



COFNOD O BENDERFYNIAD WEDI'I DDIRPRWYO GAN SWYDDOG
RECORD OF DELEGATED OFFICER DECISION

Penderfyniad Allweddol | Key Decision ✓

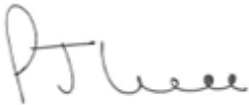
PWNC | SUBJECT: CHANGES TO THE RULES OF ASSOCIATION – TRIVALLIS HOUSING LIMITED (TRIVALLIS)

DIBEN YR ADRODDIAD | PURPOSE OF THE REPORT:

The purpose of the report is to confirm the Council's consent to an amendment to Trivallis' rules of the association.

PENDERFYNIAD WEDI'I DDIRPRWYO | DELEGATED DECISION:

The Council confirms its consent to Trivallis adopting the new rules of the Association at Appendix I of the attached report.

	Paul Mee	<u>15.03.23</u>
Llofnod y Prif Swyddog Chief Officer Signature	Enw (priflythrennau) Name (Print Name)	Dyddiad Date

Mae'r penderfyniad yn cael ei wneud yn unol ag Adran 15 o Ddeddf Llywodraeth Leol 2000 (Swyddogaethau'r Corff Gweithredol) ac yn y cylch gorchwyl sy wedi'i nodi yn Adran 5 o Ran 3 o Gyfansoddiad y Cyngor.

The decision is taken in accordance with Section 15 of the Local Government Act, 2000 (Executive Functions) and in the terms set out in Section 5 of Part 3 of the Council's Constitution.

YMGYNGHORI | CONSULTATION

A. Morgan

15.03.23

LLOFNOD YR AELOD YMGYNGHOROL O'R CABINET
CONSULTEE CABINET MEMBER SIGNATURE

DYDDIAD | DATE

LLOFNOD SWYDDOG YMGYNGHOROL
CONSULTEE OFFICER SIGNATURE

DYDDIAD | DATE

RHEOLAU'R WEITHDREFN GALW-I-MEWN | CALL IN PROCEDURE RULES.

A YW'R PENDERFYNIAD YN UN BRYD A HEB FOD YN DESTUN PROSES GALW-I-MEWN GAN Y PWYLLGOR TROSOLWG A CHRAFFU?:

IS THE DECISION DEEMED URGENT AND NOT SUBJECT TO CALL-IN BY THE OVERVIEW AND SCRUTINY COMMITTEE:

YDY | YES NAC YDY | NO

Rheswm dros fod yn fater brys | Reason for Urgency:

.....

Os yw'n cael ei ystyried yn fater brys - llofnod y Llywydd, y Dirprwy Lywydd neu Bennaeth y Gwasanaeth Cyflogedig yn cadarnhau cytundeb fod y penderfyniad arfaethedig yn rhesymol yn yr holl amgylchiadau iddo gael ei drin fel mater brys, yn unol â rheol gweithdrefn trosolwg a chraffu 17.2:

If deemed urgent - signature of Presiding Member or Deputy Presiding Member or Head of Paid Service confirming agreement that the proposed decision is reasonable in all the circumstances for it being treated as a matter of urgency, in accordance with the overview and scrutiny procedure rule 17.2:

.....

(Llywydd | Presiding Member) (Dyddiad | Date)

DS - Os yw hwn yn benderfyniad sy'n cael ei ail-ystyried yna does dim modd galw'r penderfyniad i mewn a bydd y penderfyniad yn dod i rym o'r dyddiad mae'r penderfyniad wedi'i lofnodi.

NB - If this is a reconsidered decision then the decision Cannot be Called In and the decision will take effect from the date the decision is signed.

AT DDEFNYDD Y SWYDDFA YN UNIG | FOR OFFICE USE ONLY

DYDDIADAU CYHOEDDI A GWEITHREDU | PUBLICATION & IMPLEMENTATION DATES

CYHOEDDI | PUBLICATION

Cyhoeddi ar Wefan y Cyngor | Publication on the Councils Website:- 15.03.23

DYDDIAD | DATE

GWEITHREDU'R PENDERFYNIAD | IMPLEMENTATION OF THE DECISION

Nodwch: Fydd y penderfyniad hwn ddim yn dod i rym nac yn cael ei weithredu'n llawn nes cyn pen 3 diwrnod gwaith ar ôl ei gyhoeddi. Nod hyn yw ei alluogi i gael ei "Alw i Mewn" yn unol â Rheol 17.1, Rheolau Gweithdrefn Trosolwg a Chraffu.

Note: This decision will not come into force and may not be implemented until the expiry of 3 clear working days after its publication to enable it to be the subject to the Call-In Procedure in Rule 17.1 of the Overview and Scrutiny Procedure Rules.

Yn amodol ar y drefn "Galw i Mewn", caiff y penderfyniad ei roi ar waith ar / Subject to Call In the implementation date will be

21.03.23

DYDDIAD / DATE

WEDI'I GYMERADWYO I'W GYHOEDDI: ✓ | APPROVED FOR PUBLICATION :✓

Rhagor o wybodaeth | Further Information:

Cyfadran Directorate:	Chief Executive
Enw'r Person Cyswllt Contact Name:	Paul Mee
Swydd Designation:	Chief Executive
Rhif Ffôn Telephone Number:	07786 523747



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

KEY DELEGATED DECISION

REPORT TO ACCOMPANY THE DECISION OF THE CHIEF EXECUTIVE

15th March 2023

CHANGES TO THE RULES OF ASSOCIATION – TRIVALLIS HOUSING LIMITED (TRIVALLIS)

Author: Paul Mee, Chief Executive

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to confirm the Council's consent to an amendment to Trivallis' rules of the association.

2. RECOMMENDATIONS

It is recommended that the Council:

- 2.1 Confirms its consent to Trivallis adopting the new rules of the Association at Appendix I.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Trivallis are seeking the Council's consent to amend the rules of the association. This follows their decision to adopt the Community Housing Cymru model rules 2017 for registered social landlords, previously considered by Cabinet on 28th July 2020.
- 3.2 Following the implementation of the Regulation of Registered Social Landlords (Wales) Act 2018, Trivallis are no longer required to seek the Council's consent in respect of constitutional changes concerning the Council's representation on the Board, the constitution of the Board or its size. However, legal advice sought by Trivallis indicates that this is limited to provisions within the constitution itself (rather than separate contractual arrangements).
- 3.3 This differs from the regulations which applied similar changes in England, which specifically excluded any contractual arrangements which were contrary to the effect and intention of the regulations. On a strict interpretation, therefore, the consent of the Council would be required to changes that may affect the proportion of local authority representation on the Board.

