11.1 Ensure through a formal ballot of all Tenants living in the Local Community Area or Sub-area that a majority of those that vote are in favour of the proposal;
- B11.2 Following a positive ballot result pursuant to rule B11.1, instigate a development process for the proposed organisation, which shall include:
- Further detailed technical and other training for the Tenants and Residents group;
 - Negotiation with the Tenants and Residents group regarding the terms and conditions to set up the proposed organisation;
 - The creation and, where applicable, registration of a legal body to receive the transfer or delegation under rule B12;
 - Any other requirements necessary to set up the proposed organisation.
- B12 Where the requirements of rule B11 are satisfied, the Board shall do one or more of the following:

B12.1 Delegate any of its supervisory powers and responsibilities relating to that Local Community Area or Sub-area to the legal body set up under rule B11.2;

B12.2 Transfer assets, and/or delegate any of its powers or responsibilities and associated day to day management to the legal body set up under rule B11.2

To the extent that such delegation and/or transfers is necessary to give effect to the proposal for which Tenants have voted.

B13 No transfer of assets or delegation of powers and responsibilities to the proposed organisation shall take place except:

B13.1 In accordance with rules B10 and B11; and

B13.2 With the approval of the Regulator, to the extent that such consent is required; and

B13.3 In compliance with the legal obligations of the Association to third parties, and in particular (without limitation) any obligations of the association to third party funders, lenders or security trustees; and

B13.4 Where the proposed organisation has been set up in such a way as to share the vision and values of the association as a community gateway organisation.

Tenant involvement with the association

B14 The Association shall actively promote Tenant membership of, and involvement in, the Association and the promotion and execution of its objects.

B15 The Association shall have in place a central Tenant membership body whose purpose shall be to represent Tenant members and to provide a link to the Members of the Association. The chair of the central membership body will not be a Tenant Board Member. All members of the Association can apply to serve on the central Tenant Membership body. The composition of the central Tenant membership body will be set out within it's terms of reference.

B16 Members of the Association shall also be able to submit proposals on strategic and policy matters to the central Tenant membership body for consideration by the Association.

B17 Members who are also employees of the Association cannot be selected to the central Tenant membership body or be Board Members.

B18 A member of the central Tenant membership committee who subsequently becomes an employee of the Association must immediately resign from that committee.

General

B19 The certificate of an Officer of the Association that a power has been properly exercised shall be conclusive as between the Association and any third party acting in good faith.

- B20 A person acting in good faith who does not have actual notice of these Rules or the Association's regulations shall not be concerned to see or enquire if the Board's powers are restricted by these Rules or such regulations.

Part C Members and General Meetings

Obligations of Members

- C1 All Members agree to be bound by the obligations on them as set out in these Rules. When acting as Members they shall act, at all times in the interests of the Association and for the benefit of the community, as guardians of the objects of the Association.

Nature of shares

- C2 The Association's share capital shall be raised by the issue of shares. Each share has the nominal value of 10 pence which shall carry no right to interest, dividend or bonus. Shares shall be non-withdrawable and subject to rule C32 non-transferrable.
- C3 When a Member ceases to be a Member or is expelled from the Association, his or her share shall be cancelled. The amount paid up on that share shall become the property of the Association.

Nature of Members

- C4 A Member of the Association is a person whose name and address is entered in the Register of Members and who is a Tenant who qualifies for membership in accordance with rules C8 and C9
- C5 The following cannot be Members:
- C5.1 a minor (meaning a person under 16);
 - C5.2 a person who has been expelled as a Member, unless authorised by special resolution at a General Meeting;
 - C5.3 a Local Authority Person if together with other Local Authority Persons who are Members their number will be in excess of 33% of the total number of Members.
- C6 The Association may have Associate Members and the provisions of rules C5 and C12 shall apply to them in the same way as those rules apply to Members. Associate Members shall also cease to be Associate Members if they cease to be a Resident within a Local Community Area.
- C7 Shares cannot be held jointly and no Member shall hold more than one share. Each share shall carry only one vote.

Admission of Members

- C8 The Board shall set, review and publish its policies and objectives for admitting new Members. The Board shall only admit new Members in accordance with such policies. The Board has the power in its absolute discretion to accept or reject an application.
- C9 The Board shall offer a membership to every person of 16 years of age or more who agrees to be bound by these Rules and is a Tenant of the Association, and shall have the right to approve every application made in accordance with this rule C9.
- C10 Applications for membership and payment for shares shall be in such form as the Board may prescribe. The name of the successful applicant and other necessary particulars shall be entered in the Register of Members. One share in the Association shall be issued to the applicant.

