

## For Decision

Agenda Item: 12.1  
Date of Meeting: 22/05/24

To: The Management Committee  
From: The Director  
Subject: Proposed Constitutional Change – Further Update to New Rules

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### 1. Introduction & Purpose

- 1.1 At its March meeting Committee approved the variations to the Model Rules and approved the draft revised rules and the resolutions to be put to our Members at an SGM to be held on 17<sup>th</sup> September 2024.
- 1.2 Committee is aware that our solicitor, Lauren Little from TC Young had previously advised she planned to submit the draft rules to the FCA, to ask them for their non-binding indicative view as to whether the variations in the rules would be acceptable. She did this following Committee's decision in March to approve the amended new rules. Committee is reminded that this is not however standard practice, as FCA usually only have sight of the rules at such time as and when the rules are being sent for registration and it may take some time to obtain FCA's input.
- 1.3 By the time of the April Committee meeting there had been some email communication between our solicitor and the FCA. The FCA were querying the proposed wording for Rule 36.1 and advised that they didn't think the wording was acceptable.
- 1.4 A further update on communication with the FCA was provided at the April meeting. The purpose of this report is to provide the latest communication from the FCA and to report that it has indicated that the updated wording for rule 36.1 is acceptable. The updated Rules are attached (track change version at [Appendix 1a](#) and a clean version at [Appendix 1b](#)) which Committee is asked to consider and approve with the amended wording for rule 36.1 as follows:

“The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum of (including co-optees) of 12 persons. No more than two members of the Committee of Management shall be Factored Owners. The Association shall keep up to date a register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.”

1.5 Committee is also asked to approve the amendments to the section in the rules “Interpreting These Rules” as follows:

- Addition of 88.8 which states “Factored Owner” means the owner of a property in respect of which the Association has been appointed as Property Factor.
- Addition of 88.17 which states ““Property Factor” means (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned -
  - (i) by two or more other persons, or
  - (ii) by the local authority or housing association and one or more other person.

1.6 Committee is also asked to note any other updates with the proposed constitutional change.

## 2. Background

2.1 At its March meeting, Committee approved the new Rules which are based on the SFHA Charitable Model Rules 2020. However, it had approved 7 variations to the rules, 3 of which were new variations and the other 4 were variations we had previously made to our rules and are reflected in our current rules. For ease of reference, an extract from my March Committee Report setting out the 7 variations is attached at [Appendix 2](#).

2.2 It is the variation to Rule 36.1 (which relates to the composition of the committee) that the FCA did not find acceptable and is highlighted in yellow below. The wording in aqua was also a variation and reflected the position in our current Rules but this hasn’t been flagged as an issue by the FCA.

“The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum of (including co-optees) of **12 persons**. **No more than two members of the Committee of Management shall be members who receive a factoring service from the Association.** The Association shall keep up to date a register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.”

2.3 As reported to Committee at the April meeting, there had been further communication between our solicitor and the FCA. A copy of the email exchange is attached at [Appendix 3](#).

2.4 As Committee is aware out of the 3 options set out in our solicitor's email (dated 19<sup>th</sup> April) that option 1 was being recommended by our solicitor. I reported at the April meeting, that to avoid any further delays that I had advised our Solicitor to proceed on the basis of her recommendation.

1. We can attempt to further clarify the wording with something like:

Rule 36.1 could be amended to say: *"No more than two members of the Committee of Management shall be Factored Owners"*

Additional definitions in the interpretation section could include:

*"Factored Owner" means: "the owner of a property in respect of which the Association has been appointed as Property Factor*

*"Property Factor" means: (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned*

*(i) by two or more other persons, or*

*(ii) by the local authority or housing association and one or more other person*

### **3. Current Position**

3.1 I had recently contacted our solicitor to obtain an update on the communication with the FCA about our proposed amended wording for Rule 36.1. On the 9<sup>th</sup> of May our solicitor shared the response from the FCA, received that day, which was as follows:

*"Thank you for your submission and apologies for the delay in responding. Following a review of the draft rule you submitted, the amendments proposed to Rule 36.1 would be acceptable."*

3.2 The FCA further advised *"Please note that it is not open to us to pre-determine the outcome of any subsequent/formal submission for registration. Accordingly, any applications submitted to us for formal registration (once passed by a society in accordance with the process set out in its current rules and/or the Act) will be reviewed afresh, with a decision reached at that point in time."*

3.3 Committee is asked to approve the amended rules in respect of the revised wording for Rule 36.1 which now states:

*"The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum of (including co-optees) of 12 persons. No more than two members of the Committee of Management shall be Factored Owners. The Association shall keep up to date a*

register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.”

- 3.4 Now that we have received a positive response from the FCA, our solicitor will seek an in principle approval from OSCR. Once this has been obtained, assuming it has no issues, I will then seek the consent of our Lender to the revised rules. As Committee is aware we had already obtained the consent of our Lender based on the rules approved by Committee in March. However, due to the further amendment required to rule 36.1 by the FCA, it is necessary to obtain our Lender’s further consent to the updated rules.

#### **4. Other Updates**

##### **4.1 Member/Tenant Communication**

- 4.1.1 We have had no further contact from any members/tenants, following the information leaflet on the proposed constitutional change being shared last month. So, to date we have had only one email from a tenant asking some questions, which was shared with Committee at its April meeting.

- 4.1.2 The next stage is to hold the series of drop-in sessions over a 4 week period commencing 29<sup>th</sup> May. As Committee is aware I shared a draft timetable for the sessions which will be held on various days and times i.e. mornings, afternoons and evenings. At the moment the sessions are being attended by at least one Committee Member and me. Committee is reminded that it agreed that 2 Committee Members could attend each session. Therefore, if anyone wishes to be added to a particular session, please let me know at the meeting. The updated timetable, showing which Committee Members are currently attending is available on Decision Time > Resources > Constitutional Review > Communication with Members/Tenants.

- 4.1.3 A copy of the information being sent out to Members about the drop-in sessions is attached ([Appendix 4](#)). This will be sent out during the week ending 17<sup>th</sup> May.

#### **5. Risk**

- 5.1 The risks relating to the proposed constitutional change were covered again in my March report to Committee. For ease of reference, I have attached the Risk Section from the report. ([Appendix 5](#))

## 6. Delivery of our Strategic Objectives

Area	Related Strategic Objective(s)
Proposed Constitutional Change	2) Engage effectively with our tenants and service users 7) Achieve the highest standards in all that we do

## 7. Delivery of our Core Values

Area	Related Core Value(s)
Proposed Constitutional Change	<ul style="list-style-type: none"> <li>• Engaged and Responsive</li> <li>• Accountable and Compliant</li> <li>• Fair and Approachable</li> <li>• Excellent and Committed</li> </ul>

## 8. Compliance and Assurance

- 8.1 The approach we have undertaken to the proposed constitutional change including taking independent expert advice and legal advice and having a clear timetable of the key stages of the processes required, our communication and engagement plans for our members, will ensure we are meeting our legal and regulatory requirements as follows.

Compliance Source	Details
The Standards of Governance and Financial Management for RSLs	<p><b>Standard 4 - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</b></p> <p><b>Guidance 4.1 -</b> The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions.</p> <p><b>Standard 7 - The RSL ensures that any organisational changes or disposals it makes safeguard the</b></p>

	<p><b>interests of, and benefit, current and future tenants.</b></p> <p><b>Guidance</b> Where an RSL is considering organisational or constitutional change, or acquisition or disposal of land or assets:</p> <p><b>7.1</b> The governing body discusses and scrutinises any proposal for organisational change and ensures that the proposal will benefit current and future tenants.</p>
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## 8.2 Evidence Bank

Evidence	Assurance Exercise Location
<ul style="list-style-type: none"> <li>Report for 22/05/24 meeting and appendices</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Standard 4 – Guidance 4.1</li> <li>Regulatory Standard 7 – Guidance 7.1</li> </ul>

8.2.1 Committee is reminded that our Assurance Exercises are available in the Committee Log-in Area of our website, which Committee can access at any time.

## 9. Summary and Decisions Required

9.1 Committee approved the draft new rules which are based on the SFHA Model Charitable Rules 2020 at its March meeting. The rules contained 7 variations, 3 of which were new and 4 of which were previous variations we made to our rules and are reflected in our current rules.

9.2 Following approval, our solicitor then submitted the draft rules to the FCA, to ask them for their non-binding indicative view as to whether the variations in the rules would be acceptable. This resulted in the FCA advising that it did not find the wording acceptable to the proposed variation to Rule 36.1 (which relates to the composition of the committee). Please see Section 2 for more detail.

9.3 By the time of the April Committee meeting, further communication had taken place between our solicitor and the FCA, with our solicitor setting out 3 options on how we could respond to the FCA but recommending the first option. Please see para 2.4 for more information.

- 9.4 The FCA has now advised the proposed revised wording for Rule 36.1 (as per the recommendation of our solicitor) is acceptable. Please see Section 3 for more detail.
- 9.5 Our solicitor has now updated the rules to reflect the revised wording for 36.1. A track change version and a clean version of the updated rules are attached.
- 9.6 Our solicitor is now seeking the in principle approval of OSCR, assuming it has no issues we will then be able to resend the updated rules to our Lender to seek its consent.
- 9.7 The risks associated with the proposed constitutional change are covered in Appendix 5 (Extract from March 2024 Report).
- 9.8 Section 6 shows how the matter of the proposed constitutional change contributes to the delivery of our strategic objectives.
- 9.9 Section 7 shows how the matter of the proposed constitutional change contributes to the delivery of our Core Values.
- 9.10 Section 8 sets out how we comply with Regulatory requirements.
- 9.11 Committee is asked to consider this report and, consider and approve the revised rules and the wording for rule 36.1 which now states:

“The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum of (including co-optees) of 12 persons. No more than two members of the Committee of Management shall be Factored Owners. The Association shall keep up to date a register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.”

- 9.12 Committee is also asked to approve the amendments to the section in the rules “Interpreting These Rules” as follows:
- Addition of 88.8 which states “Factored Owner” means the owner of a property in respect of which the Association has been appointed as Property Factor.
  - Addition of 88.17 which states ““Property Factor” means (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned -  
(i) by two or more other persons, or

(ii) by the local authority or housing association and one or more other person.

9.12 Committee is asked to note that the next stage of communication with our members/tenants is underway. Currently there is one committee member and me attending the drop-in sessions, which begin on 29<sup>th</sup> May. As per Committee's decision that 2 Committee Members could attend each session, Committee Members are asked to let me know at the meeting if they wish to attend any of the sessions.

These are the Rules

of

Rosehill Housing Association Limited

Based upon  
SFHA Charitable Model Rules (Scotland) 2020

Registered under the  
Co-operative and Community Benefit Societies Act 2014  
and the Housing (Scotland) Act 2010

**Published by**  
**the Scottish Federation of Housing Associations**  
**in co-operation with The Scottish Housing Regulator**

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## **Further guidance**

### **Further Advice**

A separate document is also available from the SFHA Rules Service, which gives guidance on the use of these rules and the options. Advice is also available from staff at The Scottish Housing Regulator.

Advice on the procedural aspects of making a Rule registration application or Rule Amendment application is also available from the SFHA Rules Service.

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## **INTRODUCTION**

### **Name**

- 1 The name of the Society shall be Rosehill Housing Association Limited (hereinafter referred to as "the Association").

### **Objects**

- 2 The objects of the Association are:
  - 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
  - 2.2 any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- 3 The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- 4.1 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.
- 4.2 Nothing shall be paid or transferred by way of profit to Members.
- 5 The registered office of the Association is at : 250 Peat Road, Glasgow, G53 6SA.

## **MEMBERSHIP**

- 6 The Members of the Association shall be those persons who hold a share in the Association and whose names are entered in the Register of Members.

### **Applying for Membership**

- 7.1 The Committee shall set, review and publish its membership policy for admitting new Members. Subject to the provisions of Rule 7.2 the following shall be eligible to become Members:-
  - 7.1.1 Tenants of the Association;
  - 7.1.2 Service users of the Association;
  - 7.1.3 Other persons who support the objects of the Association.