4. BACKGROUND

- 4.1 Trivallis (formerly RCT Homes) was created in December 2007 following the large scale voluntary transfer of the Council's social housing stock.
- 4.2 The transfer agreement between the Council and Trivallis includes a number of covenants on the association, including a requirement that Trivallis cannot change the rules of the association so far as they relate to the local authority or tenant representation without the Council's prior consent in writing.
- 4.3 Trivallis previously amended its rules, with the Council's consent, in May 2021 to adopt Community Housing Cymru's (CHC) model rules 2017. CHC is the national representative body of housing associations in Wales. CHC has since published an updated form of model rules, the Model Rules 2021. This Model takes account of several changes to legislation, regulation and best practice introduced since the Model Rules 2017 were published.
- 4.4 Trivallis is proposing to update its current Rules to incorporate the changes made under the Model Rules 2021, which would include making changes to the Board composition in line with the maximum number of Board members included in the Model Rules 2021.
- 4.5 The Regulation of Registered Social Landlords (Wales) Act 2018 (which also introduced the maximum limit of 24% of local authority representation on RSL boards) removed the requirement to seek the Council's consent for constitutional changes concerning the Council, including local authority representation and the constituent groups that constitute the Board. The Act supersedes the transfer agreement, and these matters are now to be determined by Trivallis' Board.
- 4.6 However, legal advice sought by Trivallis indicates that this is limited to provisions within the constitution itself (rather than separate contractual arrangements). This differs from the regulations which applied similar changes in England, which specifically excluded any contractual arrangements which were contrary to the effect and intention of the regulations. On a strict interpretation, therefore, the consent of the Council would be required to change the proportion of local authority representation on the Board.
- 4.7 In adopting the Model Rules 2021, the composition of the Board will change from six to ten Board members to five to fifteen Board members, with fifteen being the maximum Board size under the Model Rules 2021 including co-optees.

4.8 The Council currently has the right to nominate two (out of a maximum of ten) Board members (i.e. up to 20%). Under the New Rules the Council will retain the right to nominate two Board members but this would change to two out of a maximum fifteen (i.e. up to 13.33%). As there is a potential change to the Council's proportionate representation on the Board, Trivallis are seeking the Council's consent to change the rules of the association.

4.9 The proposed rules of the association are presented at Appendix I

5. EQUALITY AND DIVERSITY IMPLICATIONS

5.1 There are no equality and diversity implications for the Council arising from this proposal as it concerns Trivallis' rules of association.

6. CONSULTATION/INVOLVEMENT

6.1 There are no consultation implications for the Council arising from this proposal, this being a matter for Trivallis.

7. FINANCIAL IMPLICATION(S)

7.1 There are no financial implications for the Council arising from this proposal.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The transfer agreement between the Council and Trivallis includes a number of obligations on Trivallis, including the following covenant on the association at the fourth schedule (clause 17), Appendix 1, clause 10:

Not to change the Rules of the Association so far as they relate to local authority or tenant representation without the Council's prior consent in writing, such consent not to be withheld or delayed, and after giving consideration to all reasonable advice issued by the Welsh Ministers concerning the governance of all or classes of registered social landlords.

8.2 In seeking the Council's consent to change the rules of the association, Trivallis are complying with this legal requirement. The requirement to seek the Council's consent to change the rules of the association in respect of the composition of the Board and the Council's representation has been removed by the Regulation of Registered Social Landlords (Wales) Act 2018. The adoption of the new rules does not affect the Council's right to nominate two Board members but as it increases the size of the Board to a maximum of fifteen members it

does potentially change the proportionate representation on the Board. Consequently, and based on their legal advice, Trivallis are seeking the Council's consent to change the rules of the association.

9. LINKS TO THE CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

9.1 The Council, as the Local Housing Authority, recognises the importance of Trivallis as a key partner in the delivery of its strategic housing objectives, in addition to the wider goals of our Corporate Plan, particularly in respect of supporting our **People** to live independently and ensuring that Rhondda Cynon Taf is a safe and secure **Place** for our residents to live.

10. CONCLUSION

10.1 Trivallis has sought the consent of the Council to change its rules of association. This is required as Trivallis propose to adopt the CHC's 2021 new model rules for registered social landlords and in doing so increase the size of their Board and change the proportionate representation of Council nominated Board members.

Other Information:-

Relevant Scrutiny Committee

Community Services Scrutiny Committee

Background papers:-

- 1) Regulation of Registered Social Landlords (Wales) Act 2018
- 2) Changes to the Rules of Association – Trivallis Housing Association Limited (Trivallis) – Report to Cabinet – 28th July 2020.

Officer to contact: Paul Mee, Chief Executive

Cymunedol | Housing
Cymru Cymru



MODEL RULES FOR HOUSING ASSOCIATIONS IN WALES:

TRIVALLIS LIMITED

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

Register No. 30261R

Community Housing Cymru





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PART A

NAME AND OBJECTS

Name

A1 The name of the society shall be Trivallis Limited ("the Community Mutual" or "the association").

Objects

A2 The Community Mutual 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, accommodation and providing assistance to help house people and associated facilities and amenities or services in each case for people at risk of or living in poverty, or for the relief of elderly people, people with disabilities (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 social landlord with the regulator;

A2.3 in furtherance of its charitable objects the Community Mutual will directly or through a Local Group:

- provide and manage housing primarily in Rhondda Cynon Taf, and
- enable communities in Rhondda Cynon Taf to provide and manage the housing which they need.

A2.4 carry on the business of:

- providing and managing housing and accommodation;
- providing and managing facilities and amenities;
- assisting people with their housing needs.

A2.5 promote community involvement in the Community Mutual;

A2.6 promote community development through training and the provision of information;

A2.7 enable and empower members of the community to participate in the affairs of the Community Mutual and Local Groups;

A2.8 deliver strategies in partnership with the local authority for the well-being of the community;

A2.9 develop and respect the rights of members of the community, employees of the Community Mutual and people dealing with the Community Mutual as set out in the Charter of Fundamental Rights of the European Union having regard in particular to the need to provide information to members and conduct the affairs of the Community Mutual in accessible and appropriate ways.

Non-profit

A3 The Community Mutual shall not trade for profit and any profits shall only be applied for the purpose of furthering the Community Mutual's objects and/or in accordance with these rules.

A4 Nothing shall be paid or transferred by way of profit to shareholders of the Community Mutual.