Ending of shareholding

- C11 A Member shall immediately cease to be a Member if:
- C11.1 they die; or
 - C11.2 they are expelled under rule C12; or
 - C11.3 they withdraw from the Association by giving notice to the Secretary, which shall be effective on receipt, unless they are one of the last three remaining Members, in which case they must provide at least one month's written notice of the withdrawal to the Secretary; or
 - C11.4 they become a Local Authority Person and together with other such persons who are Members their number will be in excess of 33% of the total number of Members. In the event that two or more Members become Local Authority Persons at the same time causing this limit to be exceeded the Board shall decide at its absolute discretion which persons shall cease to be a Member; or
 - C11.5 they cease to be eligible to be a Member under rule C5; or
 - C11.6 they cease to be a Tenant save that this rule C11.66 shall not apply in respect of such a Member temporarily ceasing to be a Tenant as a result of the demolition of, or works carried out, to that Member's home.
- C12 A Member may only be expelled by a Special Resolution at a special General Meeting called by the Board provided that the following rules apply to the process:
- C12.1 The Board must give the Member at least one month's notice in writing of the General Meeting. The notice to the Member must set out the particulars of the complaint of conduct detrimental to the Association and must request the Member to attend the meeting to answer the complaint.
 - C12.2 At the General Meeting called for this purpose the Members shall consider the evidence presented by the Board and by the Member (if any). The meeting may take place even if the Member does not attend.

C12.3 If the resolution to expel the Member is passed in accordance with this rule, the Member shall immediately cease to be a Member.

Annual General Meeting

- C13 The Association shall hold a General Meeting called the annual General Meeting within six calendar months after the close of each of its financial years or such later date as may be permitted by law.
- C14 The functions of the annual General Meeting shall be:
- C14.1 to receive the annual report which shall contain:
- the revenue accounts and balance sheets for the last accounting period;
 - the auditor's report (if one is required by law) on those accounts and balance sheets;
 - the Board's report on the affairs of the Association;
- C14.2 to receive and approve the Board's report on the Community Empowerment Strategy;
- C14.3 subject to rules F3 and F4, to appoint the auditor (if one is required by law);
- C14.4 to ratify the appointment (or re-appointment) of Tenant and Independent Board Members;
- C14.5 to transact any other general business of the Association set out in the notice convening the meeting including any business that requires a Special Resolution.

Special General Meetings

- C15 All General Meetings other than annual General Meetings shall be special General Meetings and shall be convened either:
- C15.1 upon an order of the Board; or
- C15.2 upon a written requisition signed by one-tenth of the Members (to a maximum of one hundred but not less than twenty five) stating the business for which the meeting is to be convened; or
- C15.3 if within twenty-eight days after delivery of a requisition to the Secretary a meeting is not convened, the Members who have signed the requisition may convene a meeting.
- C16 A special General Meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a General Meeting

- C17 Subject to rule C19, all General Meetings shall be convened by at least fourteen Clear Days' written notice posted or delivered by hand or sent by Electronic Communication to every Member at the address or Electronic Communication address given in the share register or by means of the Association's website. The notice shall state whether the meeting is an annual General Meeting or special General Meeting, the time, date and place of the meeting, and the business for which it is convened.
- C18 Any accidental failure to get any notice to any Member shall not invalidate the proceedings at that General Meeting. A notice or communication delivered by hand, sent by post to a Member at their address or Electronic Communication address shown in the register of Members or by means of the Association's website shall be deemed to have arrived as specified in rule G15.21.
- C19 Seventy-five per cent of Members may agree, by consenting in writing or by confirming through Electronic Communication, to a General Meeting being held with less notice than required by rule C17.

Proceedings at General Meetings

- C20 All General Meetings can take place in any manner and through any medium which permits those Members attending to hear and comment on the proceedings and exercise their voting rights. Any Member who attends in this manner will be deemed to be present at the meeting whether or not all are assembled in one place.
- C21 Before any General Meeting can start its business there must be a quorum present. A quorum is one-tenth of all Members, with a minimum number of 50.
- C22 A meeting held as a result of a Member requisition will be dissolved if too few Members are present half an hour after the meeting is scheduled to begin.
- C23 All other General Meetings with too few Members will be adjourned to the same day, at the same time in the following week. If less than the number of Members set out in rule C20 are present within half an hour of the time the adjourned meeting is scheduled to have started, those Members present shall carry out the business of the meeting.
- C24 The Chair of any General Meeting can:
- C24.1 take the business of the meeting in any order that the Chair may decide; and
- C24.2 adjourn the meeting if the majority of the Members present in person or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.
- C25 At all General Meetings of the Association the Chair of the Board shall preside. If there is no such Chair or if the Chair is not present or is unwilling or unable to

act, the vice Chair (if any) shall chair the meeting, failing which the Members present shall elect a Member to chair the meeting. The person elected shall be a Board Member if one is present and willing to act.

Proxies

- C26 Any Member entitled to vote at a General Meeting may appoint another person, who must be a Member, as their proxy to attend and vote on their behalf. A proxy can be appointed by delivering a written appointment, which may be by way of Electronic Communication, to the registered office, or such other place as may be selected by the Board and stated in the meeting notice, at least 48 hours before the date of the meeting at which the proxy is authorised to vote. It must be signed or confirmed by Electronic Communication and sent by the Member or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final.