- 7.2 If you are applying for membership you must send a completed and signed application form and the sum of one pound (which will be returned to you if the application is not approved) to the Association's registered office. Whilst it is the Association's intention to encourage membership, the Committee has absolute discretion in deciding on applications for membership and the following shall constitute grounds for refusal of an application for membership:-
- 7.2.1 Where membership would be contrary to the Association's Rules or policies; or
- 7.2.2 Where a conflict of interest may exist which, even allowing for the disclosure of such an interest, may adversely affect the work of the Association; or
- 7.2.3 Where the Committee considers that accepting the application would not be in the best interests of the Association.
- 7.3 Your application shall be considered by the Committee as soon as reasonably practicable after its receipt by the Association. An application for membership will not be considered by the Committee within the period of fourteen days before the date of a general meeting. The Committee has the power in its absolute discretion to accept or reject the application.
- 7.4 If the Committee approve your application, you will immediately become a Member and your name and other necessary particulars will be included in the Register of Members within seven working days. You will then be issued one share in the Association.
- 8 You can apply for membership of the Association from the age of 16.
- 9 No Member can hold more than one share in the Association.
- 10 If you change your address, you must let the Association know by writing to the Secretary at the registered office within three months. This requirement does not apply if you are a tenant of the Association and have moved home by transferring your tenancy to another property owned and managed by the Association.

## **ENDING YOUR MEMBERSHIP**

- 11.1 Your membership of the Association will end and the Committee will cancel your share and record the ending of your membership in the Register of Members if:-
- 11.1.1 You resign your membership giving seven days' notice in writing to the Secretary at the registered office; or
- 11.1.2 The Committee reasonably believes that you have failed to tell the Association of a change of address as required by Rule 10; or
- 11.1.3 For five annual general meetings in a row you have not attended, submitted apologies or appointed a representative to attend and vote on your behalf by proxy; or
- 11.1.4 The Association receives a complaint about your behaviour and two-thirds of the Members voting at a special general meeting agree to end your membership. The following conditions apply to this procedure:
- 11.1.4.1 the complaint must be in writing and must relate to behaviour which could harm the interests of the Association.

- 11.1.4.2 the Secretary must notify the Member of the complaint in writing not less than one calendar month before the meeting takes place;
  - 11.1.4.3 the notice for the special general meeting will give details of the business for which the meeting is being called;
  - 11.1.4.4 you will be called to answer the complaint at the meeting. The Members present will consider the evidence supporting the complaint and any evidence you decide to introduce;
  - 11.1.4.5 the Members can vote in person or through a representative by proxy;
  - 11.1.4.6 if you receive proper notice but do not go to the meeting without providing a good reason, the meeting will go ahead without you and the Members will be entitled to vote to end your membership.
- 11.2 If your membership is ended in accordance with Rule 11.1.4, you will immediately cease to be a Member from the date that the resolution to end your membership was passed and any further application for membership by you will need to be approved by two-thirds of the Members voting at a general meeting.

## **SHARE CAPITAL**

### **Shares**

- 12 The share capital of the Association will be raised by issuing one-pound shares to Members. Shares cannot be held jointly. Joint tenants of the Association may each become individual Members.
- 13 There is no interest, dividend or bonus payable on shares.

### **Transferring Shares**

- 14 You shall not be entitled to any property of the Association in your capacity as Member and your share is not withdrawable or transferable save in the circumstances set out in Rules 15 and 16.
- 15 You cannot sell your share but you can transfer it if the Committee agrees.
- 16.1 If you die or end your membership or have your membership ended the Committee will cancel your share (except in those circumstances outlined in Rules 16.2 and 16.3) and the value of the share will then belong to the Association.
- 16.2 You can nominate the person to whom the Association must transfer your share in the Association when you die, as long as the person that you nominate is eligible for membership under these Rules and in terms of the Association's membership policies. On being notified of your death, the Committee shall transfer or pay the full value of your share to the person you have identified. Your nomination must be in the terms required by the Co-operative and Community Benefit Societies Act 2014.
- 16.3 If you die or become bankrupt and your personal representative or trustee in bankruptcy seeks to claim your share, the Committee (to the extent that your personal representative or trustee in bankruptcy has right) will transfer or pay the value of your share in terms of your representative's or trustee's instructions.

## **BORROWING POWERS**

- 17.1 The Association can borrow money as long as the total borrowing at any time is not more than £100 million.
- 17.2 In respect of any proposed borrowing for the purposes of Rule 17.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Association or any deep discounted security shall be deemed to be the amount needed to repay such borrowing in full if the pre-existing borrowing became repayable in full at the time of the proposed borrowing.
- 17.3 For the purposes of Rule 17.1 in respect of any proposed borrowing intended to be index-linked or on any deep discounted security the amount of borrowings shall be deemed to be the proceeds of such proposed borrowings that would be receivable by the Association at the time of the proposed borrowing.
- 17.4 The Association will not pay more than the market rate of interest as determined by the Committee having regard to the terms of the loan on any money borrowed.
- 17.5 The Association will not accept money on deposit.
- 17.6 The Association can lend money to an organisation which is a subsidiary of the Association within the meaning of the Companies Act 2006 or the Co-operative and Community Benefit Societies Act 2014 at a market rate of interest as determined by the Committee having regard to the terms of the loan. Where the Association is using a loan facility to on lend it must comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 17.7 The Association may borrow money from such lawful sources as is permitted by its Treasury Management Policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 17.8 Subject to the foregoing provisions the Committee can determine and change the conditions under which the Association borrows or lends money.
18. The Association shall not lend money to Members.

## **GENERAL MEETINGS**

19. Notwithstanding any other provisions of the Rules (which shall be subject to the terms of this Rule 19) a Member cannot insist on attending a general meeting of the Members, or voting at the meeting, by any particular means. Further, the following provisions shall apply to the conduct of general meetings when so determined by the Committee:-
- 19.1 a general meeting need not be held in any particular place and the meeting may be held without any number of those participating in the meeting being together at the same place.

- 19.2 a general meeting may be held by any means which permits the Members attending to hear and comment on the proceedings during the meeting. Members attending the meeting by such means shall be present at the meeting for the purposes of Rule 23.1.
- 19.3 a Member is able to exercise the right to vote at a meeting (including if a poll is required) by such means as is determined by the Chairperson and which permits the Member's vote to be taken into account in determining whether or not a resolution is passed.

## **Annual General Meeting**

- 20. The Association will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Association. The functions of the annual general meeting are to:
  - 20.1 present the Chairperson's report on the Association's activities for the previous year;
  - 20.2 present the accounts, balance sheet and auditor's report;
  - 20.3 elect Committee Members.
  - 20.4 appoint the auditor for the following year; and
  - 20.5 consider any other general business included in the notice calling the meeting.

## **Special General Meeting**

- 21.1 All general meetings other than annual general meetings are known as special general meetings. The Secretary will call a special general meeting if:
  - 21.1.1 the Committee requests one; or
  - 21.1.2 at least four Members request one in writing. If there are more than 40 Members, at least one tenth of all the Members must ask for the meeting.
- 21.2 Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.
- 21.3 If a special general meeting is requested, the Secretary must within 10 days of having received the request give all Members notice calling the meeting. The meeting must take place within 28 days of the Secretary receiving the Members' request. The Secretary should decide on a time, date and place for the meeting in consultation with the Committee or the Chairperson, but if such consultation is not practicable the Secretary can on his/her own decide the time, date and place for the meeting.
- 21.4 If the Secretary fails to call the meeting within 10 days, the Committee or the Members who requested the meeting can arrange the meeting themselves.
- 21.5 A special general meeting must not discuss any business other than the business mentioned in the notice calling the meeting.

## **Notice for Meetings**

- 22.1 The Secretary will call all general meetings by written notice posted or sent by fax or email to every Member at the address, fax number or email address given in the Register of Members at least 14 days before the date of the meeting. This notice will give details of:

- 22.1.1 the time, date and place of the meeting;
- 22.1.2 whether the meeting is an annual or special general meeting;
- 22.1.3 the business for which the meeting is being called.

- 22.2 The Committee may ask the Secretary to include with the letter or send separately to Members any relevant papers or accounts. If a Member does not receive notice of a meeting or papers relating to the meeting, this will not stop the meeting going ahead as planned. Each communication sent to a Member by post, addressed to his or her registered address, shall be deemed to have arrived forty eight hours after being posted. Each communication sent to a Member by fax or email shall be deemed to have arrived on the day it is sent.
- 22.3 The proceedings of a meeting shall not be invalidated by the inadvertent failure of the Association to send a notice calling the meeting to any Member.

## **Procedure at General Meetings**

- 23.1 For a meeting to take place there must be at least seven Members either present at the meeting or represented by a representative approved in terms of Rule 26.1. If there are more than 70 Members, at least one-tenth or 45 members (whichever is the lower) must either be present or represented by a representative in terms of Rule 26.1.
- 23.2 If not enough Members are present in person or by representative within half an hour of the time the meeting was scheduled to start, the meeting shall be rescheduled to the same day the following week at the same time and at such place as may be fixed by the Chairperson of the meeting and announced at the meeting. There is no need to give notice to Members of the rescheduled meeting. If at that meeting there are not enough Members present in person or by representative at the scheduled starting time the meeting can still go ahead.
- 24 If a majority of Members present agree, the Chairperson of a meeting can adjourn the meeting. No business can be discussed at the adjourned meeting other than the business not reached or left unfinished at the original meeting. There is no need to give notice to Members of the adjourned meeting.
- 25.1 The Chairperson of the Committee will be Chairperson at all meetings of the Association. If there is no Chairperson or he/she is not present or willing to act, the Members present must elect a Member of the Committee to be Chairperson of the meeting. If no Committee Members are present, the Members present must elect a Member to be Chairperson of the meeting.
- 25.2 If the Chairperson arrives later, after the meeting has commenced, s/he will take over as Chairperson of the meeting as soon as the current agenda item is concluded.

## **Proxies/Representatives**

- 26.1 To appoint a representative to vote on your behalf by proxy, you must let the Association have a properly completed document in the form shown in Appendix 1. Your representative does not need to be a Member. The document must reach the Association at least five days before the meeting at which you want to be represented. The Chairperson shall not be entitled to act as a representative for any other Member.

- 26.2 If there is any doubt about whether your representative has authority to vote, the Chairperson will decide and his/her decision will be final.
- 26.3 The maximum number of proxy votes that may be cast by any one person is 10.
- 26.4 To reverse your appointment of a representative, you must let the Association have a properly completed document in the form shown in Appendix 2. The document must be presented to the Association before the meeting at which you no longer want to be represented convenes. Alternatively, if you declare yourself present before the meeting convenes, the appointment of a representative to vote on your behalf will automatically fall.
- 26.5 The Chairperson will report to the meeting the details of any documents seeking to appoint a representative received but which are not valid.

## **Voting**

- 27 If a decision of a meeting is put to the vote, the outcome will be determined by the majority of those Members voting. Voting will be by a show of hands except where a poll is requested or required. Votes cannot be taken on resolutions which conflict with any provisions of these Rules or the law.
- 28.1 Where a vote is by a show of hands every Member present in person has one vote. Where a vote is by a poll every Member present in person or who has appointed a representative has one vote. Where an appointed proxy is present, and he/she advises the Chairperson, the Chairperson shall direct that the vote is by a poll.
- 28.2 In relation to the election of Committee Members, the vote is by a poll.
- 29 If there is an equal number of votes for and against a resolution, or in relation to the election of Committee Members, the Chairperson will have a second and deciding vote. The Chairperson's announcement of the decision of a vote will be final and conclusive. The decision is then recorded in the minutes of the meeting. There is no need to record the number of votes for or against the decision.
- 30.1 A poll can be required before or immediately after a vote by a show of hands, if at least one-tenth of the Members present at the meeting (in person or by proxy through a representative appointed in accordance with Rule 26.1) request this.
- 30.2 A poll must take place as soon as the Chairperson has agreed to it, in line with the Chairperson's instructions. The result of the poll will stand as the decision of the meeting.

## **Proceedings at General Meetings**

- 31 All speakers must direct their words to the Chairperson. All Members must remain quiet and orderly while this is happening.
- 32 You will not be allowed to speak more than once on any individual matter unless it is to explain something or ask for an explanation until every other Member has had the chance to speak. You will then have the opportunity to speak a second time on a matter but only if the Chairperson agrees. Where the Chairperson raised the matter for discussion initially, she/he shall be permitted to make a final reply on the matter.