Powers

- B1 The Community Mutual shall have the power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except where it is prevented from doing so by any relevant legislation, determination, specification or regulatory guidance, from time to time in force, or where expressly prohibited in its rules.
- B2 Without limiting its general powers the Community Mutual shall have power to:
- B2.1 purchase, acquire or dispose, assign, or take or grant any interest in land including any mortgage, charge or other security whatsoever, construct or carry out works to buildings;
- B2.2 help any charity or other body not trading for profit in relation to housing and related services;
- B2.3 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 commercial effect of a borrowing;
- B2.4 enter into and perform any derivative transaction on such terms as the Community Mutual thinks fit for the purpose of hedging or otherwise managing any treasury risk or other financial exposure of the Community Mutual;
- B2.5 subject to rule F15, invest the funds of the Community Mutual;
- B2.6 to transfer (and accept back) and delegate (and accept back) any of the following, to or from a Local Group in accordance with the provisions set out in rule D2:
- Assets;
 - Powers;
 - Responsibilities;
 - Day to day management associated with any such transfer;
 - To establish a community fund for investment in community businesses, projects or activities in order to achieve the Community Mutual's purpose and objects;
- B2.7 lend money on such terms as the Community Mutual shall think fit; and
- B2.8 guarantee, enter into any contract of indemnity or suretyship or provide security for the borrowings or performance of the obligations of a third party on such terms as the Community Mutual shall think fit.
- B3 The Community Mutual shall not have power to receive money in any way which would require authorisation under the Financial Services and Markets Act 2000 as amended from time to time (or any other authority required by statute) unless it has such authorisation.

Powers of the board

- B4 The business of the Community Mutual shall be directed by the board, the Executive and the members in order to fulfil the Community Mutual's purpose and objects.
- 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 Community Mutual may be exercised by the board for and in the name of the Community Mutual.

- B6 The board shall have power to delegate, in writing, subject to rules D36 - D40, the exercise of any of its powers to committees, to officers and to employees of the Community Mutual on such terms as it determines. Such delegation may include any of the powers and discretions of the board

Limited powers of shareholders in general meeting

- B7 The Community Mutual in general meetings can only exercise the powers of the Community Mutual expressly reserved to it by these rules or by statute.

General

- B8 The certificate of an officer of the Community Mutual that a power has been properly exercised shall be conclusive as between the Community Mutual and any third party acting in good faith.
- B9 A person acting in good faith who does not have actual notice of these rules or the Community Mutual's regulations shall not be concerned to see or enquire if the board's powers are restricted by such rules or regulations.

PART C

SHAREHOLDERS AND GENERAL MEETINGS

Obligations of shareholders

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

Nature of shares

- C2 The Community Mutual's share capital shall be raised by the issue of shares. Each share shall have a nominal value of £1 which shall carry no right to interest, dividend or bonus, save for any permitted by paragraph 1 of Schedule 1 to the Housing Act 1996.
- C3 Only shares held by the nominee of an unincorporated body (alone or jointly with other nominees) can be withdrawn or can be transferred, and only to a new nominee of that unincorporated body (alone or jointly with other nominees). Where such a transfer is permitted by this rule, the transferring shareholder must execute a transfer in a form approved by the board, and deliver the same to the board. If the board approves the transfer, it will be entered in the register of shareholders of the society.
- C4 When a shareholder ceases to be a shareholder or is expelled from the Community Mutual, his or her share shall be cancelled. The amount paid up on that share shall become the property of the Community Mutual.

Nature of shareholders

- C5
- C5.1 A shareholder of the Community Mutual is a person or body whose name and address is entered in the register of shareholders. No person or body shall be entered in the register of shareholders if the effect of such registration would be that the number of shareholders who are domiciled in Wales falls below three quarters.





C5.2 The shareholders shall be divided into classes as follows:-

- the tenant shareholders; and
- the independent shareholders.

The board shall decide, acting reasonably, into which class a shareholder shall be designated from time to time.

C5.3 A shareholder shall belong to a class and cannot belong to more than one class.

C6 The following cannot be or become shareholders:

C6.1 a minor – as determined by the board;

C6.2 a person who has been expelled as a shareholder, unless authorised by a resolution at a general meeting;

C6.3 an employee of the Community Mutual or an employee of a group member;

C6.4 a person who has been removed by the board in accordance with rule D8;

C6.5 a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the effect that that person has become physically or mentally incapable of exercising their rights as a shareholder and may remain so for more than three months;

C6.6 a person who is disqualified from acting as a director of a company for any reason, or has been convicted of an indictable offence which is not, or cannot be, spent; and/or

C6.7 the local authority or a local authority person.

C7 A shareholder can be the nominee of an unincorporated body. In such cases the register shall contain the name and address of the shareholder and shall designate the shareholder as the nominee of a named unincorporated body. The address of the unincorporated body shall also be entered in the register if it differs from the address of the shareholder nominee.

C8 A corporate body can be a shareholder. It can appoint an individual to exercise its rights at general meetings. Any such appointment shall be in writing or other forms of communication in accordance with rule G16, and given to the Secretary.

C9 No shareholder shall hold more than one share and each share shall carry only one vote. In the case of joint tenants, each joint tenant is entitled to become a shareholder.

C10 A share cannot be held jointly unless by nominees of an unincorporated body.

Admission of shareholders

C11 The board shall make available its membership policies and objectives for admitting new shareholders. The board shall only admit new shareholders in accordance with such policies.

C12 An applicant for a share shall apply in writing to the Community Mutual's registered office in accordance with approved membership policies as per rule C11.

C13 The board has the power in its absolute discretion to accept or reject the application. If the application is approved, the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One share in the Community Mutual shall be issued to the applicant. Every shareholder shall, on admittance, be admitted by the board as a tenant shareholder or an independent shareholder.