Voting

- C27 Subject to the provisions of these Rules or of any statute, on any resolution every Member present or voting by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.
- C28 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair of the meeting that a resolution has been carried or lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of the Association shall be conclusive evidence of that fact.
- C29 Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
- C30 A ballot on a resolution may be demanded by any twenty five Members at a meeting (in person or by proxy) or directed by the chair of the meeting (and such demand or direction may be withdrawn).
- C31 A ballot shall be taken at such time and in such manner as the chair of the meeting shall direct. The result of such a ballot shall be deemed to be the resolution of the Association in General Meeting.

Representatives and nominees

- C32 Under the provisions of these Rules (including rules A3, A4, C2 and C3) no Member is entitled to property of the Association in that capacity, and in the event of the death a person shall cease to be a Member, their share shall be cancelled and the amount paid up on that share shall become the property of the Association. The following make provisions for representatives and nominees taking into account the provisions of these Rules:

C32.1 The Act provides that a Member may nominate a person or persons to whom property in the Association at the time of his/ her death shall be transferred. As any such share will have been cancelled, no person so nominated under the Act shall be entitled to any property of that Member on their death.

C32.2 No property shall be capable of transfer to any personal representative of a deceased Member.

C33 Upon a claim being made by a trustee in bankruptcy of a bankrupt Member to the share held by that Member, the Association shall transfer such share to which the trustee in bankruptcy is entitled and as the trustee in bankruptcy may direct them.

Part D The Board

Functions

D1 The Association shall have a Board who shall direct the affairs of the Association in accordance with its objects and these Rules and ensure that its functions are properly performed. These functions will be agreed by the Board and set out separately in a code of governance, standing orders or otherwise in writing.

Composition of the Board

D2

D2.1 The Board shall consist of eleven Board Members.

D2.2 No more than one Board Member may be a Council Board Member appointed in accordance with rule D12;

D2.3 Up to five Board Members may be Tenant Board Members appointed in accordance with rule D9;

D2.4 At least one-third of the Board shall be Independent Board Members appointed in accordance with rule D9 and in the event that there are fewer Independent Board Members the Board shall use reasonable endeavours to appoint further Independent Board Members to ensure that this one-third requirement is met. The Board may still act notwithstanding this rule.

D3

D3.1 The Board shall make available the obligations (including the expected standards of conduct) of every Board Member (including co-optees) to the Board and to the Association. The Board shall review and may amend the obligations of Board Members from time to time.

D3.2 Any Board Member or co-optee who has not signed a statement confirming that they will meet their obligations (including the expected standards of conduct) to the Board of the Association without good cause within one month of election or appointment to the Board or, if later,

within one month of adoption of these Rules, shall immediately cease to be a Board Member or co-optee unless the Board resolves to disapply this rule in respect of any Board Member or co-optee.

- D4 The Board may appoint co-optees to serve on the Board or on committees on such terms as the Board resolves and may remove such co-optees. Not more than five co-optees can be appointed to the Board or to any committee at any one time, and providing that this does not take the number of Board Members and co-optees together on the Board to over twelve. A co-optee may act in all respects as a Board Member, but they cannot take part in the deliberations nor vote on the election of Officers nor any matter directly affecting Members.
- D5 For the purposes of these Rules and of the Act, a co-optee is not included in the expression "Board Member" or "Member of the Board". For the purposes of the Housing and Regeneration Act 2008, Board Members and co-optees are officers.
- D6 No one can become or remain a Board Member, a committee member or co-optee at any time if:
- D6.1 they are disqualified from acting as a director of a company, as a Board Member of another registered society or as a charity trustee for any reason; or
 - D6.2 they have been convicted of an indictable offence which is not, or cannot be, spent; or
 - D6.3 a composition is made with that person's creditors generally in satisfaction of that person's debts; or
 - D6.4 they have absented themselves from four consecutive meetings of the Board or committee (as the case may be) in one rolling twelve-month period without special leave of absence from the Board; or
 - D6.5 a registered medical practitioner who is treating that person gives a written opinion to the Association stating that that person has become physically or mentally incapable of acting as a Board Member, co-optee or committee member and may remain so for more than three months; or
 - D6.6 they are a Tenant and in the opinion of the Board are in material or serious breach of their tenancy agreement or lease; or
 - D6.7 they are a Tenant and the Association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Association; or
 - D6.8 they are a specifically elected or appointed as a Tenant Board Member and cease to be a Tenant save that this shall not apply to a Tenant Board Member temporarily ceasing to be a Tenant as a result of demolition of or works carried out to that Tenants home;
 - D6.9 they are an Independent Board Member and they become a Tenant or a Local Authority Person;
 - D6.10 the number of Board Members who are Local Authority Persons exceeds the limit in rule D2.2. When such limit is exceeded the Board Member

who has most recently become a Local Authority Person shall immediately cease to be a Board Member, but a Board Member nominated by the Council shall only cease to be a Board Member after all other Local Authority Persons have ceased to be Board Members;

and any Board Member, co-optee or committee member who at any time ceases to qualify under this rule shall immediately cease to be a Board Member, co-optee or committee member (as appropriate).

