



Changing The Co-op's Rules

The Co-op has asked the Confederation of Co-operative Housing (CCH) – the UK's national representative body for housing co-ops – to assist the co-op to update its rules.

The co-op registered many years ago with a set of legal rules that give the co-op its legal status as a co-operative society. They are registered with a Government body called the Financial Conduct Authority. The rules set out how the co-op is governed.

The rules currently used by the co-op, and by many co-ops nationally, were drafted in 1981 and are out of date. They don't properly reflect how co-ops operate in the 21st Century. Working with Co-operatives UK (the national body that represents the co-operative movement) and their legal experts, the CCH has drafted a new set of model rules for housing co-ops. The CCH is suggesting that it is sensible for existing co-ops to update to these new model rules.

To do this requires that housing co-ops hold a General Meeting to discuss and agree the new set of rules. The co-op's committee has considered the new rules and is proposing that the co-op adopts them.

To Discuss Adoption Of New CCH Model Rules

All Co-op Members Are Entitled To Attend And Vote

The full set of the proposed new CCH model rules are available on the Co-ops Website.

www.maynardcoop.org.uk/news/publications/fullymutualhousing-co-opmodelrules

A summary of the rule changes are set out below.

If there are particular points you wish to raise about the rule changes, please email Nic Bliss from the CCH on nic@cch.coop. Nic will also attend the General Meeting.

Rules for housing co-ops must cover the following issues:

- the objects of the co-op – defining what the co-op is permitted to do (i.e. providing/managing housing under co-op principles)
- the powers the co-op has – usually doing what it needs to do to achieve the objects
- saying where the registered office is
- information about co-op members and the shares they buy
- how people apply to be members
- how membership ends and how members can be expelled
- how general meetings (which all members can attend) are held, particularly the annual general meeting
- how the management committee works and how its members are elected and removed
- what powers the committee has
- what borrowing the co-op can make
- how the co-op gets its finances audited
- how disputes in the rules are dealt with
- how the rules can be amended
- what happens if the co-op is wound up

Inclusion of detail - a key change to the new rules is to include a lot of detail in them about the above issues for ease of reference for co-op members. The 1981 rules covered the same issues and had largely the same substance – but had a lot less detail. The problem with this was that co-ops found there was often little clarity about how to manage rules issues. The new rules seek to provide greater clarity, with the detail provided based on many years' experience of the practical ways that co-ops work.

There are many detailed changes in the new rules. It is suggested that those that wish to consider the detail of the rules should read through the version on the website and bring any particular points to the General Meeting.

Reference to 2014 Act – a new law was passed in 2014 (the Co-operative and Community Benefit Societies Act) which governs the legal status of co-ops. The new rules ensure that this new Act is referred to throughout and the rules comply with it.

Communication and meeting attendance by different means – the new rules permit that meeting notices and other communications can be done with members and committee members by electronic means. The new rules also permit that members and committee members can attend general and committee meetings by telephone, video conferencing or by other communications equipment such that the person can hear, comment and vote on proceedings.

Commitment to diversity, equality and respect – a specific clause has been added committing the co-op to principles of diversity and equality.

Annual General Meeting – the new rules give the co-op six months after the year end to hold an AGM rather than the three months in the 1981 rules; there is a requirement that the committee presents a report on progress to the members at each Annual General Meeting. The 1981 rules did not require this.

Terminology – the 1981 rules referred to “committeemen” and the “Chairman”. This terminology has been updated in the new rules.

Committee size – the new rules specify a committee of between five and twelve members (including up to three co-opted members). The 1981 rules allowed for between seven to fifteen members and five co-opted members. The new committee size reflects current considered best practice.

Election of the committee – the new rules specify that the full committee is elected at each Annual General Meeting (unopposed if there are fewer than twelve standing). The 1981 rules specify that a third of the committee stand down each year. The CCH is not aware of any co-ops that elect their committees in that way.

Committee nominations – the new rules specify a formal committee nominations process in order to encourage committee members to take the process seriously. This is also included in the 1981 rules but in less detail.

Removal of a committee member – under the 1981 rules, a committee member could only be removed by a vote at a General Meeting which all members could attend and vote at. In certain circumstances, the new rules also allow a committee member to be removed by a vote at a committee meeting.

Committee quorum – the new rules specify that the committee quorum is one third of its total number subject to a minimum of three (therefore if the committee has 9 or fewer members, the quorum is three or if the committee has 10, 11 or 12 members – the quorum is four). The 1981 rules have a committee quorum of three or a higher number agreed by the committee.

Defined officer roles – the new rules remove the previously defined role of the treasurer. A co-op is legally required to have a secretary and that role is defined but is no longer legally required to have a treasurer. If a co-op has one – in the new rules the co-op is free to define the role as it sees fit.

Special manager provisions – the new rules allow for a special manager to manage the co-op in the event of a co-op having difficulties in getting enough volunteers to serve on the management committee. Where this happens, the special manager provisions allow for a special manager to be appointed for a six-month period with a view to trying to reinvigorate the co-op. This provision is intended to give a co-op a chance to renew itself rather than close if not enough people have come forward to participate in the co-op's governance.

Disputes – the 1981 rules directed anyone who had a dispute with the rules to the National Federation of Housing Associations (now the National Housing Federation which represents housing associations). The new rules direct disputes to the County Court.

Other than the new rules including more detail, the remaining rules are largely the same in substance.