- 33 The Chairperson will decide how long each speaker is allowed to speak, allowing equal time to each speaker.
- 34 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling. If the Chairperson's ruling is challenged by more than one person, the Chairperson will step down and those present will decide the point raised on a majority vote. If the vote is tied, the Chairperson's original ruling is carried.
- 35 Meetings must not last longer than two hours unless at least two-thirds of the Members present agree after the end of that time to continue the meeting.

## **THE COMMITTEE OF MANAGEMENT**

### **Composition of the Committee**

- 36.1 The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum (including co-optees) of 12 persons. No more than two members of the Committee of Management shall be Factored Owners. The Association shall keep up to date a register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.
- 36.2 The first Committee Members will be the Members who have signed the application to register the Association. The first Members and all subsequent Members who are eligible shall be Committee Members until there are more than seven Members. Once there are more than seven Members of the Association, at the end of the next annual general meeting, all of the Committee Members shall retire.
- 36.3 A person must be aged 18 or over and a Member to become a Committee Member (including any person appointed to fill a casual vacancy) other than a person appointed as a co-optee or appointed by The Scottish Housing Regulator who must be aged 18 or over but need not be a Member.
- 36.4 An employee of the Association, or a Close Relative of an employee, may not be a Committee Member.
- 36.5 No Committee Member may take office until they have agreed to and signed the Association's code of conduct for Committee Members.
- 36.6 The Committee shall assess annually the skills, knowledge, diversity and objectivity that it needs for its decision making and what is contributed by the Committee Members by way of annual performance reviews. The Committee must be assured that any Committee Member who has continuous service on the Committee of nine years or more and who is seeking re-election is able to demonstrate his/her continued effectiveness as a Committee Member before he/she may stand for re-election.
- 36.7 Each of the Committee Members shall, in exercising his/her role as a Committee Member, act in the best interests of the Association, its tenants and service users and will not place any personal or other interests ahead of his/her primary duty to the Association; and, in particular, must:-

- 36.7.1 seek, in good faith, to ensure that the Association acts in a manner which is in accordance with its objects.
  - 36.7.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person.
  - 36.7.3 in circumstances giving rise to the possibility of a conflict of interest between the Association and any other party:-
    - 36.7.3.1 put the interests of the Association before that of the other party, in taking decisions as a Committee Member;
    - 36.7.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the Association and refrain from participating in any discussions or decisions involving the other Committee Members with regard to the matter in question
  - 36.7.4 ensure that the Association complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.
- 36.8 The Committee can require that a Committee Member who is being investigated for a potential breach of the Association's Code of Conduct for Committee Members take leave of absence and not attend any meeting in his or her capacity as Committee Member until the Committee has completed its consideration of the potential breach. When on such leave of absence, the Committee Member will not be entitled to receive minutes and/or documents in his or her capacity as a Committee Member relating to the business of the Association.

## **Interests**

- 37.1 The Committee shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Association or serves on the Committee or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In making any payment or conferring any benefit the Association shall act at all times with transparency, honesty and propriety.
- 37.2 If a person serves on the Committee or any sub-committee he/she must declare any personal or other external interests on an annual basis in accordance with the Association's Code of Conduct for Committee Members. If while serving on the Committee that person has any conflict of interest in any contract or other matter about to be discussed at a meeting, he/she must tell the Committee. He/she will be required to leave the meeting while the matter is discussed and will not be allowed to vote on the matter or to stay in the meeting while any vote on the matter is being held. If that person is inadvertently allowed to stay in the meeting and vote on the matter, his/her vote will not be counted.
- 37.3 If a person serves on the Committee or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the Charities and Trustee Investment (Scotland) Act 2005 and as set out in the Association's policy referred to in Rule 37.1. He/she shall also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 in respect of any conflict of interest that might arise.

## **ELECTING COMMITTEE MEMBERS**

- 38.1 At the end of the first annual general meeting after the total membership of the Association has risen to seven or more, all Committee Members must retire. From then on, at the end of every annual general meeting, one-third of the Committee Members or the nearest whole number thereto, must retire. Anybody appointed as a co-optee under Rule 41.1 or to fill a casual vacancy under Rule 40 and who retires for that reason, shall not count towards the one third provision. The retiring Committee Members should be selected in accordance with Rule 38.2.
- 38.2 In the absence of Committee Members standing down voluntarily, the retiring Committee Members should be those who have served the longest on the Committee since the date of their last election. If two or more Committee Members have served equally long and cannot agree who should retire, they must draw lots.
- 38.3 Committee Members must also retire if they have been co-opted onto the Committee under Rule 41.1 or have filled casual vacancies under Rule 40.
- 38.4 If a Committee Member retires from the Committee in terms of Rule 38 on the date of the next annual general meeting, that Committee Member can stand for re-election without being nominated.
- 39.1 If, at the annual general meeting the number of Members standing for election is less than or equal to the number of vacant places, the Chairperson will declare them elected without a vote. If there are more Members standing for election than there are vacant places, those present at the general meeting will elect Members onto the Committee, in accordance with Rule 28.2. Each Member present or who has appointed a representative will have one vote for each place to be filled on the Committee. A Member must not give more than one vote to any one candidate.
- 39.2 Nominations for election to the Committee can be made only by Members, must be in writing and in the form specified by the Association and must give the full name, address and occupation of the Member being nominated. A Member cannot nominate himself/herself for election to the Committee. Nominations must be signed by and include a signed statement from the Member being nominated to show that they are eligible to join the Committee in accordance with Rules 36.4 and 42, and that they are willing to be elected. Nomination forms can be obtained from the Association and must be completed fully and returned by hand or by post to the Association's registered office at least 7 days before the general meeting.
- 39.3 A nomination for election to the Committee can be rejected by a decision by not fewer than three quarters of the Committee Members on one or more of the following grounds:-
- 39.3.1 where election to the Committee would be contrary to the Association's Rules or policies; or
  - 39.3.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest may adversely affect the work of the Association; or
  - 39.3.3 where there is clear evidence of relevant circumstances from which it is concluded that election to the Committee would not be in the best interests of the Association.

- 39.4 The rejection of a nomination for election to the Committee shall be notified to the Member concerned in writing at any time prior to the date of the relevant annual general meeting.
- 40 If an elected Committee Member leaves the Committee between the annual general meetings, this creates a casual vacancy and the Committee can appoint a Member to take their place on the Committee until the next annual general meeting.

## **Co-optees**

- 41.1 The Committee can co-opt to the Committee or to a sub-committee anyone it considers is suitable to become a Committee Member or member of a sub-committee. Co-optees do not need to be Members, but they can only serve as co-optees on the Committee or sub-committee until the next annual general meeting or until removed by the Committee. A person co-opted to the Committee can also serve on any sub-committees.
- 41.2 A person appointed as a co-optee shall undertake the role of Committee Member or member of a sub-committee and accordingly will be subject to the duties and responsibilities of a Committee Member. Co-optees can take part in discussions at the Committee or any sub-committees and vote at Committee and sub-committee meetings on all matters except those which directly affect the Rules, the membership of the Association or the election of the Association's Office Bearers. Co-optees may not stand for election, nor be elected as one of the Office Bearers of the Committee.
- 41.3 Committee Members co-opted in this way must not make up more than one-third of the total number of the Committee or sub-committee members at any one time. The presence of co-optees at Committee Meetings will not be counted when establishing whether the minimum number of Committee Members are present to allow the meeting to take place as required by Rule 47 and the presence of co-optees will not count towards the quorum for sub-committee meetings.

## **Eligibility for the Committee**

- 42.1 A person will not be eligible to be a Committee Member and cannot be appointed or elected as such if:-
- 42.1.1 he/she is an undischarged bankrupt, has granted a trust deed which has not been discharged or is in a current Debt Payment Plan under the Debt Arrangement Scheme; or
  - 42.1.2 he/she has been convicted of an offence involving dishonesty which is not spent by virtue of the Rehabilitation of Offenders Act 1974 or an offence under the Charities and Trustee Investment (Scotland) Act 2005; or
  - 42.1.3 he/she is a party to any legal proceedings in any Court of Law by or against the Association; or
  - 42.1.4 he/she is or will be unable to attend the Committee Meetings for a period of 12 months; or
  - 42.1.5 he/she has been removed from the Committee of another registered social landlord within the previous five years; or
  - 42.1.6 he/she has resigned from the Committee in the previous five years in circumstances where the resignation was submitted after the date of his/her receipt of notice of a special committee meeting convened to consider a resolution for his/her removal from the Committee in terms of Rule 43.5; or
  - 42.1.7 he/she has been removed from the Committee in terms of Rules 43.4 or 43.5 within the previous five years; or

- 42.1.8 he/she has been removed, disqualified or suspended from a position of management or control of a charity under the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the Charities and Trustee Investment (Scotland) Act 2005; or
  - 42.1.9 he/she has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners for England and Wales or by Her Majesty's High Court of Justice in England on the grounds of any misconduct in the administration of the charity for which he/she were responsible or to which he/she were privy, or which his/her conduct contributed to or facilitated; or
  - 42.1.10 a disqualification order or disqualification undertaking has been made against that person under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002 (which relate to the power of a Court to prevent someone from being a director, liquidator or administrator of a company or a receiver or manager of company property or being involved in the promotion, formation or management of a company); or
  - 42.1.11 his/her nomination for election to the Committee has been rejected in accordance with Rule 39.3 during the period between the return of the completed nomination form and the commencement of the relevant Annual General Meeting; or
  - 42.1.23 he/she lives at the same address as a Committee Member.
- 42.2 A person cannot be re-elected as a Committee Member if the Committee is not satisfied under Rule 36.6 of the individual's continued effectiveness as a Committee Member. In these circumstances the Committee must not allow the individual to stand for re-election
- 43 A Committee Member will cease to be a Committee Member if:
- 43.1 he/she resigns his/her position as a Committee Member in writing; or
  - 43.2 he/she ceases to be a Member unless he/she is a co-optee in terms of Rule 41.1 or an appointee of The Scottish Housing Regulator; or
  - 43.3 he/she misses four Management Committee meetings in a row without special leave of absence previously being granted by the Committee either at his/her request or by exercise of the Committee's discretion; or
  - 43.4 the majority of Members voting at a general meeting decide this. (The Members at the meeting may then elect someone to take his/her place. If a replacement is not elected at the meeting, the Committee may appoint a Committee Member in terms of Rule 40); or
  - 43.5 the majority of those remaining Committee Members present and voting at a special meeting of the Committee convened for the purpose decide to remove him/her as a Committee Member. The resolution to remove him/her as a Committee Member must relate to one of the following issues:
    - 43.5.1 failure to perform to the published standards laid down by the Scottish Federation of Housing Associations and/or The Scottish Housing Regulator adopted and operated by the Association;
    - 43.5.2 failure to sign or failure to comply with the Association's Code of Conduct for Committee Members; or
    - 43.5.3 a breach of the Association's Rules, standing orders or other policy requirements;
  - 43.6 he/she becomes ineligible as a Committee Member in terms of Rule 42; or
  - 43.7 he/she is a co-optee or was appointed to fill a casual vacancy and whose period of office is ended in accordance with Rules 38.1 or 41.1; or
  - 43.8 he/she is a Committee Member retiring in accordance with Rule 38.1.

## **POWERS OF THE COMMITTEE OF MANAGEMENT**

- 44 The Committee is responsible for directing the affairs of the Association and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Association. The Committee is not permitted to exercise any powers which are reserved to the Association in general meetings either by these Rules or by statute. The Committee is responsible for the leadership, strategic direction and control of the Association with the aim of achieving good outcomes for its tenants and other service users in accordance with Regulatory Standards and Guidance issued by The Scottish Housing Regulator from time to time. The Committee is responsible for ensuring that the Association can demonstrate its governance and financial arrangements are such as to allow The Scottish Housing Regulator to regulate effectively and exercise its full regulatory powers.
- 45 The Committee acts in the name of the Association in everything it does. A third party acting in good faith and without prior notice does not need to check if the powers of the Committee have been restricted, unless they are already aware that such a restriction may exist.
- 46 Amongst its most important powers, the Committee can:-
- 46.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses.
  - 46.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Association and act as employer for anyone employed by the Association.
  - 46.3 grant heritable securities over land owned by the Association and floating charges over all or any part of property and assets both present and in future owned by the Association. This includes accepting responsibility for any related expenses.
  - 46.4 decide, monitor and vary the terms and conditions under which property owned by the Association is to be let, managed, used or disposed of.
  - 46.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Association's business.
  - 46.6 refund any necessary expenses as are wholly necessary incurred by Committee Members and sub-committee members in connection with their duties.
  - 46.7 compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Association.
  - 46.8 accept donations in support of the activities of the Association.