D7 A Board Member may also be removed:

D7.1 by at least three-fourths of the votes cast at both a General Meeting and at a Board Meeting by other Board Members; or

D7.2 by at least three-fourths of the votes cast at a Board Meeting by other Board Members;

D8 Subject to rules D2 and D12, whenever the number of Board Members and co-optees is less than permitted by these Rules, the Board may appoint a further Board Member in addition to the Board's power to co-opt. Any Board Member so appointed shall retire at the next annual General Meeting.

Terms of office and appointment to the Board

D9 Tenant Board Members and Independent Board Members shall be appointed in accordance with any board membership policies adopted by the Board from time to time. Such Board Members shall be appointed for a fixed term of office expiring at the conclusion of an annual General Meeting (each a "fixed term"). The fixed term shall be for a term of three annual General Meetings unless the Board has set a lower number of annual General Meetings for the relevant Board Member on their appointment. The maximum term will normally be up to six consecutive years, but where a relevant Board member has served six years, and the Board agrees that it is in the organisations best interests, their tenure may be extended up to a maximum of nine years (and for this purpose time served on the board of another Group Member or on the board of any predecessor of the Association of another Group Member shall be counted).

D10

D10.1 At every annual General Meeting each Tenant Board Member and each Independent Board Member appointed under rule D9 who has served their fixed term shall retire from office. Any Board Member who retires from office at an annual General Meeting under this rule D10 shall be eligible for re-appointment subject to any board membership policies and subject to any restrictions contained within these Rules.

D10.2 Any Board Member retiring under rule D10.1 having completed six years' continuous service on either the Board of the Association and/or the Board of a Group Member (or any predecessor) shall not be eligible for re-appointment for at least three years.

D11

- D11.1 Board Members appointed under rule D9 will be appointed in accordance with open and transparent selection criteria and appointment procedures set out in any board membership policies adopted by the Board from time to time.
- D11.2 The Board, in accordance with the procedures set under rule D11.1, shall endeavour to ensure that the Board possesses the quality, skills, competencies and experience which the Board has from time to time determined that it requires.
- D11.3 The appointment of Tenant Board Members and Independent Board Members shall be ratified at each relevant annual General Meeting. The Secretary shall also announce the appointment of any new Council Board Member.

D12

- D12.1 The Council shall have the right to nominate no more than one Council Board Member. In nominating a Board Member the Council and the The Association will work together to ensure that the nominated individual has the appropriate skills and expertise required by the Association's Board. Any vacancy occurring for a Council Board Member shall immediately be filled by a nominee of the Council. Nominations or removals shall be made in writing to the Secretary.
- D12.2 The Council shall review from time to time its right to nominate under this rule and may in its absolute discretion elect to exercise its power only after consultation with members.
- D12.3 The Council may withdraw a Council Board Member at any time.
- D12.4 No Council Board Member who has held office for six years can be reappointed as a Board Member for at least three years.

Quorum for the Board

D13

- D13.1 Subject to the provisions of rule D13.2 five Board Members shall form a quorum providing this includes at least two Tenant Board Members and Two Independent Board Members. The Board may determine a higher number or impose additional requirements.
- D13.2 If the number and make up of Board Members falls below the number and make up necessary for a quorum, the remaining Board Members may continue to act as the Board for a maximum period of six months and the provisions of rule D13.1 shall be suspended for that time. At the end of that time the only power that the Board may exercise shall be to bring the number and make up of Board Members up to that required by these Rules.

Board Members' interests

- D14 No Board Member, co-optee or member of a committee shall have any financial interest in any contract or other transaction with the Association or with any other Group Member, or be granted a benefit by the Association, unless such interest or benefit:
- D14.1 is expressly permitted by these Rules; or
- D14.2 would not be in breach of, and would not be inconsistent with, any guidance, standard or code published by the Regulator, section 122 of the Housing and Regeneration Act 2008 or any code of conduct and/or governance adopted by the Board.
- D15 Any Board Member, co-optee or member of a committee, having an interest in any arrangement between the Association and someone else shall disclose their interest before the matter is discussed by the Board or any committee. Such disclosure must comply with any code of conduct and/or governance adopted by the Board from time to time. Unless it is expressly permitted by these Rules they shall not remain present (unless requested to do so by the Board or committee) and they shall not have any vote on the matter in question.
- D16 Subject to rule D17, if a question arises at a meeting of Board Members or of a committee of the Board as to the right of a Board Member, co optee or member of a committee to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair or chair of the committee in the case of a member of a committee, whose ruling in relation to any Board Member, co optee or member of a committee (other than the Chair or chair of the committee) is to be final and conclusive.
- D17 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair or chair of the committee, the question is to be decided by a decision of the Board Members or members of that committee at that meeting, for which purpose the Chair or chair of the committee is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- D18 Any decision of the Board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.
- D19 Every Board Member, co-optee and member of a committee shall ensure that the Secretary at all times has a list of:
- D19.1 all other bodies in which they have an interest as:
- a director or Officer; or
 - a member of a firm; or
 - an official or elected member of any statutory body; or