Ending of shareholding

- C14 A shareholder shall cease to be a shareholder if:
- C14.1 they die; or
 - C14.2 they are expelled under rule C15; or
 - C14.3 they withdraw from the Community Mutual by giving notice to the secretary which shall be effective on receipt, unless they are one of the last three remaining shareholders in which case they must provide at least one month's written notice of the withdrawal to the secretary; or
 - C14.4 they do not participate in, nor deliver written apologies in advance for, two consecutive annual general meetings of the Community Mutual; or
 - C14.5 in the case of a body corporate it ceases to be a body corporate; or
 - C14.6 in the case of the nominee of an unincorporated body, they transfer their share to another nominee of that body; or
 - C14.7 in the case of a body corporate, it ceases trading within the area served by the Community Mutual, or is wound up or goes into liquidation; or
 - C14.8 they cease to be a shareholder under rule C6; or
 - C14.9 the Community Mutual writes to the shareholder asking them if they wish to remain a shareholder of the Community Mutual and the shareholder fails to reply that they do within the set period specified in the Community Mutual's letter (which shall be no less than three months); or
 - C14.10 the Community Mutual has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Community Mutual provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a shareholder upon failing to meet the terms of the order; or
 - C14.11 they are a tenant and are in material or serious breach of their tenancy agreement or lease and fail to rectify the breach within a reasonable timeframe as agreed with the Community Mutual or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: criminal behaviour order, injunction pursuant to section 1 of the Anti-social Behaviour, Crime and Policing Act 2014, demoted tenancy, or closure order or any other judicial order (however named) which has an equivalent effect; or
 - C14.12 having been a tenant, a shareholder ceases to be a tenant, unless the board in its discretion allows such person to remain a shareholder; or
 - C14.13 they are an independent shareholder who becomes a tenant of the Community Mutual; or
 - C14.14 they cease to be domiciled in Wales and as result the number of shareholders who are domiciled in Wales falls below three quarters; or
 - C14.15 having been a board or committee member, they cease to hold any position as a board or committee member unless the board in its discretion allows such person to remain a shareholder; or
 - C14.16 they become a local authority person.
- C15 A shareholder may only be expelled by a resolution at a special general meeting called by the board.
- C15.1 The board must give the shareholder at least one month's notice in writing of the general meeting. The notice to the shareholders must set



out the particulars of the complaint of conduct detrimental to the Community Mutual and must request the shareholder to attend the meeting to answer the complaint.

C15.2 At the general meeting called for this purpose the shareholders shall consider the evidence presented by the board and by the shareholder (if any). The meeting may take place without the attendance of the shareholder.

C15.3 If the resolution to expel the shareholder is passed in accordance with this rule, the shareholder shall immediately cease to be a shareholder. No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the shareholders present in person or by proxy and voting on a poll at an annual or special general meeting.

Annual general meeting

C16 The Community Mutual 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.

C17 The functions of the annual general meeting shall be:

C17.1 to receive the annual report which shall contain a summary of:

- 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 Community Mutual;
- the obligations of board members to the board and the Community Mutual; and
- the skills, qualities and experience required by the board amongst its members.

C17.2 subject to rules F3 and F4, to appoint the auditor (if one is required by law);

C17.3 to elect (or re-elect) board members if applicable;

C17.4 to transact any other general business of the Community Mutual set out in the notice convening the meeting including any business that requires a special resolution;

C17.5 to receive the board's report on the affairs of the Community Mutual including reports on:

- The progress of the strategy and programme to secure the highest possible level of community involvement in the Community Mutual;
- The progress of the strategy and programme for community development training and communication, and the identification of neighbourhoods;
- The current assessment of the wishes and aspirations of neighbourhoods; and
- The progress of Local Groups and the delegation and transfer of powers, responsibilities and assets to or from Local Groups.

C17.6 For general meetings, tenant shareholders voting must always represent at least 51 per cent of shareholders voting at the general meeting.





Special general meetings

- C18 All general meetings other than annual general meetings shall be special general meetings and shall be convened either:
- C18.1 upon an order of the board; or
 - C18.2 upon a written requisition signed by one-tenth of the shareholders (to a maximum of twenty-five but not less than three) stating the business for which the meeting is to be convened; or
 - C18.3 if within twenty-eight days after delivery of a requisition to the secretary a meeting is not convened, the shareholders who have signed the requisition may convene a meeting.
- C19 A special general meeting shall not transact any business that is not set out in the notice convening the meeting.

Calling a general meeting

- C20
- C20.1 Subject to rule C22, all general meetings shall be convened by at least fourteen clear days' written notice served in accordance with rule G16 on every shareholder. The notice:
 - may be posted or delivered by hand or sent by Electronic Communication to every shareholder at the address or Electronic Communication address given for them in the register of shareholders; and
 - shall state whether the meeting is an annual general meeting or special general meeting and provide details of any means of participation, attendance or communication by electronic facility or facilities and the time, date and place of the meeting, and the business for which it is convened.
 - C20.2 The board may make whatever arrangements it considers appropriate to facilitate the attendance and participation of shareholders (and other attendees) at general meetings including by means of electronic facility or facilities.
 - C20.3 The board shall determine in relation to each general meeting the means of attendance at and participation in the meeting including whether the persons entitled to attend and participate in the meeting shall be enabled to do so by means of electronic facility or facilities.
- C21 Any accidental failure to get any notice to any shareholder shall not invalidate the proceedings at that general meeting.
- C22 Seventy-five per cent of shareholders may agree, by consenting in writing, or by other communication means approved by the board, to a general meeting being held with less notice than required by rule C20.

Proceedings at general meetings

- C23
- C23.1 Before any general meeting can start its business there must be a quorum present. A quorum is one-tenth of all shareholders, with a minimum number of six and a maximum number of twenty-five.
 - C23.2 As part of the quorum at least two shareholders must be present in person. General meetings can take place in any manner and through any medium which permits those attending to hear and/or comprehend, identify speakers and comment on the proceedings. Any person who



attends in this manner will be deemed to be present in person at the meeting whether or not all are assembled in one place.

C23.3 If the shareholders present in person at the meeting are not in the same place then the meeting shall be deemed to take place at the Community Mutual's registered office.

C24 A meeting held as a result of a shareholders' requisition will be dissolved if too few shareholders are present half an hour after the meeting is scheduled to begin.

C25 All other general meetings with too few shareholders will be adjourned to the same day, at the same time in the following week and at the same venue (or other appropriate venue notified by the secretary to all shareholders). If less than the number of shareholders set out in rule C23 are present within half an hour of the time the adjourned meeting is scheduled to have started, those shareholders present shall carry out the business of the meeting.

C26 The chair of any general meeting can:

C26.1 take the business of the meeting in any order that the chair may decide; and

C26.2 adjourn the meeting if the majority of the shareholders 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.

C27 At all general meetings of the Community Mutual 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 shareholders present shall elect a shareholder to chair the meeting. The person elected shall be a member of the board if one is present and willing to act.

Proxies

C28 Any shareholder entitled to attend and vote at a general meeting may appoint another person, whether or not a shareholder, as their proxy to attend and vote on their behalf. A proxy can be appointed by delivering a written appointment which may be electronic, to the registered office, or such other place as may be selected by the board and stated in the meeting notice, at least two days before the date of the meeting at which the proxy is authorised to vote. It must be signed or approved and sent by the shareholder 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

C29 Subject to the provisions of these rules or of any statute, a resolution put to the vote at a general meeting shall, except where a ballot is demanded or directed or required by these rules, be decided on a show of hands. On a show of hands every shareholder present in person and on a ballot every shareholder present in person or 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.

C30 Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands 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





Community Mutual shall be conclusive evidence of that fact.