## **COMMITTEE PROCEDURE**

- 47 It is up to the Committee to decide when and where to hold its ordinary meetings, but it must meet at least six times a year. There must be at least four Committee Members present for the meeting to take place.
- 48 The Committee will continue to act while it has vacancies for Members. However, if at any time the number of Committee Members falls below seven, the Committee can continue to act only for another two months. If at the end of that period the Committee has not found new Members to bring the number of Committee Members up to seven, the only power it will have is to act to bring the number of Committee Members up to seven.

- 49 Committee Members must be sent written notice of Committee meetings posted, or delivered, by hand or sent by fax or email to the last such address for such communications given to the Secretary at least seven days before the date of the meeting. The accidental failure to give notice to a Committee Member or the failure of the Committee Member to receive such notice shall not invalidate the proceeding of the relevant meeting.
50. Meetings of the Committee can take place in any manner which permits those attending to hear and comment on the proceedings.
- 51 All speakers must direct their words to the Chairperson. All Committee Members must remain quiet and maintain order while this is happening. The Chairperson will decide who can speak and for how long.
- 52 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling which will be final.
- 53 All acts done in good faith as a result of a Committee Meeting or sub-committee meeting will be valid even if it is discovered afterwards that a Committee Member was not entitled to be on the Committee.
- 54 A written resolution signed by not fewer than three quarters of the Committee Members or three quarters of the members of a sub-committee will be as valid as if it had been passed at a Committee Meeting or sub-committee meeting duly called and constituted.

### **Special Committee Meetings**

- 55.1 The Chairperson or two Committee Members can request a special meeting of the Committee by writing to the Secretary with details of the business to be discussed. The Secretary will send a copy of the request to all Committee Members within three working days of receiving it. The meeting will take place at a place mutually convenient for the majority of Committee Members, normally the usual place where Committee Meetings are held, between 10 and 14 days after the Secretary receives the request.
- 55.2 No other business may be discussed at the meeting other than the business for which the meeting has been called.
- 55.3 If the Secretary does not call the special meeting as set out above, the Chairperson or the Committee Members who request the meeting can call the meeting. In this case, they must write to all Committee Members at least seven days before the date of the meeting.
- 56 If a Committee Member does not receive notice of the meeting, this will not prevent the meeting going ahead.

## **Sub-committees**

- 57.1 The Committee can delegate its powers to sub-committees or to staff or to Office Bearers. The Committee will establish the terms of reference for such delegation, which will be set down in writing and communicated to the recipient of the delegated powers. Such delegation will be set down in writing in standing orders, schemes of delegated authority or other appropriate documentation. In the case of a sub-committee such delegation shall include the purposes of the sub-committee, its composition and quorum for meetings. A minimum number of members for a sub-committee shall be three. There must be at least three of the members of a sub-committee present for the meeting to take place. The Committee shall be responsible for the on-going monitoring and evaluation of the use of delegated powers.
- 57.2 The meetings and procedures of sub-committees or otherwise must comply with the relevant terms of reference.
- 57.3 Any decision made by sub-committee must be reported to the next Committee Meeting.
- 57.4 The Committee can establish and delegate powers to sub committees, designated as Area Committees, to take decisions relating to the management and maintenance of properties within a particular geographical area. The Committee will determine the membership and delegated responsibility of an Area Committee in its terms of reference. An Area Committee shall exercise such delegated powers notwithstanding the provisions of Rules 41.1 and 41.3 which provisions shall not apply to Area Committees.

## **THE SECRETARY AND OFFICE BEARERS**

- 58.1 The Association must have a Secretary, a Chairperson and any other Office Bearers the Committee considers necessary. The Office Bearers, except for the Secretary, must be elected Committee Members or Committee Members appointed to fill casual vacancies in accordance with Rule 40 but cannot be co-optees. An employee may hold the office of Secretary although not be a Committee Member. The Committee will appoint these Office Bearers. If the Secretary cannot carry out his/her duties, the Committee, or in an emergency the Chairperson, can ask another Office Bearer or employee to carry out the Secretary's duties until the Secretary returns.
- 58.2 The Secretary and the other Office Bearers will be controlled, supervised and instructed by the Committee.
- 58.3 The Secretary's duties include the following (these duties can be delegated to an appropriate employee with the Secretary assuming responsibility for ensuring that they are carried out in an effective manner):
- 58.3.1 calling and going to all meetings of the Association and all the Committee Meetings;
  - 58.3.2 keeping the minutes for all meetings of the Association and Committee;
  - 58.3.3 sending out letters, notices calling meetings and relevant documents to Members before a meeting;
  - 58.3.4 preparing and sending all the necessary reports to the Financial Conduct Authority and The Scottish Housing Regulator;
  - 58.3.5 ensuring compliance with these Rules;
  - 58.3.6 keeping the Register of Members and other registers required under these Rules; and

58.3.7 supervision of the Association's seal.

58.4 The Secretary must produce or give up all the Association's books, registers, documents and property whenever requested by a resolution of the Committee, or of a general meeting.

58.5 At its first meeting after registration of the Association, the Committee will elect the Chairperson of the Association, the Secretary and any other Office Bearers the Committee considers necessary. Thereafter a Chairperson and other Office Bearers will be appointed on an annual basis at the next scheduled Committee Meeting held after each annual general meeting.

## **Role of the Chair**

58.6 The Chairperson is responsible for the leadership of the Committee and ensuring its effectiveness in all aspects of the Committee's role and to ensure that the Committee properly discharges its responsibilities as required by law, the Rules and the standing orders of the Association. The Chairperson will be delegated such powers as is required to allow the Chairperson to properly discharge the responsibilities of the office. Among the responsibilities of the Chairperson are that:-

58.6.1 the Committee works effectively with the senior staff;

58.6.2 an overview of business of the Association is maintained;

58.6.3 the Agenda for each meeting is set;

58.6.4 meetings are conducted effectively;

58.6.5 minutes are approved and decisions and actions arising from meetings are implemented;

58.6.6 the standing orders, code of conduct for Committee Members and other relevant policies and procedures affecting the governance of the Association are complied with;

58.6.7 where necessary, decisions are made under delegated authority for the effective operation of the Association between meetings;

58.6.8 the Committee monitors the use of delegated powers;

58.6.9 the Committee receives professional advice when it is needed;

58.6.10 the Association is represented at external events appropriately;

58.6.11 appraisal of the performance of Committee Members is undertaken, and that the senior staff officer's appraisal is carried out in accordance with the agreed policies and procedures of the Association; and

58.6.12 the training requirements of Committee Members, and the recruitment and induction of new Committee Members is undertaken.

- 58.7 The Chairperson must be elected from the Committee Members (excluding co-optees) and must be prepared to act as Chairperson until the end of the next annual general meeting (unless s/he resigns the post). The Chairperson can only be required to resign if a majority of the remaining Committee Members present at a special meeting agree to this.
- 58.8 If the Chairperson is not present at a Committee meeting or is not willing to act, the Committee Members present will elect another Committee Member to be Chairperson for the Committee Meeting. If the Chairperson arrives at the meeting late, s/he will take over as Chairperson of the Committee meeting as soon as the current agenda item is concluded.
- 58.9 If the votes of the Committee Members are divided equally for and against an issue, the Chairperson will have a second and deciding vote.
- 58.10 The Chairperson can resign his/her office in writing to the Secretary and must resign if s/he leaves the Committee or is prevented from standing for, or being elected to the Committee under Rule 42. The Committee will then elect another Committee Member as Chairperson.
- 58.11 The Chairperson can be re-elected but must not hold office continuously for more than five years.

## **FINANCIAL GUARANTEES FOR OFFICERS**

- 59.1 The Committee shall take out fidelity guarantee insurance to cover all Office Bearers and employees who receive or are responsible for the Association's money, or, these office bearers and employees must be covered by a bond as set out in Schedule 1 of the Co-operative and Community Benefit Societies Act 2014, or a guarantee under which they promise to account for and repay money due to the Association accurately.
- 59.2 The Committee shall have the power to purchase and maintain indemnity insurance for, or for the benefit of, persons who are, or were at any time, Committee Members, officers or employees of the Association. A Committee Member may form part of a quorum and vote at a meeting where such insurance is under consideration notwithstanding the terms of Rules 37.1 and 37.2.
- 60 Office Bearers and employees will not be responsible for the Association's loss while they are carrying out their duties unless there has been gross negligence or dishonesty. If an Office Bearer or employee is dishonest, the Association will try to recover any loss that it has suffered and may alert the police or other relevant authority.

## **THE COMMITTEE'S MINUTES, SEAL, REGISTERS AND BOOKS**

### **Minutes**

- 61 Minutes of every general meeting, Committee Meeting and sub-committee meeting must be kept. Those minutes must be presented at the next appropriate meeting and if accepted as a true record, signed by the Chairperson of the meeting at which they are presented. All minutes signed by the Chairperson of the meeting shall be conclusive evidence that the minutes are a true record of the proceedings at the relevant meeting.

### **Execution of Documents and Seal**

- 62 The Association shall execute deeds and documents in accordance with the provisions of the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Association may have a seal which the Secretary must keep in a secure place unless the Committee decides that someone else should look after it. The seal must only be used if the Committee decides this. When the seal is used, the deed or document must be signed by the Secretary or a Member of the Committee or another person duly authorised to subscribe the deed or document on the Association's behalf and recorded in the register.

### **Registers**

- 63 The Association must keep at its registered office a Register containing:
- 63.1 the names and addresses of the Members and where provided for the purposes of electronic communication, fax numbers and e-mail addresses;
  - 63.2 a statement of the share held by each Member and the amount each Member paid for it;
  - 63.3 the date each person was entered in the Register as a Member and the date at which any person ceased to be a Member of the Association;
  - 63.4 a statement of other property in the Association, whether in loans or loan stock held by each Member; and
  - 63.5 the names and addresses of the Office Bearers of the Association, their positions and the dates they took and left office.
- 64.1 The Association must also keep at its registered office:
- 64.1.1 a second copy of the Register showing the same details as above but not the statements of shares and property. This second register must be used to confirm the information recorded in the main Register.
  - 64.1.2 a register of loans and to whom they are made.
  - 64.1.3 a register showing details of all loans and charges on the Association's land.
- 64.2 The inclusion or omission of the name of any person from the original Register of Members shall, in the absence of evidence to the contrary, be conclusive that the person is or is not a Member of the Association.

## **Registered Name**

- 65 The registered name of the Association must be clearly shown on the outside of every office or place where the Association's business is carried out. The name must also be engraved clearly on the Association's seal and printed on all its business letters, notices, adverts, official publications, website and legal and financial documents.

## **Documentation**

- 66 The Association's books of account, registers, securities and other documents must be kept at the registered office or any other place the Committee decides is secure.
- 67 At the last Committee Meeting before the annual general meeting, the Secretary must confirm in writing to the Committee that Rules 61 to 66 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Committee Meeting.

## **ACCOUNTS**

- 68 The Association must keep proper books of accounts to cover its income, expenditure transactions and its assets, liabilities and reserves in line with Part 7 of the Co-operative and Community Benefit Societies Act 2014. It must also set up and maintain a suitable system for controlling its books of accounts, its cash and its receipts and invoices.
- 69 The Committee must send the Association's accounts and balance sheet to the Association's auditor. The auditor must then report to the Association on the accounts it has examined. In doing this, the auditor must follow the conditions set out in Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Part 6 of the Housing (Scotland) Act 2010.
- 70 The Association must provide The Scottish Housing Regulator and the Financial Conduct Authority with a copy of its accounts and the auditor's report within six months of the end of the period to which they relate.

## **THE AUDITOR**

- 71.1 Each year the Association must appoint, at a general meeting of the Association, a qualified auditor to audit the Association's accounts and balance sheet. In this Rule "qualified auditor" means someone who is a qualified auditor under Section 91 of the Co-operative and Community Benefit Societies Act 2014.
- 71.2 None of the following can act as auditor to the Association:-
- 71.2.1 a Committee Member or employee of the Association; or
  - 71.2.2 a person who is a partner of, or an employee or employer of a Committee Member or employee of the Association.