- the owner or controller of more than two per cent of a company the shares in which are publicly quoted or more than ten per cent of any other company;
- D19.2 any property owned or managed by the Association which they occupy; or
- D19.3 any other significant or material interest.
- D20 If requested by a majority of the Board Members or members of a committee (as appropriate) at a meeting convened specially for the purpose, a Board Member, co-optee or member of a committee failing to disclose an interest as required by these Rules shall vacate their office either permanently or for a period of time as the Board directs.
- D21 Notwithstanding rule D14, the Association may:
- D21.1 pay properly authorised expenses to Board Members, co-optees and members of committees when actually incurred on the Association's business;
- D21.2 pay insurance premiums in respect of insurance taken out to insure Officers and employees;
- D21.3 subject to compliance with Section 122 of the Housing and Regeneration Act 2008, and subject to compliance with any code of conduct and/or governance adopted by the Board from time to time grant reasonable and proper benefits to Board Members, co-optees and members of committees;
- D21.4 grant benefits to Board Members, co-optees or members of committees who are beneficiaries which are granted on the same terms and in accordance with the same criteria as they would be granted to any other beneficiary of the Association.
- D22 A Board Member, co-optee or member of a committee shall not have an interest for the purpose of rules D14 to D19 as a Board Member, director or Officer of any other Group Member.
- D23 Board Members, co-optees or members of committees who are Tenants shall be deemed not to have an interest for the purpose of rules D14 to D19 in any decision affecting all or a substantial group of Tenants.

Meetings of the Board

- D24 The Board shall meet at least three times every calendar year. At least seven days' written notice (delivered by hand, sent by post or Electronic Communication) of the date and place of every Board meeting shall be given by the Secretary to all Board Members and co-optees. The Board may meet on shorter notice where not less than seventy-five per cent of the Board Members so agree.
- D25 Meetings of the Board may be called by the Secretary, or by the Chair, or by two Board Members who give written notice to the Secretary specifying the business to be carried out. The Secretary shall send a written notice to all Board Members

and co-optees to the Board as soon as possible after receipt of such a request. Pursuant to the request, the Secretary shall call a meeting on at least seven days' notice but not more than fourteen days' notice to discuss the specified business. If the Secretary fails to call such a meeting then the Chair or two Board Members, whichever is the case, shall call such a meeting.

- D26 Meetings of the Board or a committee can take place in any manner and through any medium which permits those attending to hear and comment on the proceedings. Any person who attends in this manner will be deemed to be present at the meeting whether or not all are assembled in one place.

Management and delegation

- D27 The Board may delegate any powers under written terms of reference to its committees or to Officers or employees or to other Group Members, their committees, Officers or employees. Those powers shall be exercised in accordance with any written instructions given by the Board.
- D28 The Board may reserve to itself certain significant matters that cannot be delegated to committees or employees.
- D29 The Membership of any committee of the Association shall be determined by the Board. Every committee of the Association shall include one Board Member or co-optee to the Board. The Board will appoint the chair of any committee of the Association and shall specify the quorum.
- D30 All acts and proceedings of any committee shall be reported to the Board.
- D31 No committee can incur expenditure on behalf of the Association unless at least a majority of one Board Member or co-optee of the Board on the committee has voted in favour of the resolution and the Board has previously approved a budget for the relevant expenditure.

Miscellaneous provisions

- D32 All decisions taken at a Board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.
- D33 A resolution sent to all Board Members or all members of a committee and signed, or confirmed by Electronic Communication by three-quarters of the Board Members or three-quarters of the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the Board or committee and may consist of documents in the same form and signed or confirmed by Electronic Communication by one or more persons.
- D34 Notice may be given to Board Members or members of a committee by hand, post or Electronic Communication at the last address for such communication given to the Secretary. The accidental failure to give notice to a Board Member or member of a committee or the failure of the Board Member or committee member to receive such notice shall not invalidate the proceedings of the Board.

Part E Chair, vice chair, chief executive, Secretary and other Officers**The Chair**

- E1 The Association shall have a Chair (who must be a Tenant Board Member) who shall chair Board meetings, and shall be elected by the Board on such terms as the Board determines. The Chair on election shall hold office until the first annual General Meeting after their election. The Association will also have a vice Chair who will support the Chair and in the Chair's absence shall act as the Chair and have the Chair's powers and duties and who shall also be elected by the Board on similar terms. The arrangements for election and removal of any vice Chair shall be determined by the Board.
- E2 The first item of business for any Board meeting when there is no Chair (or vice Chair) or the Chair (or vice Chair) is not present shall be to elect a Chair for the purpose of the meeting. The Chair shall at all times be Board Member.
- E3 In a case of an equality of votes, the Chair shall have a second vote.
- E4 The Chair of the Association may be removed at a Board meeting called for that purpose provided the resolution is passed by at least two-thirds of the Board Members present and voting at the meeting.