- C31 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.
- C32 A ballot on a resolution may be demanded by any three shareholders at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot.
- C33 A ballot shall be taken at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the Community Mutual in general meeting.
- C34 Subject to the CCBSA, a resolution in writing signed, approved or confirmed by Electronic Communication by or on behalf of the requisite majority of the shareholders, for the time being, entitled to vote on the relevant resolution shall be as valid and effective as a resolution passed at a properly called and constituted meeting of shareholders provided that a copy of the proposed resolution has been delivered in accordance with these rules to all shareholders and the requisite majority of shareholders referred to in rule C35 has delivered their agreement in accordance with these rules. Such resolution when signed or approved may comprise more than one document in the same form, each signed or approved, by one or more shareholders.
- C35 For the purposes of rule C34 the requisite majorities are:
- in the case of an ordinary resolution, a simple majority of shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting;
 - in the case of a resolution requiring a two-thirds majority of shareholders, at least two-thirds of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting; or
 - in the case of a resolution requiring a three-quarters majority of shareholders, at least three-quarters of the shareholders who would have been entitled to vote had the resolution been proposed at a properly called and constituted general meeting.

Representatives and nominees

- C36 Under the provisions of these rules (including rules A3, A4, C2 and C4) no shareholder is entitled to property of the Community Mutual in that capacity, and in the event of their death a person shall cease to be a shareholder, their share shall be cancelled and the amount paid up on that share shall become the property of the Community Mutual. The following make provision for representatives and nominees taking into account the provisions of these rules:
- C36.1 The CCBSA provides that a shareholder may nominate a person or persons to whom property in the Community Mutual at the time of his/her death shall be transferred. As any such share will have been cancelled, no person so nominated under the CCBSA shall be entitled to any property of that shareholder on their death.
- C36.2 No property shall be capable of transfer to any personal representative of a deceased shareholder.
- C37 Upon a claim being made by a trustee in bankruptcy of a bankrupt shareholder to the share held by that shareholder, the Community Mutual 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 Community Mutual shall have a board (in these rules referred to as “the board”) who shall direct the affairs of the Community Mutual in accordance with its objects and 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 or otherwise in writing.
- D2
- D2.1 In accordance with the Community Mutual’s purpose and objects, the Community Mutual will at all times have in place and operate the following:
- D2.1.1 a strategy and programme to secure the widest possible community involvement in the Community Mutual;
- D2.1.2 a strategy and programme for community development, training and communication, and the identification of neighbourhoods; and
- D2.1.3 a procedure for neighbourhoods to communicate their wishes and aspirations.
- D2.2 If a submission is made to the board by a neighbourhood in favour of varying the current provision or management of its housing and where the board is satisfied (having acted reasonably and having obtained independent verification of such opinion) that such variation will not materially adversely prejudice the financial viability of the Community Mutual, the board must:
- D2.2.1 formulate a proposal in consultation with the neighbourhood;
- D2.2.2 communicate that proposal to all members of the neighbourhood;
- D2.2.3 take steps as are appropriate to establish the opinion of the majority of the neighbourhood in the proposal.
- D2.3 If it is established that the opinion of the majority of a neighbourhood is in favour of varying the current provision or management of its housing, the board shall do one or more of the following:
- D2.3.1 facilitate the establishment of a Local Group with similar objects to the Community Mutual to represent and carry forward the interests of the neighbourhood,
- D2.3.2 delegate to the Local Group any of its supervisory powers and responsibilities relating to that neighbourhood,
- D2.3.3 transfer assets and delegate any of its powers or responsibilities and associated day to day management to the Local Group,
- D2.3.4 accept back any powers or responsibilities.
- D2.4 No transfer of assets or delegation of powers and responsibilities to (or back from) a Local Group shall take place except:
- D2.4.1. with the approval, if necessary, of the registrar; and
- D2.4.2. in compliance with the legal obligations of the Community Mutual to third parties, and in particular (without limitation) any obligations of the Community Mutual to third party funders, lenders or security trustees; and





D2.4.3. until after the fifth anniversary of the Transfer. For this purpose the Transfer is the transfer of the local authority's housing stock to the Community Mutual effected pursuant to a Large Scale Voluntary Stock Transfer agreement between the local authority and the Community Mutual dated 10 December 2007; and

D2.4.4. in accordance with rules D2.2 and D2.3 above.

Composition of the board

D3 The board shall consist of between 5 and 15 board members as may be determined by the board.

D4

D4.1 The local authority may, subject to rule D20, nominate two persons as potential board members for consideration by the board whose decision is final (the local authority board member, together the local authority board members). A local authority person may not be a board member unless they are also a local authority board member. A local authority person cannot be a co-optee. The local authority may withdraw any local authority board member at any time;

D4.2 Notwithstanding anything in these rules at no point shall the number of local authority board members exceed 24 per cent of the total number of board members. If at any time the number of local authority board members does exceed 24 per cent, the board members shall remove from office sufficient local authority board members to comply with this rule.

D4.3 One tenant shall always be capable of being a member of the board subject to the selection criteria at D14 and D14.2.

D5

D5.1 Except for co-optees and employees and the local authority board members only shareholders can be board members.

D5.2 The board may appoint co-optees to serve on the board on such terms as the board resolves and may remove such co-optees but the maximum number of board members and co-optees shall not exceed 15. 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 of the Community Mutual nor any matter directly affecting shareholders.

D5.3 Not more than five co-optees can be appointed to the board or to any committee at any one time.

D5.4 The board may appoint or co-opt employees to the board on such terms as the board resolves but no employee may be appointed or co-opted to the board if, following their appointment or co-option, employees would be in a majority.

D6

For all board members and co-optees

D6.1 The board shall make available the obligations (including the expected standards of conduct) of every board member and co-optee to the board and to the Community Mutual. The board shall review and may amend the obligations of board members and co-optees from time to time.

D6.2 No board member or co-optee may act as such until they have signed and delivered to the board a statement, confirming that they will meet their obligations (including the expected standards of conduct) to the





board and to the Community Mutual. The board may vary the form of statement from time to time.

- D6.3 Any board member or co-optee who has not signed such statement 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 unless the board resolves to disapply this rule in respect of any board member.