- 72 The Association must appoint an auditor within three months of being registered by the Financial Conduct Authority. The Committee will appoint the auditor unless there is a meeting of the Association within that time. The Committee may appoint an auditor to fill in a casual vacancy occurring between general meetings of the Association. The Committee shall take such steps as it considers necessary to ensure the continuing independence of the Association's auditor including the periodic review of the need for audit rotation. The Association must send a copy of its accounts and the auditor's report to The Scottish Housing Regulator within six months of the end of the period to which they relate.
- 73.1 An auditor appointed to act for the Association one year will be re-appointed for the following year unless:-
- 73.1.1 a decision has been made at a general meeting to appoint someone else or specifically not to appoint them again; or
  - 73.1.2 they have given the Association notice in writing that they do not want to be re-appointed; or
  - 73.1.3 they are not a qualified Auditor or are excluded under Rule 71.2; or
  - 73.1.4 they are no longer capable of acting as Auditor to the Association; or
  - 73.1.5 notice to appoint another Auditor has been given.
- 73.2 To prevent an auditor being re-appointed or to appoint another person as auditor, not less than 28 days' notice must be given to the Association that the matter requires to be discussed at the next meeting of the Association.
- 73.3 The Association shall give notice to the auditor who is to be asked to step down that the matter will be discussed at the next meeting of the Association. If possible the Association will also give proper notice of this matter to the Members but if this is not possible, the Association can give notice by advertising in the local newspaper at least 14 days before the meeting.
- 73.4 The retiring Auditor may make representations to the Association or give notice that he/she intends to make representations at the meeting and the Association must tell the Members of any representations made by the Auditor under Section 95 of the Co-operative and Community Benefit Societies Act 2014.

## **ANNUAL RETURNS AND BALANCE SHEET**

- 74.1 Every year, within the time allowed by the law, the Secretary shall send to the Financial Conduct Authority the annual return in the form required by the Financial Conduct Authority.
- 74.2 The Secretary must also send:
- 74.2.1 a copy of the auditor's report on the Association's accounts for the period covered by the return; and
  - 74.2.2 a copy of each balance sheet made during that period and of the auditor's report on that balance sheet.
- 75 If requested, the Association must provide a free copy of the latest annual return and auditor's reports to Members or people with a financial interest in the Association.

- 76 The Association must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 77 The Association must comply with the requests of The Scottish Housing Regulator for annual returns.

## **SURPLUSES AND DONATIONS**

- 78.1 The Association must not distribute its surpluses to Members.
- 78.2 The Committee shall set and review periodically its policy for the donation of funds to charities or other voluntary groups. Such donations must further the objects of the Association and the Committee shall report to the Members on such donations.

## **INVESTMENTS**

- 79 The Association's funds may be invested by the Committee in such manner as is permitted by its Investment Policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

## **INSPECTING THE REGISTER**

- 80 Any Member or person having a financial interest in the Association can inspect their own account. They may also inspect the second copy of the Register of Members which shall be made available to them for inspection within 7 days of the request of a Member or eligible person. The books must be available for inspection at the place they are kept at all reasonable hours. The Committee may set conditions for inspecting the books.

## **DISPUTES**

- 81 Every dispute between the Association or the Committee and:-
- 81.1 a Member; or
  - 81.2 a person aggrieved who has ceased to be a Member within the previous six months; or
  - 81.3 a person claiming under the Rules of the Association

shall be dealt with in accordance with these Rules and any procedures determined by the Committee from time to time but without prejudice to all rights which any person may have to raise an action on the matter in any court with competent jurisdiction, including without prejudice the Sheriff Court in the Sherriffdom in which the Association's registered office is located.

## **STATUTORY APPLICATIONS TO THE FINANCIAL CONDUCT AUTHORITY**

- 82 Any 10 Members of the Association who have been Members for at least the 12 previous months can apply to the Financial Conduct Authority to appoint an accountant or actuary to inspect and report on the Association's books on payment to the Financial Conduct Authority of the costs required.
- 83.1 One-tenth of Members can apply to the Financial Conduct Authority to:
- 83.1.1 appoint an inspector to examine and report on the affairs of the Association; or
  - 83.1.2 call a special general meeting of the Association.
- 83.2 If there are more than 1000 Members in the Association, only 100 Members need to apply to the Financial Conduct Authority in terms of Rule 83.1.

## **COPIES OF RULES**

- 84 The Secretary shall, on demand, provide a copy of the Rules of the Association free of charge to any Member who has not previously been given a copy and, upon payment of such fee as the Association may require, not exceeding the amount specified by law, to any other person.

## **CLOSING DOWN THE ASSOCIATION**

- 85.1 The Association may be closed down in either of the following ways:
- 85.1.1 by an order or resolution to wind up the Association as set out in the Insolvency Act 1986; or
  - 85.1.2 In accordance with Section 119 of the Co-operative and Community Benefit Societies Act 2014, by an instrument of dissolution to which not less than three-fourths of the Members have given their consent testified by their signatures to the instrument.
- 85.2 The prior approval of the Office of the Scottish Charity Regulator is required before the Association can be dissolved. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to dissolve.
- 86 If any property remains after the Association has paid its debts, this property will be transferred to such other charitable registered social landlord as determined by The Scottish Housing Regulator.

## **CHANGING THE RULES**

- 87.1 Any of these Rules can be changed or deleted and new Rules can be introduced if three-quarters of the votes at a special general meeting are in favour of the change(s).
- 87.2 Where an amendment of these Rules affects the purposes of the Association the prior approval of the Office of the Scottish Charity Regulator is required. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to amend its purposes. Any other amendment of these Rules requires to be notified to them within three months of the change having been made.
- 87.3 The Association must apply to the Financial Conduct Authority to register every rule change as set out in treasury regulations. Each Member must receive a copy of the change. No change is valid until it has been registered by the Financial Conduct Authority. The Association must notify The Scottish Housing Regulator within 28 days of the change or amendment being made.
- 87.4 The Association can change its name if:
- 87.4.1 three-quarters of the votes at a special general meeting are in favour of the change; and
  - 87.4.2 the Financial Conduct Authority approves the change in writing.
  - 87.4.3 the Office of the Scottish Charity Regulator has given its prior approval. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to change its name.
- 87.5 If the Association changes its name in terms of Rule 87.4 it must notify The Scottish Housing Regulator in writing within 28 days of the change being made.
- 87.6 The Association can change its registered or principal office but must:
- 87.6.1 notify The Scottish Housing Regulator of the change in registered office within 28 days of the change having been made; and the Financial Conduct Authority as soon as possible after the change in registered office has been made.
  - 87.6.2 notify the Office of the Scottish Charity Regulator within 3 months of the change having been made.

## **INTERPRETING THESE RULES**

- 88 In these Rules, the following words and phrases have the meanings given below:
- 88.1 "A person claiming through a Member":- includes an heir, executor, assignee or nominee. This heading would be used in connection with disputes about the transfer of a Member's share after his death. It would also cover executors of a former Member
  - 88.2 "Association" means the registered social landlord referred to in Rule 1 whose Rules these are.

- 88.3 “Chairperson” means the Chairperson (or such other term that is used by the Association to denote the holder of this office) of the Association referred to in Rule 58.1.
- 88.4 “Close Relative” means someone who is the spouse or civil partner of a person, or (being either of the same or different sex) who cohabits with that person, or is that person’s parent, grandparent, child, stepchild, grandchild, brother or sister.
- 88.5 “Committee” means the Committee of Management (or such other term that is used by the Association to denote the governing body of the Association) referred to in Rule 36.1.
- 88.6 “Committee Meeting” means a meeting of the Committee.
- 88.7 “Committee Member” means a member of the Committee.
- 88.8 “Factored Owner” means the owner of a property in respect of which the Association has been appointed as Property Factor.
- 88.9 “Financial Conduct Authority” means the registering authority for societies registered under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 set up in terms of the Financial Services Act 2012 or its successor body.
- 88.10 “Group” means the Association and any organisation which is its parent, its subsidiary or is a subsidiary of its parent.
- 88.11 “Meeting” means a general meeting of the Association, whether special, general or annual referred to in Rules 19-22.
- 88.12 “Member” means a member of the Association whose name is entered in the Register of Members.
- 88.13 “Office Bearer” means the Chairperson, Secretary, and such other Officer Bearer appointed under Rule 58.1.
- 88.14 “Office of the Scottish Charity Regulator” means the body set up under the Charities and Trustee Investment (Scotland) Act 2005 to regulate charities in Scotland.
- 88.15 “organisation” means a legal body which exists separately and distinctly from its members and includes companies, building societies, community benefit societies, local authorities and so on and also for the purposes of these Rules includes unincorporated organisations such as social clubs, branches of political parties or trade unions and other voluntary bodies.
- 88.16 “property” includes everything which can be passed on by inheritance (including loans, certificates, books and papers).
- 88.17 “Property Factor” means (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned -
- (i) by two or more other persons, or
  - (ii) by the local authority or housing association and one or more other person.
- 88.18 A reference to law or statute is a reference to that law or statute as re-enacted, amended or replaced.
- 88.19 “Register of Members” means the register of members referred to in Rule 63.
- 88.20 “Rules” means the registered Rules of the Association.
- 88.21 “Taxes Acts” means Part 11 of the Corporation Tax Act 2010 as read with Schedule 6 of the Finance Act 2010 and any statute or statutory provision which amends, extends, consolidates or replaces the same.
- 88.21 “The Scottish Housing Regulator” means The Scottish Housing Regulator as established pursuant to Section 1 of the Housing (Scotland) Act 2010.
- 88.22 “Secretary” means the Office Bearer appointed by the Committee to be the Secretary of the Association or anyone authorised by the Committee to stand in for the Secretary.

88.23 Words in the singular also include the plural. Words in the plural also include the singular.

# APPENDIX 1

## PROXY FORM

You must use the wording shown below to appoint a representative to vote at a meeting for you. Please see Rule 26.1 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby appoint (insert name) who lives at (insert address) to be my representative and vote for me at the Association's meeting on (insert date) and any other dates that meeting continues on.

Your name \_\_\_\_\_

Your signature \_\_\_\_\_

Date \_\_\_\_\_

## APPENDIX 2

### CANCELLATION OF PROXY

You must use the wording shown below to reverse your application to send a representative to vote at a meeting for you. Please see Rule 26.4 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby revoke the appointment of (insert name) as my representative to vote for me at the Association's meeting on (insert date) made by me on the (insert date).

I no longer authorise the person referred to above to represent me at the meeting referred to above.

Your name \_\_\_\_\_

Your signature \_\_\_\_\_

# SIGNATURE OF COMMITTEE MEMBERS

Date

---

1.

---

2.

---

3.

---

Members

---

Secretary

These are the Rules

of

Rosehill Housing Association Limited

Based upon  
SFHA Charitable Model Rules (Scotland) 2020

Registered under the  
Co-operative and Community Benefit Societies Act 2014  
and the Housing (Scotland) Act 2010

**Published by**  
**the Scottish Federation of Housing Associations**  
**in co-operation with The Scottish Housing Regulator**

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## **Further guidance**

### **Further Advice**

A separate document is also available from the SFHA Rules Service, which gives guidance on the use of these rules and the options. Advice is also available from staff at The Scottish Housing Regulator.

Advice on the procedural aspects of making a Rule registration application or Rule Amendment application is also available from the SFHA Rules Service.

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## **INTRODUCTION**

### **Name**

- 1 The name of the Society shall be Rosehill Housing Association Limited (hereinafter referred to as "the Association").

### **Objects**

- 2 The objects of the Association are:
  - 2.1 to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
  - 2.2 any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- 3 The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- 4.1 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.
- 4.2 Nothing shall be paid or transferred by way of profit to Members.
- 5 The registered office of the Association is at : 250 Peat Road, Glasgow, G53 6SA.

## **MEMBERSHIP**

- 6 The Members of the Association shall be those persons who hold a share in the Association and whose names are entered in the Register of Members.

### **Applying for Membership**

- 7.1 The Committee shall set, review and publish its membership policy for admitting new Members. Subject to the provisions of Rule 7.2 the following shall be eligible to become Members:-
  - 7.1.1 Tenants of the Association;
  - 7.1.2 Service users of the Association;
  - 7.1.3 Other persons who support the objects of the Association.