The Chair's responsibilities

- E5 The Chair's responsibilities will be set out in a written document and agreed by the Board.

The chief executive

- E6 The Association may have a chief executive appointed by the Board. The chief executive shall be appointed with a written and signed contract of employment, which shall include a clear statement of the duties of the chief executive.

The Secretary

- E7 The Association shall have a Secretary who shall be appointed by the Board and who may be an employee. The Board may also appoint a deputy Secretary (who may also be an employee) to act as Secretary in the Secretary's absence. The Secretary's duties will be clearly set out in writing and agreed by the Board.

Other Officers

- E8 The Board may designate as Officers such other executives, internal auditor and staff of the Association on such terms (including pay) as it from time to time decides.

Miscellaneous

- E9 Every Officer or employee shall be indemnified by the Association for any amount reasonably incurred in the discharge of their duty.
- E10 Except for the consequences of their own dishonesty or negligence no Officer or employee shall be liable for any losses suffered by the Association or any Group Member.

Part F Financial control and audit**Auditor**

- F1 The Association, if required by law to do so, shall appoint an auditor to act in each financial year. They must be qualified as provided by Section 91 of the Act.
- F2 The following cannot act as auditor:
- F2.1 an Officer or employee of the Association;
 - F2.2 a person employed by or employer of, or the partner of, an Officer or employee of the Association.
- F3 The Association's auditor shall be appointed by a resolution of Members, or by the Board on a temporary basis, where a casual vacancy arises.
- F4 Where an auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:
- F4.1 a General Meeting has appointed someone else to act or has resolved that the auditor cannot act; or
 - F4.2 the auditor does not want to act and has told the Association so in writing; or
 - F4.3 the person is not qualified or falls within rule F2 (above); or
 - F4.4 the auditor has become incapable of acting; or
 - F4.5 notice to appoint another auditor has been given.
- F5
- F5.1 No less than twenty-eight days' notice shall be given for a resolution to appoint another person as auditor, or to forbid a retiring auditor being re-appointed;
 - F5.2 the Association shall send a copy of the resolution to the retiring auditor and also give notice to Members at the same time and in the same manner, if possible;
 - F5.3 if not, the Association shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring auditor can make representations to the Association which must be notified to Members under Section 95 of the Act.

Auditor's duties

- F6 The findings of the auditor shall be reported to the Association, in accordance with Section 87 of the Act.
- F7 The Board shall produce the revenue account and balance sheet audited by the auditor, if required, and the auditor's report, if required, at each annual General Meeting. The Board shall also produce its report on the affairs of the Association which shall be signed by the person chairing the meeting which adopts the report.

Accounting requirements

- F8 The end of the accounting year must be a date allowed by the Registrar.
- F9 The Association shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 75 and 76 of the Act.
- F10 The Association shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

Annual returns and balance sheets

- F11 Every year, within the time period specified by legislation, the Secretary shall send the Association's annual return to the Registrar. The return shall be prepared in accordance with the period specified in the Act, or such other date allowed by the Registrar and shall be lodged within the period required by law. The annual return shall be accompanied by the auditor's report, if required, for the period of the return and the accounts and balance sheets to which it refers.

Borrowing

- F12 The total borrowings of the Association at any time shall not exceed £250 million (two hundred and fifty million) pounds sterling or such a larger sum as the Association determines from time to time in General Meeting. For the purpose of this rule F12, at any relevant time, any amount of the Association's borrowings in any currency other than pounds sterling (as may be permitted or not prohibited by the Regulator from time to time) shall be converted to sterling using the exchange rate or rates applicable under the related Derivative Transaction or transactions by which the Association has hedged its exposure to currency exchange rate movements in relation to the principal amount of such borrowings, or in the absence of such a rate or rates (in whole or in part) using the official spot exchange rate or rates recognised by the Bank of England for the conversion of that currency or currency unit into sterling at or about 11:00 on the relevant day.
- F13 The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the Board, is reasonable having regard to the terms of the loan. The Board may delegate the determination of the said interest rate within specified limits to an Officer, Board Member or member of a committee.

F14

- F14.1 In respect of any proposed borrowing, for the purposes of rule F12 and in relation to the amount remaining un discharged of any deferred interest or index-linked monies or amounts on any deep discounted security previously borrowed by the Association, the amount of such pre-existing borrowing shall be deemed to be the amount required to repay such pre-existing borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and
- F14.2 for the purposes of rule F13 in respect of any proposed borrowing intended to be on deferred interest or index-linked terms or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by the Association at the time of the proposed borrowing; and
- F14.3 no person dealing in good faith with the Association shall be concerned to know whether rule F12, F13 or this rule F14 have been complied with.