Cessation of board membership

- D7 No one can become or remain a board member, co-optee or a committee member if at any time if:
- D7.1 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
 - D7.2 they have been convicted of an indictable offence which is not, or cannot be, spent or an offence which, in the opinion of at least two thirds of the remaining board members, brings the Community Mutual into disrepute; or
 - D7.3 a composition is made with that person's creditors generally in satisfaction of that person's debts; or
 - D7.4 they are not a shareholder (unless they are a co-optee or an employee of the Community Mutual or of a group member or a local authority board member of the Community Mutual); or
 - D7.5 they have absented themselves from three 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
 - D7.6 a registered medical practitioner who is treating that person gives a written opinion to the Community Mutual 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
 - D7.7 they are a tenant and are in material or serious breach of their tenancy agreement or lease and fail to rectify the breach within a reasonable timeframe as agreed with the Community Mutual or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order: criminal behaviour order, injunction pursuant to section 1 of the Anti-social Behaviour, Crime and Policing Act 2014, demoted tenancy, or closure order or any other judicial order (however named) which has an equivalent effect; or
 - D7.8 the Community Mutual has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Community Mutual provided that if the order is suspended or is an order for payment in instalments they shall only cease to be a board member, co-optee or committee member upon failing to meet the terms of the order; or
 - D7.9 having been a tenant on their appointment as a board member or co-optee, they cease to be a tenant, unless the board at its discretion allows such person to remain a board member or co-optee; or
 - D7.10 they are an employee and their contract of employment with the Community Mutual or any group member is terminated for any reason; or
 - D7.11 they are a local authority board member and their nomination by the



local authority is revoked and/or they are removed as a local authority board member under rule D17, provided that they may remain as a committee member at the board's sole discretion

D7.12 in relation to any non-executive board member, their terms of appointment (howsoever named) with the Community Mutual or any other group member are terminated in accordance with their terms, 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).

- D8 A board member may be removed from the board:
- D8.1 by a resolution passed by at least two thirds of the shareholders present and voting at a general meeting; or
- D8.2 by a resolution passed by two-thirds of the board members present and voting at a board meeting excluding the board member subject of the proposed removal and excluding any co-optees and employees, provided the following conditions are satisfied:
- at least fourteen days' notice of the proposed resolution has been given to all board members; and
 - the notice sets out in writing the reasons for the removal; and
 - the board is satisfied that the reasons justify the removal.
- D9 A board member may resign by giving written notice of resignation.

Terms of office and election to the board

- D10 In every notice for an annual general meeting the board shall state those board members continuing in office and those candidates intending to offer themselves for election.
- D11 Each board member elected under rule D14 shall be elected in accordance with any board membership policies adopted by the board from time to time, and shall be elected for a fixed term of office expiring at the conclusion of an annual general meeting (each a "fixed term") not being later than the third such meeting after their appointment. No fixed term shall be set which would cause the relevant board member to serve beyond their ninth consecutive annual general meeting unless the board determines that circumstances exist where it would be in the best interests of the Community Mutual for a board member to serve for a longer period. For the purposes of this rule D11, time served as a co-optee on the board of the Community Mutual (or any committee of the Community Mutual) and/or time served as a board member or as a co-optee on the board or committee of another group member or on the board or committee of any predecessor of the Community Mutual or of another group member shall be counted.
- D12 Whenever the number of board members is less than the maximum number permitted by these rules, the board may appoint a further board member. Any board member so appointed shall retire at the next annual general meeting.
- D13
- D13.1 At every annual general meeting each board member who has served their fixed term shall retire from the board. Any board member who retires from the board at an annual general meeting under this rule D13 shall be eligible for re-election subject to any restrictions contained in these rules;
- D13.2 Any board member retiring under rule D13.1 having completed nine years' continuous service (or nine years' continuous service plus any





extended period agreed by the board under rule D11) on either the board of the Community Mutual and/or the board of a group member (or any predecessor) shall not be eligible for re- election for three years.

D14

- D14.1 Board members will be elected in accordance with open and transparent selection criteria and election procedures set and published from time to time by the board;
- D14.2 The board shall set and publish selection criteria in relation to candidates wishing to stand for election as board members including a statement of the skills, qualities and experience required by the board amongst its members. These may provide for prospective candidates to be approved by the board before they are eligible to stand for election as board members;
- D14.3 The board, in accordance with the election procedures set under rule D14.1 shall endeavour to ensure that the board possesses the quality, skills, competencies, diversity of thought and experience which the board has from time to time determined that it requires;
- D14.4 If at elections for board members the number of candidates for election as board members does not exceed the number of vacancies on the board the chair shall declare those candidates to have been duly elected. If the number of candidates exceeds the number of vacancies the meeting shall elect the board members by ballot in such a manner as the chair directs and in accordance with the procedures set under rule D14.1;
- D14.5 In an election for candidates wishing to be board members at a general meeting every shareholder present in person or by proxy shall have one vote for every vacancy but shall not give more than one vote to any one candidate.

Local authority board members

- D15 The local authority and the Community Mutual shall agree a procedure allowing the local authority to nominate candidates for consideration by the board as a potential local authority board member. Subject to rule D16, the local authority may nominate up to two candidates, in accordance with the procedure for consideration by the board in its sole discretion and, if thought appropriate, for appointment to the board, for appointment as a local authority board member. Any nominee proposed by the local authority shall be subject to any selection criteria or selection process out in the board's recruitment and selection policy. In making nominations the local authority will ensure that their nominees have business or professional skills and/or experience relevant to the Community Mutual. The final decision on the suitability of any local authority nominee will be decided by the board.
- D16 In accordance with the procedure adopted by the Community Mutual, the local authority and the Community Mutual shall agree a fixed term of office (subject to annual review) for any local authority board member on their appointment to the board. The fixed term shall be for a fixed term of three years unless the board has set a lower term for the relevant local authority board member. At the end of each term, each local authority board member may be considered for re-appointment to the board. However, no fixed term shall be set which would cause the relevant local authority board member to serve beyond nine years.
- D17 The local authority may remove any local authority board member at any time.
- D18 Any nominations and removals shall be made in writing addressed to the





Community Mutual's secretary, signed by an authorised officer of the local authority and with regard to any removal, shall take effect upon receipt by the Community Mutual's secretary.

Quorum for the board

- D19 Subject to the provisions of rule D20 three board members shall form a quorum. The board may determine a higher number or impose additional requirements. The board will not be quorate unless board members who are employees of the Community Mutual are in a minority.
- D20 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 D19 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

- D21 No board member, co-optee or member of a committee shall have any financial interest in any contract or other transaction with the Community Mutual or with any other group member, or be granted a benefit by the Community Mutual, unless such interest or benefit:
- D21.1 is expressly permitted by these rules or is permitted by any relevant legislation, determination, specification or guidance from time to time from the regulator;
- D21.2 would not be in breach of, and would not be inconsistent with, any determination, guidance, standard or code published by the regulator or any code of conduct and/or governance adopted by the board.
- D22 Any board member, co-optee or member of a committee, having an interest in any arrangement between the Community Mutual 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.
- D23 Subject to rule D24, if a question arises at a meeting of the board or of a committee 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 to the chair of the committee as the case may be, whose ruling in relation to any board member, co-optee or committee member other than the chair is to be final and conclusive.
- D24 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 committee members 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.
- D25 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.