- 7.2 If you are applying for membership you must send a completed and signed application form and the sum of one pound (which will be returned to you if the application is not approved) to the Association's registered office. Whilst it is the Association's intention to encourage membership, the Committee has absolute discretion in deciding on applications for membership and the following shall constitute grounds for refusal of an application for membership:-
- 7.2.1 Where membership would be contrary to the Association's Rules or policies; or
- 7.2.2 Where a conflict of interest may exist which, even allowing for the disclosure of such an interest, may adversely affect the work of the Association; or
- 7.2.3 Where the Committee considers that accepting the application would not be in the best interests of the Association.
- 7.3 Your application shall be considered by the Committee as soon as reasonably practicable after its receipt by the Association. An application for membership will not be considered by the Committee within the period of fourteen days before the date of a general meeting. The Committee has the power in its absolute discretion to accept or reject the application.
- 7.4 If the Committee approve your application, you will immediately become a Member and your name and other necessary particulars will be included in the Register of Members within seven working days. You will then be issued one share in the Association.
- 8 You can apply for membership of the Association from the age of 16.
- 9 No Member can hold more than one share in the Association.
- 10 If you change your address, you must let the Association know by writing to the Secretary at the registered office within three months. This requirement does not apply if you are a tenant of the Association and have moved home by transferring your tenancy to another property owned and managed by the Association.

## **ENDING YOUR MEMBERSHIP**

- 11.1 Your membership of the Association will end and the Committee will cancel your share and record the ending of your membership in the Register of Members if:-
- 11.1.1 You resign your membership giving seven days' notice in writing to the Secretary at the registered office; or
- 11.1.2 The Committee reasonably believes that you have failed to tell the Association of a change of address as required by Rule 10; or
- 11.1.3 For five annual general meetings in a row you have not attended, submitted apologies or appointed a representative to attend and vote on your behalf by proxy; or
- 11.1.4 The Association receives a complaint about your behaviour and two-thirds of the Members voting at a special general meeting agree to end your membership. The following conditions apply to this procedure:
- 11.1.4.1 the complaint must be in writing and must relate to behaviour which could harm the interests of the Association.

- 11.1.4.2 the Secretary must notify the Member of the complaint in writing not less than one calendar month before the meeting takes place;
  - 11.1.4.3 the notice for the special general meeting will give details of the business for which the meeting is being called;
  - 11.1.4.4 you will be called to answer the complaint at the meeting. The Members present will consider the evidence supporting the complaint and any evidence you decide to introduce;
  - 11.1.4.5 the Members can vote in person or through a representative by proxy;
  - 11.1.4.6 if you receive proper notice but do not go to the meeting without providing a good reason, the meeting will go ahead without you and the Members will be entitled to vote to end your membership.
- 11.2 If your membership is ended in accordance with Rule 11.1.4, you will immediately cease to be a Member from the date that the resolution to end your membership was passed and any further application for membership by you will need to be approved by two-thirds of the Members voting at a general meeting.

## **SHARE CAPITAL**

### **Shares**

- 12 The share capital of the Association will be raised by issuing one-pound shares to Members. Shares cannot be held jointly. Joint tenants of the Association may each become individual Members.
- 13 There is no interest, dividend or bonus payable on shares.

### **Transferring Shares**

- 14 You shall not be entitled to any property of the Association in your capacity as Member and your share is not withdrawable or transferable save in the circumstances set out in Rules 15 and 16.
- 15 You cannot sell your share but you can transfer it if the Committee agrees.
- 16.1 If you die or end your membership or have your membership ended the Committee will cancel your share (except in those circumstances outlined in Rules 16.2 and 16.3) and the value of the share will then belong to the Association.
- 16.2 You can nominate the person to whom the Association must transfer your share in the Association when you die, as long as the person that you nominate is eligible for membership under these Rules and in terms of the Association's membership policies. On being notified of your death, the Committee shall transfer or pay the full value of your share to the person you have identified. Your nomination must be in the terms required by the Co-operative and Community Benefit Societies Act 2014.
- 16.3 If you die or become bankrupt and your personal representative or trustee in bankruptcy seeks to claim your share, the Committee (to the extent that your personal representative or trustee in bankruptcy has right) will transfer or pay the value of your share in terms of your representative's or trustee's instructions.

## **BORROWING POWERS**

- 17.1 The Association can borrow money as long as the total borrowing at any time is not more than £100 million.
- 17.2 In respect of any proposed borrowing for the purposes of Rule 17.1, the amount remaining undischarged of any index-linked loan previously borrowed by the Association or any deep discounted security shall be deemed to be the amount needed to repay such borrowing in full if the pre-existing borrowing became repayable in full at the time of the proposed borrowing.
- 17.3 For the purposes of Rule 17.1 in respect of any proposed borrowing intended to be index-linked or on any deep discounted security the amount of borrowings shall be deemed to be the proceeds of such proposed borrowings that would be receivable by the Association at the time of the proposed borrowing.
- 17.4 The Association will not pay more than the market rate of interest as determined by the Committee having regard to the terms of the loan on any money borrowed.
- 17.5 The Association will not accept money on deposit.
- 17.6 The Association can lend money to an organisation which is a subsidiary of the Association within the meaning of the Companies Act 2006 or the Co-operative and Community Benefit Societies Act 2014 at a market rate of interest as determined by the Committee having regard to the terms of the loan. Where the Association is using a loan facility to on lend it must comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 17.7 The Association may borrow money from such lawful sources as is permitted by its Treasury Management Policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.
- 17.8 Subject to the foregoing provisions the Committee can determine and change the conditions under which the Association borrows or lends money.
18. The Association shall not lend money to Members.

## **GENERAL MEETINGS**

19. Notwithstanding any other provisions of the Rules (which shall be subject to the terms of this Rule 19) a Member cannot insist on attending a general meeting of the Members, or voting at the meeting, by any particular means. Further, the following provisions shall apply to the conduct of general meetings when so determined by the Committee:-
- 19.1 a general meeting need not be held in any particular place and the meeting may be held without any number of those participating in the meeting being together at the same place.

- 19.2 a general meeting may be held by any means which permits the Members attending to hear and comment on the proceedings during the meeting. Members attending the meeting by such means shall be present at the meeting for the purposes of Rule 23.1.
- 19.3 a Member is able to exercise the right to vote at a meeting (including if a poll is required) by such means as is determined by the Chairperson and which permits the Member's vote to be taken into account in determining whether or not a resolution is passed.

## **Annual General Meeting**

- 20. The Association will hold a general meeting known as the annual general meeting within six months of the end of each financial year of the Association. The functions of the annual general meeting are to:
  - 20.1 present the Chairperson's report on the Association's activities for the previous year;
  - 20.2 present the accounts, balance sheet and auditor's report;
  - 20.3 elect Committee Members.
  - 20.4 appoint the auditor for the following year; and
  - 20.5 consider any other general business included in the notice calling the meeting.

## **Special General Meeting**

- 21.1 All general meetings other than annual general meetings are known as special general meetings. The Secretary will call a special general meeting if:
  - 21.1.1 the Committee requests one; or
  - 21.1.2 at least four Members request one in writing. If there are more than 40 Members, at least one tenth of all the Members must ask for the meeting.
- 21.2 Whoever asks for the meeting must give the Secretary details of the business to be discussed at the meeting.
- 21.3 If a special general meeting is requested, the Secretary must within 10 days of having received the request give all Members notice calling the meeting. The meeting must take place within 28 days of the Secretary receiving the Members' request. The Secretary should decide on a time, date and place for the meeting in consultation with the Committee or the Chairperson, but if such consultation is not practicable the Secretary can on his/her own decide the time, date and place for the meeting.
- 21.4 If the Secretary fails to call the meeting within 10 days, the Committee or the Members who requested the meeting can arrange the meeting themselves.
- 21.5 A special general meeting must not discuss any business other than the business mentioned in the notice calling the meeting.

## **Notice for Meetings**

- 22.1 The Secretary will call all general meetings by written notice posted or sent by fax or email to every Member at the address, fax number or email address given in the Register of Members at least 14 days before the date of the meeting. This notice will give details of:

- 22.1.1 the time, date and place of the meeting;
- 22.1.2 whether the meeting is an annual or special general meeting;
- 22.1.3 the business for which the meeting is being called.

- 22.2 The Committee may ask the Secretary to include with the letter or send separately to Members any relevant papers or accounts. If a Member does not receive notice of a meeting or papers relating to the meeting, this will not stop the meeting going ahead as planned. Each communication sent to a Member by post, addressed to his or her registered address, shall be deemed to have arrived forty eight hours after being posted. Each communication sent to a Member by fax or email shall be deemed to have arrived on the day it is sent.
- 22.3 The proceedings of a meeting shall not be invalidated by the inadvertent failure of the Association to send a notice calling the meeting to any Member.

## **Procedure at General Meetings**

- 23.1 For a meeting to take place there must be at least seven Members either present at the meeting or represented by a representative approved in terms of Rule 26.1. If there are more than 70 Members, at least one-tenth or 45 members (whichever is the lower) must either be present or represented by a representative in terms of Rule 26.1.
- 23.2 If not enough Members are present in person or by representative within half an hour of the time the meeting was scheduled to start, the meeting shall be rescheduled to the same day the following week at the same time and at such place as may be fixed by the Chairperson of the meeting and announced at the meeting. There is no need to give notice to Members of the rescheduled meeting. If at that meeting there are not enough Members present in person or by representative at the scheduled starting time the meeting can still go ahead.
- 24 If a majority of Members present agree, the Chairperson of a meeting can adjourn the meeting. No business can be discussed at the adjourned meeting other than the business not reached or left unfinished at the original meeting. There is no need to give notice to Members of the adjourned meeting.
- 25.1 The Chairperson of the Committee will be Chairperson at all meetings of the Association. If there is no Chairperson or he/she is not present or willing to act, the Members present must elect a Member of the Committee to be Chairperson of the meeting. If no Committee Members are present, the Members present must elect a Member to be Chairperson of the meeting.
- 25.2 If the Chairperson arrives later, after the meeting has commenced, s/he will take over as Chairperson of the meeting as soon as the current agenda item is concluded.

## **Proxies/Representatives**

- 26.1 To appoint a representative to vote on your behalf by proxy, you must let the Association have a properly completed document in the form shown in Appendix 1. Your representative does not need to be a Member. The document must reach the Association at least five days before the meeting at which you want to be represented. The Chairperson shall not be entitled to act as a representative for any other Member.

- 26.2 If there is any doubt about whether your representative has authority to vote, the Chairperson will decide and his/her decision will be final.
- 26.3 The maximum number of proxy votes that may be cast by any one person is 10.
- 26.4 To reverse your appointment of a representative, you must let the Association have a properly completed document in the form shown in Appendix 2. The document must be presented to the Association before the meeting at which you no longer want to be represented convenes. Alternatively, if you declare yourself present before the meeting convenes, the appointment of a representative to vote on your behalf will automatically fall.
- 26.5 The Chairperson will report to the meeting the details of any documents seeking to appoint a representative received but which are not valid.

## **Voting**

- 27 If a decision of a meeting is put to the vote, the outcome will be determined by the majority of those Members voting. Voting will be by a show of hands except where a poll is requested or required. Votes cannot be taken on resolutions which conflict with any provisions of these Rules or the law.
- 28.1 Where a vote is by a show of hands every Member present in person has one vote. Where a vote is by a poll every Member present in person or who has appointed a representative has one vote. Where an appointed proxy is present, and he/she advises the Chairperson, the Chairperson shall direct that the vote is by a poll.
- 28.2 In relation to the election of Committee Members, the vote is by a poll.
- 29 If there is an equal number of votes for and against a resolution, or in relation to the election of Committee Members, the Chairperson will have a second and deciding vote. The Chairperson's announcement of the decision of a vote will be final and conclusive. The decision is then recorded in the minutes of the meeting. There is no need to record the number of votes for or against the decision.
- 30.1 A poll can be required before or immediately after a vote by a show of hands, if at least one-tenth of the Members present at the meeting (in person or by proxy through a representative appointed in accordance with Rule 26.1) request this.
- 30.2 A poll must take place as soon as the Chairperson has agreed to it, in line with the Chairperson's instructions. The result of the poll will stand as the decision of the meeting.