Investment

- F15 The funds of or monies borrowed by the Association may be invested by the Board in such manner as it determines.

Part G Miscellaneous and statutory**Registered office and name**

- G1 The Association's registered office is: Harbour House, Port Way, Preston, PR2 2DW.
- G2 The Association's registered name must:
- G2.1 be placed prominently outside every office or place of business; and
- G2.2 be engraved on its seal; and
- G2.3 be stated on its business letters, notices, advertisements, official publications, cheques, invoices, website and any other formal corporate communication whether electronic or otherwise.

Disputes

- G3 Any dispute on a matter covered by these Rules shall be referred by either party to a suitably qualified independent mediator for settlement. The mediator shall be appointed by agreement between the parties or, in default of agreement, by the Centre for Effective Dispute Resolution whether the disagreement be as to the qualifications, the identity of the mediator or otherwise. The mediation will be conducted in accordance with the requirements of the mediator. Both parties will be obliged to comply and co-operate with this procedure at each stage and to share equally the costs of appointment of the relevant mediator as referred to above. Costs thereafter will be borne as the mediator will determine. Where the

dispute is not resolved by mediation, any claim shall be dealt with in the county court which shall have sole jurisdiction over any dispute arising under the Rules.

Minutes, seal, registers and books

- G4 The minutes of all General Meetings, and all Board and committee meetings shall be recorded, agreed by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.
- G5 The Secretary shall keep the seal. It shall not be used except under the Board's authority. It must be affixed by one Board Member signing and the Secretary countersigning or in such other way as the Board resolves. The Board may in the alternative authorise the execution of deeds in any other way permitted by law.
- G6 The Association must keep at its registered office:
- G6.1 the register of Members showing:
- the names and addresses of all the Members; and
 - a statement of all the shares held by each Member and the amount paid for them; and
 - a statement of other property in the Association held by the Member; and
 - the date that each Member was entered in the Register of Members;
- G6.2 a duplicate Register of Members showing the names and addresses of Members and the date they became Members;
- G6.3 a register of the names and addresses of the Officers, their offices and the dates on which they assumed those offices as well as a duplicate;
- G6.4 a register of holders of any loan;
- G6.5 a register of mortgages and charges on land; and
- G6.6 a copy of the Rules of the Association.
- G7 The Association must display a copy of its latest balance sheet and auditor's report (if one is required by law) at its registered office.
- G8 The Association shall give to all Members on request copies of its last annual return with the auditor's report (if one is required by law) on the accounts contained in the return, free of charge.
- G9 The Secretary shall give a copy of these Rules to any person on demand who pays such reasonable sum as permitted by law.

Statutory applications to the Registrar

- G10 Ten Members can apply to the Registrar to appoint an accountant to inspect the books of the Association, provided all ten have been Members of the Association for a twelve-month period immediately before their application.
- G11 The Members may apply to the Registrar in order to get the affairs of the Association inspected or to call a special General Meeting. One hundred Members, or one-tenth of the Members, whichever is the lesser, must make the application.

Amendment of Rules

G12

- G12.1 The Rules of the Association may be rescinded or amended but not so as to stop the Association being a charity, and not without the prior consent of the Regulator where such consent is required under the Housing and Regeneration Act 2008.
- G12.2 The Rules may only be amended by a resolution put before the Members by the Board.
- G12.3 Rules A2; A3; A4; B1; B2; B3; B8-B13; C2; D2.4; D12; D14; G12 and G13 can only be amended or rescinded by three-fourths of the votes cast at a General Meeting. Any other rule can be rescinded or amended by two-thirds of the votes cast at a General Meeting.
- G12.4 Amended Rules shall be registered with the Registrar as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.
- G12.5 A copy of the amended Rules shall be sent to the Regulator as soon as possible after registration by the Registrar.

Dissolution

- G13 The Association may be dissolved by a three-fourths majority of Members who sign an instrument of dissolution in the prescribed format or by winding-up under the Act.
- G14
- G14.1 Any property that remains, after the Association is wound-up or dissolved and all debts and liabilities dealt with, the Members may resolve to give or transfer to another charitable body with objects similar to that of the Association.
- G14.2 If no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust.
- G14.3 If the Association is registered as a provider of Social Housing with the Regulator any transfer or gift must be in compliance with the Housing

and Regeneration Act 2008 or any other relevant legal and Regulatory provisions which exist from time to time.