D26 Every board member, co-optee and member of a committee shall ensure that the secretary at all times has a list of:

D26.1 all other bodies in which they have a significant and material 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; or

D26.2 any property owned or managed by the Community Mutual which they occupy.

D27 Every board member, co-optee and member of a committee shall ensure that the secretary at all times also has a list of any other significant or material interest which, in each case, would or could affect any arrangement with the Community Mutual.

D28 If requested by a majority of the board or members of a committee 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.

D29 Notwithstanding rule D21, the Community Mutual may:

D29.1 pay properly authorised expenses to board members, and members of committees when actually incurred on the Community Mutual's business;

D29.2 pay insurance premiums in respect of insurance taken out to insure officers and employees; and

D29.3 pay allowances, recompense for loss of earnings, grant benefits or remuneration and fees to board members, co-optees and members of committees provided that any such payment or benefit is expressly permitted by (or not prohibited by) any relevant legislation, determination, specification or guidance from the regulator.

D30 A board member, co-optee or member of a committee shall not have an interest for the purpose of rules D21 to D27 as a board member, director or officer of a group member.

D31 Board members, co-optees or members of committees, who are tenants of the Community Mutual shall be deemed not to have an interest for the purpose of rules D21 to D27 in any decision affecting all or a substantial group of tenants of the Community Mutual.

D32 The grant of a tenancy, licence or lease by the Community Mutual at the direction of another body or on a basis which is consistent with any applicable guidance, determination, standard or code of practice of the regulator (or any code of conduct and/or governance of the board from time to time, adopted by the board) to a board member, co-optee or member of a committee is not the grant of a benefit for the purpose of rule D21.

Meetings of the board

D33 The board shall meet at least three times every calendar year. At least seven days' written notice of the date and place of every board meeting delivered by





hand (or sent by post or Electronic Communication) shall be given by the secretary (or other officer in accordance with approved arrangements) 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.

- D34 Meetings of the board may be called by the secretary, or by the chair, or by two board members who give written notice specifying the business to be carried out. The secretary shall send a written notice to all board members 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.

Availability of certain board statements

- D35 The board shall agree and make available:
- the board's statement of the values and objectives of the Community Mutual;
 - a statement of the current obligations of board members to the board and the Community Mutual;
 - the policy for admitting new shareholders.

The board may vary the form of these statements from time to time.

Management and delegation

- D36 The board may delegate any powers under written terms of reference to its committees or to officers or employees. Those powers shall be exercised in accordance with any written instructions given by the board.
- D37 The board may reserve to itself certain significant matters that cannot be delegated to committees or employees.
- D38 The membership of any committee shall be determined by the board. Every committee shall include one board member or co-optee to the board. The board will appoint the chair of any committee and shall specify the quorum.
- D39 All acts and proceedings of any committee shall be reported to the board.
- D40 No committee can incur expenditure on behalf of the Community Mutual unless at least one board member or co-optee to 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

- D41 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.
- D42 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 Electronic Communication by one or more persons.
- D43 Meetings of the board or a committee can take place in any manner and through any medium which permits those attending to hear and/or comprehend and identify speakers and comment on the proceedings. Any person who attends in this manner will be deemed to be present at the meeting and





whether or not all are assembled in one place.

- D44 Notice may be given to board members, co-optees or members of a committee in accordance with rule G16. The accidental failure to give notice to a board member, co-optee or members of a committee or the failure of the board member, co-optee or member of a committee to receive such notice shall not invalidate the proceedings of the board or committee.
- D45 The board may, by power of attorney or otherwise, appoint any person to be the agent of the Community Mutual for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of their powers.

PART E CHAIR, VICE CHAIR, CHIEF EXECUTIVE, SECRETARY AND OTHER OFFICERS

The chair

- E1 The Community Mutual shall have a chair, who shall chair board meetings, and shall be elected by the board on such terms as the board determines. The Community Mutual may also have a vice chair who, in the chair's absence, shall act as the chair and have the chair's powers and duties and who shall be elected by the board. 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 a shareholder and a board member and cannot be an employee.
- E3 In a case of an equality of votes, the chair shall have a second vote.
- E4 The chair of the Community Mutual may be removed at a board meeting called for that purpose provided the resolution is passed by at least two-thirds of the members of the board present and voting at the meeting.

The chair's responsibilities

- E5 The board will set out in writing the duties and responsibilities of the chair and may review these from time to time.

The chief executive

- E6 The Community Mutual 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 Community Mutual 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 Community Mutual on such terms (including pay) as it from time to time decides.





Miscellaneous

- E9 Every officer or employee shall be indemnified by the Community Mutual for any amount reasonably incurred in the discharge of their duty.
- E10 Except for the consequences of their own dishonesty or negligence no board member, officer or employee shall be liable for any losses suffered by the Community Mutual or any group member.

PART F

FINANCIAL CONTROL AND AUDIT

Auditor

- F1 The Community Mutual, if required by law to do so, shall appoint an auditor or firm of auditors to act in each financial year. They must be qualified as provided by Section 91 of the CCBSA.
- F2 The following cannot act as auditor:
- F2.1 an officer or employee of the Community Mutual;
 - F2.2 a person employed by or employer of, or the partner of, an officer or employee of the Community Mutual.
- F3 The Community Mutual's auditor may be appointed by the board or by a resolution of shareholders.
- 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 accounts 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 Community Mutual 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 Community Mutual shall send a copy of the resolution to the retiring auditor and also give notice to its shareholders at the same time and in the same manner, if possible;
 - F5.3 if not, the Community Mutual 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 Community Mutual which must be notified to its shareholders under Section 95 of the CCBSA.

Auditor's duties

- F6 The findings of the auditor shall be reported to the Community Mutual, in accordance with Section 87 of the CCBSA.
- 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 Community Mutual 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 Community Mutual shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 75 and 76 of the CCBSA.
- F10 The Community Mutual 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 Community Mutual's annual return to the registrar. The return shall be prepared in accordance with the period specified in the CCBSA, 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 Community Mutual at any time shall not exceed £1000 million (one thousand million) pounds sterling or such a larger sum as the Community Mutual determines from time to time in general meeting. For the purpose of this rule F12, at any relevant time, any amount of the Community Mutual'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 Community Mutual has hedged its exposure to currency exchange rate movements in relation to the principal amount of such borrowings or, if there is no rate related derivative transaction by which the exposure is hedged, at the exchange rate prevailing at the time the borrowings were entered into.
- 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 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 Community Mutual, 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;
- 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 Community Mutual at the time of the proposed borrowing; and
- F14.3 no person dealing in good faith with the Community Mutual shall be concerned to know whether rule F12 or F13 or this rule F14 have been complied with.