## **Proceedings at General Meetings**

- 31 All speakers must direct their words to the Chairperson. All Members must remain quiet and orderly while this is happening.
- 32 You will not be allowed to speak more than once on any individual matter unless it is to explain something or ask for an explanation until every other Member has had the chance to speak. You will then have the opportunity to speak a second time on a matter but only if the Chairperson agrees. Where the Chairperson raised the matter for discussion initially, she/he shall be permitted to make a final reply on the matter.

- 33 The Chairperson will decide how long each speaker is allowed to speak, allowing equal time to each speaker.
- 34 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling. If the Chairperson's ruling is challenged by more than one person, the Chairperson will step down and those present will decide the point raised on a majority vote. If the vote is tied, the Chairperson's original ruling is carried.
- 35 Meetings must not last longer than two hours unless at least two-thirds of the Members present agree after the end of that time to continue the meeting.

## **THE COMMITTEE OF MANAGEMENT**

### **Composition of the Committee**

- 36.1 The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum (including co-optees) of 12 persons. No more than two members of the Committee of Management shall be Factored Owners. The Association shall keep up to date a register of the names of the Committee Members which shall be made available to any person at no cost. The names of Committee Members will also be published by the Association on its website, and in its annual reports and other similar documentation.
- 36.2 The first Committee Members will be the Members who have signed the application to register the Association. The first Members and all subsequent Members who are eligible shall be Committee Members until there are more than seven Members. Once there are more than seven Members of the Association, at the end of the next annual general meeting, all of the Committee Members shall retire.
- 36.3 A person must be aged 18 or over and a Member to become a Committee Member (including any person appointed to fill a casual vacancy) other than a person appointed as a co-optee or appointed by The Scottish Housing Regulator who must be aged 18 or over but need not be a Member.
- 36.4 An employee of the Association, or a Close Relative of an employee, may not be a Committee Member.
- 36.5 No Committee Member may take office until they have agreed to and signed the Association's code of conduct for Committee Members.
- 36.6 The Committee shall assess annually the skills, knowledge, diversity and objectivity that it needs for its decision making and what is contributed by the Committee Members by way of annual performance reviews. The Committee must be assured that any Committee Member who has continuous service on the Committee of nine years or more and who is seeking re-election is able to demonstrate his/her continued effectiveness as a Committee Member before he/she may stand for re-election.
- 36.7 Each of the Committee Members shall, in exercising his/her role as a Committee Member, act in the best interests of the Association, its tenants and service users and will not place any personal or other interests ahead of his/her primary duty to the Association; and, in particular, must:-

- 36.7.1 seek, in good faith, to ensure that the Association acts in a manner which is in accordance with its objects.
  - 36.7.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person.
  - 36.7.3 in circumstances giving rise to the possibility of a conflict of interest between the Association and any other party:-
    - 36.7.3.1 put the interests of the Association before that of the other party, in taking decisions as a Committee Member;
    - 36.7.3.2 where any other duty prevents him/her from doing so, disclose the conflicting interest to the Association and refrain from participating in any discussions or decisions involving the other Committee Members with regard to the matter in question
  - 36.7.4 ensure that the Association complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.
- 36.8 The Committee can require that a Committee Member who is being investigated for a potential breach of the Association's Code of Conduct for Committee Members take leave of absence and not attend any meeting in his or her capacity as Committee Member until the Committee has completed its consideration of the potential breach. When on such leave of absence, the Committee Member will not be entitled to receive minutes and/or documents in his or her capacity as a Committee Member relating to the business of the Association.

## Interests

- 37.1 The Committee shall set and periodically review its policy on payments and benefits. If a person is a Member, employee of the Association or serves on the Committee or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the policy. In making any payment or conferring any benefit the Association shall act at all times with transparency, honesty and propriety.
- 37.2 If a person serves on the Committee or any sub-committee he/she must declare any personal or other external interests on an annual basis in accordance with the Association's Code of Conduct for Committee Members. If while serving on the Committee that person has any conflict of interest in any contract or other matter about to be discussed at a meeting, he/she must tell the Committee. He/she will be required to leave the meeting while the matter is discussed and will not be allowed to vote on the matter or to stay in the meeting while any vote on the matter is being held. If that person is inadvertently allowed to stay in the meeting and vote on the matter, his/her vote will not be counted.
- 37.3 If a person serves on the Committee or any sub-committee he/she must not receive any payment or benefit unless it is permitted by the Charities and Trustee Investment (Scotland) Act 2005 and as set out in the Association's policy referred to in Rule 37.1. He/she shall also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 in respect of any conflict of interest that might arise.

## **ELECTING COMMITTEE MEMBERS**

- 38.1 At the end of the first annual general meeting after the total membership of the Association has risen to seven or more, all Committee Members must retire. From then on, at the end of every annual general meeting, one-third of the Committee Members or the nearest whole number thereto, must retire. Anybody appointed as a co-optee under Rule 41.1 or to fill a casual vacancy under Rule 40 and who retires for that reason, shall not count towards the one third provision. The retiring Committee Members should be selected in accordance with Rule 38.2.
- 38.2 In the absence of Committee Members standing down voluntarily, the retiring Committee Members should be those who have served the longest on the Committee since the date of their last election. If two or more Committee Members have served equally long and cannot agree who should retire, they must draw lots.
- 38.3 Committee Members must also retire if they have been co-opted onto the Committee under Rule 41.1 or have filled casual vacancies under Rule 40.
- 38.4 If a Committee Member retires from the Committee in terms of Rule 38 on the date of the next annual general meeting, that Committee Member can stand for re-election without being nominated.
- 39.1 If, at the annual general meeting the number of Members standing for election is less than or equal to the number of vacant places, the Chairperson will declare them elected without a vote. If there are more Members standing for election than there are vacant places, those present at the general meeting will elect Members onto the Committee, in accordance with Rule 28.2. Each Member present or who has appointed a representative will have one vote for each place to be filled on the Committee. A Member must not give more than one vote to any one candidate.
- 39.2 Nominations for election to the Committee can be made only by Members, must be in writing and in the form specified by the Association and must give the full name, address and occupation of the Member being nominated. A Member cannot nominate himself/herself for election to the Committee. Nominations must be signed by and include a signed statement from the Member being nominated to show that they are eligible to join the Committee in accordance with Rules 36.4 and 42, and that they are willing to be elected. Nomination forms can be obtained from the Association and must be completed fully and returned by hand or by post to the Association's registered office at least 7 days before the general meeting.
- 39.3 A nomination for election to the Committee can be rejected by a decision by not fewer than three quarters of the Committee Members on one or more of the following grounds:-
- 39.3.1 where election to the Committee would be contrary to the Association's Rules or policies; or
  - 39.3.2 where a conflict of interest may exist which, even allowing for the disclosure of such an interest may adversely affect the work of the Association; or
  - 39.3.3 where there is clear evidence of relevant circumstances from which it is concluded that election to the Committee would not be in the best interests of the Association.

- 39.4 The rejection of a nomination for election to the Committee shall be notified to the Member concerned in writing at any time prior to the date of the relevant annual general meeting.
- 40 If an elected Committee Member leaves the Committee between the annual general meetings, this creates a casual vacancy and the Committee can appoint a Member to take their place on the Committee until the next annual general meeting.

## **Co-optees**

- 41.1 The Committee can co-opt to the Committee or to a sub-committee anyone it considers is suitable to become a Committee Member or member of a sub-committee. Co-optees do not need to be Members, but they can only serve as co-optees on the Committee or sub-committee until the next annual general meeting or until removed by the Committee. A person co-opted to the Committee can also serve on any sub-committees.
- 41.2 A person appointed as a co-optee shall undertake the role of Committee Member or member of a sub-committee and accordingly will be subject to the duties and responsibilities of a Committee Member. Co-optees can take part in discussions at the Committee or any sub-committees and vote at Committee and sub-committee meetings on all matters except those which directly affect the Rules, the membership of the Association or the election of the Association's Office Bearers. Co-optees may not stand for election, nor be elected as one of the Office Bearers of the Committee.
- 41.3 Committee Members co-opted in this way must not make up more than one-third of the total number of the Committee or sub-committee members at any one time. The presence of co-optees at Committee Meetings will not be counted when establishing whether the minimum number of Committee Members are present to allow the meeting to take place as required by Rule 47 and the presence of co-optees will not count towards the quorum for sub-committee meetings.

## **Eligibility for the Committee**

- 42.1 A person will not be eligible to be a Committee Member and cannot be appointed or elected as such if:-
- 42.1.1 he/she is an undischarged bankrupt, has granted a trust deed which has not been discharged or is in a current Debt Payment Plan under the Debt Arrangement Scheme; or
  - 42.1.2 he/she has been convicted of an offence involving dishonesty which is not spent by virtue of the Rehabilitation of Offenders Act 1974 or an offence under the Charities and Trustee Investment (Scotland) Act 2005; or
  - 42.1.3 he/she is a party to any legal proceedings in any Court of Law by or against the Association; or
  - 42.1.4 he/she is or will be unable to attend the Committee Meetings for a period of 12 months; or
  - 42.1.5 he/she has been removed from the Committee of another registered social landlord within the previous five years; or
  - 42.1.6 he/she has resigned from the Committee in the previous five years in circumstances where the resignation was submitted after the date of his/her receipt of notice of a special committee meeting convened to consider a resolution for his/her removal from the Committee in terms of Rule 43.5; or
  - 42.1.7 he/she has been removed from the Committee in terms of Rules 43.4 or 43.5 within the previous five years; or

- 42.1.8 he/she has been removed, disqualified or suspended from a position of management or control of a charity under the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 or the Charities and Trustee Investment (Scotland) Act 2005; or
  - 42.1.9 he/she has been removed from the office of charity trustee or trustee for a charity by an order made by the Charity Commissioners for England and Wales or by Her Majesty's High Court of Justice in England on the grounds of any misconduct in the administration of the charity for which he/she were responsible or to which he/she were privy, or which his/her conduct contributed to or facilitated; or
  - 42.1.10 a disqualification order or disqualification undertaking has been made against that person under the Company Directors Disqualification Act 1986 or the Company Directors Disqualification (Northern Ireland) Order 2002 (which relate to the power of a Court to prevent someone from being a director, liquidator or administrator of a company or a receiver or manager of company property or being involved in the promotion, formation or management of a company); or
  - 42.1.11 his/her nomination for election to the Committee has been rejected in accordance with Rule 39.3 during the period between the return of the completed nomination form and the commencement of the relevant Annual General Meeting; or
  - 42.1.23 he/she lives at the same address as a Committee Member.
- 42.2 A person cannot be re-elected as a Committee Member if the Committee is not satisfied under Rule 36.6 of the individual's continued effectiveness as a Committee Member. In these circumstances the Committee must not allow the individual to stand for re-election
- 43 A Committee Member will cease to be a Committee Member if:
- 43.1 he/she resigns his/her position as a Committee Member in writing; or
  - 43.2 he/she ceases to be a Member unless he/she is a co-optee in terms of Rule 41.1 or an appointee of The Scottish Housing Regulator; or
  - 43.3 he/she misses four Management Committee meetings in a row without special leave of absence previously being granted by the Committee either at his/her request or by exercise of the Committee's discretion; or
  - 43.4 the majority of Members voting at a general meeting decide this. (The Members at the meeting may then elect someone to take his/her place. If a replacement is not elected at the meeting, the Committee may appoint a Committee Member in terms of Rule 40); or
  - 43.5 the majority of those remaining Committee Members present and voting at a special meeting of the Committee convened for the purpose decide to remove him/her as a Committee Member. The resolution to remove him/her as a Committee Member must relate to one of the following issues:
    - 43.5.1 failure to perform to the published standards laid down by the Scottish Federation of Housing Associations and/or The Scottish Housing Regulator adopted and operated by the Association;
    - 43.5.2 failure to sign or failure to comply with the Association's Code of Conduct for Committee Members; or
    - 43.5.3 a breach of the Association's Rules, standing orders or other policy requirements;
  - 43.6 he/she becomes ineligible as a Committee Member in terms of Rule 42; or
  - 43.7 he/she is a co-optee or was appointed to fill a casual vacancy and whose period of office is ended in accordance with Rules 38.1 or 41.1; or
  - 43.8 he/she is a Committee Member retiring in accordance with Rule 38.1.