Interpretation of terms

- G15 In these Rules, including this rule, unless the subject matter or context is inconsistent:
- G15.1 words importing the singular or plural shall include the plural and singular respectively;
 - G15.2 words importing gender shall include the male and female genders;
 - G15.3 **Amendment of Rules** shall include the making of a new rule and the rescission of a rule, and "amended" in relation to Rules shall be construed accordingly;
 - G15.4 the **Act** shall mean the Co-operative and Community Benefit Societies Act 2014;
 - G15.5 **Associate Member** means a person who is a Resident living in a Local Community Area whose name and address is entered in the Register of associate members. Such a member will not have voting rights at any general meeting of the Association,
 - G15.6 the **Association** shall mean the Association of which these are the registered Rules;
 - G15.7 **Board** shall mean the Board appointed in accordance with Part D and **Board Member** shall mean a member of the Board for the time being but shall not include a person co-opted to the Board under rule D4;
 - G15.8 **Chair** shall mean the person appointed as Chair in accordance with rule E1 and where applicable shall include the vice Chair;
 - G15.9 **Clear Days**, in respect of notice for a meeting, shall mean a period calculated excluding both the day on which any notice or communication is deemed to be received under these rules and the date of the meeting;
 - G15.10 **Community Empowerment Strategy** means the community empowerment strategy document approved by the Board and amended from time to time with the approval of the Board;
 - G15.11 **Council Board Member** means a board member appointed pursuant to rule D12;
 - G15.12 **Council** means the Preston City Council or any successor body;
 - G15.13 **Derivative Transaction** means any transaction which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or any combination of these transactions;

- G15.14 **Electronic Communication** shall have the meaning set out in section 148 of the Act;
- G15.15 **General Meeting** shall mean a General Meeting of the Association's Members called and held in accordance with rules C13-C30;
- G15.16 **Group Member** means the Association, each subsidiary of the Association, any body corporate of which the Association is a subsidiary and any subsidiary of such body corporate and for this purpose "subsidiary" has the meaning within the Act and/or the Housing and Regeneration Act 2008 and/or the Companies Act 2006;
- G15.17 **Independent Board Member** means a board member who is not a Tenant or Local Authority Person;
- G15.18 **Local Authority Person** means any person:
- who is or has been a member of the Council in the preceding four years;
 - who is an officer of the Council (which for these purposes shall not include employees with non-managerial posts apart from housing employees); or
 - who is or has been both an employee and either a director, manager, secretary or other similar officer of a company which is under control of the council;
- G15.19 **Local Community Area** means an area as defined in the Community Empowerment Strategy;
- G15.20 **Member** shall mean one of the persons referred to in rule C4 and means "member" as defined by the Act, and for the avoidance of doubt an Associate Member does not fall within this definition;
- G15.21 **notice** shall be deemed to have been received by a person:
- (1) if posted by first class post at least two business days (meaning Monday to Friday but excluding bank holidays) after being posted;
 - (2) if sent by Electronic Communication one hour after transmission provided that no transmission notification of non-delivery or error has been received by the person transmitting the communication and the transmission is to the Electronic Communication address or number last notified by that person to the Secretary, and if posted on the Association's website immediately upon posting;
 - (3) if delivered by hand, on delivery to the person's address last notified by that person to the Secretary;
- G15.22 **Officer** shall include the Chair and Secretary of the Association and any Board Member or co-optee for the time being and such other persons as the Board may appoint under rule E8;
- G15.23 **Property** shall include all real and personal estate (including loan stock certificates, books and papers);
- G15.24 **Register of Members** means the register kept in accordance with rule G6.1;

- G15.25 **Registrar** means the Financial Conduct Authority or any statutory successor to or any assignee of any or all of its relevant functions from time to time;
- G15.26 **Regulator** means the Homes and Communities Agency acting through its Regulation Committee established pursuant to the Housing and Regeneration Act 2008 or any future body or authority (including any statutory successor) carrying on similar regulatory or supervisory functions;
- G15.27 **Resident** means a person living in the wider area in which the Association operates;
- G15.28 **Secretary** means the Officer appointed by the Board to be the Secretary of the Association or other person authorised by the Board to act as the Secretary's deputy;
- G15.29 **Social Housing** means low cost rental accommodation and low cost home ownership accommodation as defined in sections 68 to 77 of the Housing and Regeneration Act 2008;
- G15.30 **Special Resolution** means a resolution at a General Meeting passed by a two-thirds majority of all Members who vote in person or by proxy;
- G15.31 **Sub-area** means a Sub-area of a Local Community Area as defined in the Community Empowerment Strategy;
- G15.32 **Tenant Board Member** means a Board Member appointed pursuant to rule D9;
- G15.33 **Tenant** means a person who alone or jointly with others holds a tenancy, lease or licence to occupy the Association's premises or the premises of any other Group Member for Tenant use;
- G15.34 **these Rules** shall mean the registered rules of the Association for the time being;
- G15.35 references to any provision in any Act shall include reference to such provision as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations made under such provision.

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Acknowledgement of Registration of Society

Register No.....R

.....Limited

is this day registered under the Co-operative and Community Benefit Societies Act 2014.

Dated(Seal of Central Office)

Copy kept..... **Registrar**

1 Member

2 Member

3 Member

.....Secretary