Investment

F15 The funds of, or monies borrowed by, the Community Mutual may be invested by the board in such manner as it determines and as permitted by the CCBSA.

Donations

F16 The Community Mutual may receive from any person, whether a shareholder or not, donations to further the purposes of the Community Mutual.

Part G

MISCELLANEOUS

Registered office and name

- G1 The Community Mutual's registered office is: Ty Pennant, Mill Street, Pontypridd, CF37 2SW
- G2 The Community Mutual'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 (or any successor body from time to time). 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 at the relevant subsequent meeting and signed by the chair of the subsequent meeting and stored safely.
- 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 Community Mutual must keep at its registered office:
- G6.1 the register of shareholders showing:
 - the names and addresses of all the shareholders; and
 - a statement of all the shares held by each shareholder and the amount paid for them; and
 - a statement of other property in the Community Mutual held by the shareholder; and
 - the date that each shareholder was entered in the register of





shareholders.

- G6.2 a duplicate register of shareholders showing the names and addresses of shareholders and the date they became shareholders;
 - 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 Community Mutual.
- G7 The Community Mutual 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 Community Mutual shall give to any shareholders or person interested in the funds of the society 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 the rules of the Community Mutual to any person on demand who pays such reasonable sum as permitted by law.

Statutory applications to the registrar

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

Amendment of rules

- G12
- G12.1 The rules of the Community Mutual may be rescinded or amended, but not so as to stop the Community Mutual being a charity.
 - G12.2 The rules may only be amended by a resolution put before the shareholders by the board and approved by at least two-thirds of the board prior to approval by the shareholders.
 - G12.3 Rules A2; A3; A4; B1; B2; B3; C2; C3; D13; D33; G12 and G14 can only be amended or rescinded by way of a written resolution or 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 or by way of a written resolution.
 - G12.4 Amended rules shall be registered with the registrar as soon as possible after the amendment has been agreed. 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 Community Mutual may be dissolved by a three-fourths majority of shareholders who sign an instrument of dissolution in the prescribed format or by winding-up under the CCBSA.
- G14





- [REDACTED]
- G14.1 Any property that remains, after the Community Mutual is wound-up or dissolved and all debts and liabilities dealt with, the shareholders may resolve to give or transfer to another charity in law with objects similar to that of the Community Mutual;
 - G14.2 if no such institution exists, the property shall be transferred or given to the Housing Associations Charitable Trust;
 - G14.3 if the Community Mutual is registered as a social landlord with the regulator any transfer or gift must be in compliance with the Housing Act 1996 (as it applies to Wales) and the Housing (Wales) Measure 2011 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 one gender shall include all and any 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 Community Mutual" and "the association" shall mean the association of which these are the registered rules;
 - G15.5 "board" shall mean the board appointed in accordance with Part D and "board member" or "member of the board" shall mean a member of the board for the time being but shall not include a person co-opted to the board;
 - G15.6 "the CCBSA" shall mean the Co-operative and Community Benefit Societies Act 2014;
 - G15.7 "chair" shall, save in rule E1 and where applicable, include the vice chair;
 - G15.8 "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.
 - G15.9 "Electronic Communication" has the meaning given to "electronic form" and "electronic means" in section 148 of the CCBSA;
 - G15.10 "group member" means the Community Mutual, each subsidiary of the Community Mutual, any body corporate of which the Community Mutual is a subsidiary and any subsidiary of such body corporate and for this purpose "subsidiary" has the meaning within the CCBSA and/or the Housing Act 1996 and/or the Companies Act 2006;
 - G15.11 "independent shareholder" means a member of the Community Mutual who is not a tenant nor a local authority person;
 - G15.12 "officer" shall include the chair and secretary of the Community Mutual and any board member for the time being and such other persons as the board may appoint under rule E8;
 - G15.13 "property" shall include all real and personal estate (including loan stock certificates, books and papers);
 - G15.14 "register of shareholders" means the register kept in accordance with





rule G6.1;

G15.15 "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;

G15.16 "regulator" in Wales refers to the Welsh Government or any statutory successor to or any assignee of any or all of their relevant functions from time to time;

G15.17 "secretary" means the officer appointed by the board to be the secretary of the Community Mutual or other person authorised by the board to act as the secretary's deputy;

G15.18 "shareholder" shall mean one of the persons referred to in rule C5 and means "member" as defined by the CCBSA;

G15.19 "tenant" means a person who alone or jointly with others hold a tenancy, lease or licence to occupy the association's premises for residential use or the premises of any other group member. [For the avoidance of doubt, references to "tenants" shall include contract holders under the Renting Homes \(Wales\) Act 2016;](#)

G15.20 "tenant shareholder" means a member of the Community Mutual who is a tenant and is not an independent shareholder nor a local authority person;

G15.21 "these rules" shall mean the registered rules of the Community Mutual for the time being;

G15.22 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;

G15.23 "special resolution" means a resolution requiring majority approval of at least two-thirds or three-quarters, as may be specified in these rules or as defined by the CCBSA;

G15.24 "local authority" means Rhondda Cynon Taf County Borough Council or the statutory successor to that housing authority;

G15.25 "local authority person" shall mean any person (i) who is or has been an elected representative of the local authority in the preceding four years; or (ii) who is an officer of the local authority; or (iii) who is both an employee and either a director, manager, secretary or other similar officer of a company which is under the control of the local authority; or (iv) who is the spouse or a close relative of any person falling within paragraphs (i) and (ii);

G15.26 "Local Group" means a committee, working group, association, company limited by guarantee, community benefit society or other corporate body in a form approved by the regulator (Welsh Government and any statutory successor) established in accordance with rule D2.3;

G15.27 "independent shareholder" means a member of the Community Mutual who is neither a local authority person nor a tenant.

G16 Any notice to which these rules apply will be effectively served if delivered to a shareholder or board member at the address most recently provided by the shareholder or board member for this purpose or (as the case may be) delivered to the Community Mutual at its registered office for the attention of the secretary. Communications will be in writing or other forms of communication including electronic that have been approved by the board. Such notice will be deemed to have been served:





- G16.1 if served by hand, on delivery;
- G16.2 if served by first class post, on the business day after the day it is put in the post; or
- G16.3 If served by Electronic Communication, on confirmation (which may be automatic) that the notice has been received, provided that it is in a legible form.

1. Shareholder

2. Shareholder

3. Shareholder

..... Secretary