## **POWERS OF THE COMMITTEE OF MANAGEMENT**

- 44 The Committee is responsible for directing the affairs of the Association and its business and may do anything lawful which is necessary or expedient to achieve the objects of the Association. The Committee is not permitted to exercise any powers which are reserved to the Association in general meetings either by these Rules or by statute. The Committee is responsible for the leadership, strategic direction and control of the Association with the aim of achieving good outcomes for its tenants and other service users in accordance with Regulatory Standards and Guidance issued by The Scottish Housing Regulator from time to time. The Committee is responsible for ensuring that the Association can demonstrate its governance and financial arrangements are such as to allow The Scottish Housing Regulator to regulate effectively and exercise its full regulatory powers.
- 45 The Committee acts in the name of the Association in everything it does. A third party acting in good faith and without prior notice does not need to check if the powers of the Committee have been restricted, unless they are already aware that such a restriction may exist.
- 46 Amongst its most important powers, the Committee can:-
- 46.1 buy, sell, build upon, lease or exchange any land and accept responsibility for any related contracts and expenses.
  - 46.2 agree the terms of engagement and remuneration of anyone employed in connection with the business of the Association and act as employer for anyone employed by the Association.
  - 46.3 grant heritable securities over land owned by the Association and floating charges over all or any part of property and assets both present and in future owned by the Association. This includes accepting responsibility for any related expenses.
  - 46.4 decide, monitor and vary the terms and conditions under which property owned by the Association is to be let, managed, used or disposed of.
  - 46.5 appoint and remove solicitors, surveyors, consultants, managing agents and employees, as required by the Association's business.
  - 46.6 refund any necessary expenses as are wholly necessary incurred by Committee Members and sub-committee members in connection with their duties.
  - 46.7 compromise, settle, conduct, enforce or resist either in a Court of Law or by arbitration any suit, debt, liability or claim by or against the Association.
  - 46.8 accept donations in support of the activities of the Association.

## **COMMITTEE PROCEDURE**

- 47 It is up to the Committee to decide when and where to hold its ordinary meetings, but it must meet at least six times a year. There must be at least four Committee Members present for the meeting to take place.
- 48 The Committee will continue to act while it has vacancies for Members. However, if at any time the number of Committee Members falls below seven, the Committee can continue to act only for another two months. If at the end of that period the Committee has not found new Members to bring the number of Committee Members up to seven, the only power it will have is to act to bring the number of Committee Members up to seven.

- 49 Committee Members must be sent written notice of Committee meetings posted, or delivered, by hand or sent by fax or email to the last such address for such communications given to the Secretary at least seven days before the date of the meeting. The accidental failure to give notice to a Committee Member or the failure of the Committee Member to receive such notice shall not invalidate the proceeding of the relevant meeting.
50. Meetings of the Committee can take place in any manner which permits those attending to hear and comment on the proceedings.
- 51 All speakers must direct their words to the Chairperson. All Committee Members must remain quiet and maintain order while this is happening. The Chairperson will decide who can speak and for how long.
- 52 If any point arises which is not covered in these Rules, the Chairperson will give his/her ruling which will be final.
- 53 All acts done in good faith as a result of a Committee Meeting or sub-committee meeting will be valid even if it is discovered afterwards that a Committee Member was not entitled to be on the Committee.
- 54 A written resolution signed by not fewer than three quarters of the Committee Members or three quarters of the members of a sub-committee will be as valid as if it had been passed at a Committee Meeting or sub-committee meeting duly called and constituted.

### **Special Committee Meetings**

- 55.1 The Chairperson or two Committee Members can request a special meeting of the Committee by writing to the Secretary with details of the business to be discussed. The Secretary will send a copy of the request to all Committee Members within three working days of receiving it. The meeting will take place at a place mutually convenient for the majority of Committee Members, normally the usual place where Committee Meetings are held, between 10 and 14 days after the Secretary receives the request.
- 55.2 No other business may be discussed at the meeting other than the business for which the meeting has been called.
- 55.3 If the Secretary does not call the special meeting as set out above, the Chairperson or the Committee Members who request the meeting can call the meeting. In this case, they must write to all Committee Members at least seven days before the date of the meeting.
- 56 If a Committee Member does not receive notice of the meeting, this will not prevent the meeting going ahead.

## **Sub-committees**

- 57.1 The Committee can delegate its powers to sub-committees or to staff or to Office Bearers. The Committee will establish the terms of reference for such delegation, which will be set down in writing and communicated to the recipient of the delegated powers. Such delegation will be set down in writing in standing orders, schemes of delegated authority or other appropriate documentation. In the case of a sub-committee such delegation shall include the purposes of the sub-committee, its composition and quorum for meetings. A minimum number of members for a sub-committee shall be three. There must be at least three of the members of a sub-committee present for the meeting to take place. The Committee shall be responsible for the on-going monitoring and evaluation of the use of delegated powers.
- 57.2 The meetings and procedures of sub-committees or otherwise must comply with the relevant terms of reference.
- 57.3 Any decision made by sub-committee must be reported to the next Committee Meeting.
- 57.4 The Committee can establish and delegate powers to sub committees, designated as Area Committees, to take decisions relating to the management and maintenance of properties within a particular geographical area. The Committee will determine the membership and delegated responsibility of an Area Committee in its terms of reference. An Area Committee shall exercise such delegated powers notwithstanding the provisions of Rules 41.1 and 41.3 which provisions shall not apply to Area Committees.

## **THE SECRETARY AND OFFICE BEARERS**

- 58.1 The Association must have a Secretary, a Chairperson and any other Office Bearers the Committee considers necessary. The Office Bearers, except for the Secretary, must be elected Committee Members or Committee Members appointed to fill casual vacancies in accordance with Rule 40 but cannot be co-optees. An employee may hold the office of Secretary although not be a Committee Member. The Committee will appoint these Office Bearers. If the Secretary cannot carry out his/her duties, the Committee, or in an emergency the Chairperson, can ask another Office Bearer or employee to carry out the Secretary's duties until the Secretary returns.
- 58.2 The Secretary and the other Office Bearers will be controlled, supervised and instructed by the Committee.
- 58.3 The Secretary's duties include the following (these duties can be delegated to an appropriate employee with the Secretary assuming responsibility for ensuring that they are carried out in an effective manner):
- 58.3.1 calling and going to all meetings of the Association and all the Committee Meetings;
  - 58.3.2 keeping the minutes for all meetings of the Association and Committee;
  - 58.3.3 sending out letters, notices calling meetings and relevant documents to Members before a meeting;
  - 58.3.4 preparing and sending all the necessary reports to the Financial Conduct Authority and The Scottish Housing Regulator;
  - 58.3.5 ensuring compliance with these Rules;
  - 58.3.6 keeping the Register of Members and other registers required under these Rules; and

58.3.7 supervision of the Association's seal.

58.4 The Secretary must produce or give up all the Association's books, registers, documents and property whenever requested by a resolution of the Committee, or of a general meeting.

58.5 At its first meeting after registration of the Association, the Committee will elect the Chairperson of the Association, the Secretary and any other Office Bearers the Committee considers necessary. Thereafter a Chairperson and other Office Bearers will be appointed on an annual basis at the next scheduled Committee Meeting held after each annual general meeting.

## **Role of the Chair**

58.6 The Chairperson is responsible for the leadership of the Committee and ensuring its effectiveness in all aspects of the Committee's role and to ensure that the Committee properly discharges its responsibilities as required by law, the Rules and the standing orders of the Association. The Chairperson will be delegated such powers as is required to allow the Chairperson to properly discharge the responsibilities of the office. Among the responsibilities of the Chairperson are that:-

58.6.1 the Committee works effectively with the senior staff;

58.6.2 an overview of business of the Association is maintained;

58.6.3 the Agenda for each meeting is set;

58.6.4 meetings are conducted effectively;

58.6.5 minutes are approved and decisions and actions arising from meetings are implemented;

58.6.6 the standing orders, code of conduct for Committee Members and other relevant policies and procedures affecting the governance of the Association are complied with;

58.6.7 where necessary, decisions are made under delegated authority for the effective operation of the Association between meetings;

58.6.8 the Committee monitors the use of delegated powers;

58.6.9 the Committee receives professional advice when it is needed;

58.6.10 the Association is represented at external events appropriately;

58.6.11 appraisal of the performance of Committee Members is undertaken, and that the senior staff officer's appraisal is carried out in accordance with the agreed policies and procedures of the Association; and

58.6.12 the training requirements of Committee Members, and the recruitment and induction of new Committee Members is undertaken.

- 58.7 The Chairperson must be elected from the Committee Members (excluding co-optees) and must be prepared to act as Chairperson until the end of the next annual general meeting (unless s/he resigns the post). The Chairperson can only be required to resign if a majority of the remaining Committee Members present at a special meeting agree to this.
- 58.8 If the Chairperson is not present at a Committee meeting or is not willing to act, the Committee Members present will elect another Committee Member to be Chairperson for the Committee Meeting. If the Chairperson arrives at the meeting late, s/he will take over as Chairperson of the Committee meeting as soon as the current agenda item is concluded.
- 58.9 If the votes of the Committee Members are divided equally for and against an issue, the Chairperson will have a second and deciding vote.
- 58.10 The Chairperson can resign his/her office in writing to the Secretary and must resign if s/he leaves the Committee or is prevented from standing for, or being elected to the Committee under Rule 42. The Committee will then elect another Committee Member as Chairperson.
- 58.11 The Chairperson can be re-elected but must not hold office continuously for more than five years.

## **FINANCIAL GUARANTEES FOR OFFICERS**

- 59.1 The Committee shall take out fidelity guarantee insurance to cover all Office Bearers and employees who receive or are responsible for the Association's money, or, these office bearers and employees must be covered by a bond as set out in Schedule 1 of the Co-operative and Community Benefit Societies Act 2014, or a guarantee under which they promise to account for and repay money due to the Association accurately.
- 59.2 The Committee shall have the power to purchase and maintain indemnity insurance for, or for the benefit of, persons who are, or were at any time, Committee Members, officers or employees of the Association. A Committee Member may form part of a quorum and vote at a meeting where such insurance is under consideration notwithstanding the terms of Rules 37.1 and 37.2.
- 60 Office Bearers and employees will not be responsible for the Association's loss while they are carrying out their duties unless there has been gross negligence or dishonesty. If an Office Bearer or employee is dishonest, the Association will try to recover any loss that it has suffered and may alert the police or other relevant authority.

## **THE COMMITTEE'S MINUTES, SEAL, REGISTERS AND BOOKS**

### **Minutes**

- 61 Minutes of every general meeting, Committee Meeting and sub-committee meeting must be kept. Those minutes must be presented at the next appropriate meeting and if accepted as a true record, signed by the Chairperson of the meeting at which they are presented. All minutes signed by the Chairperson of the meeting shall be conclusive evidence that the minutes are a true record of the proceedings at the relevant meeting.

### **Execution of Documents and Seal**

- 62 The Association shall execute deeds and documents in accordance with the provisions of the Requirements of Writing (Scotland) Act 1995 and record the execution in the register. The use of a common seal is not required. The Association may have a seal which the Secretary must keep in a secure place unless the Committee decides that someone else should look after it. The seal must only be used if the Committee decides this. When the seal is used, the deed or document must be signed by the Secretary or a Member of the Committee or another person duly authorised to subscribe the deed or document on the Association's behalf and recorded in the register.

### **Registers**

- 63 The Association must keep at its registered office a Register containing:
- 63.1 the names and addresses of the Members and where provided for the purposes of electronic communication, fax numbers and e-mail addresses;
  - 63.2 a statement of the share held by each Member and the amount each Member paid for it;
  - 63.3 the date each person was entered in the Register as a Member and the date at which any person ceased to be a Member of the Association;
  - 63.4 a statement of other property in the Association, whether in loans or loan stock held by each Member; and
  - 63.5 the names and addresses of the Office Bearers of the Association, their positions and the dates they took and left office.
- 64.1 The Association must also keep at its registered office:
- 64.1.1 a second copy of the Register showing the same details as above but not the statements of shares and property. This second register must be used to confirm the information recorded in the main Register.
  - 64.1.2 a register of loans and to whom they are made.
  - 64.1.3 a register showing details of all loans and charges on the Association's land.
- 64.2 The inclusion or omission of the name of any person from the original Register of Members shall, in the absence of evidence to the contrary, be conclusive that the person is or is not a Member of the Association.

## Registered Name

- 65 The registered name of the Association must be clearly shown on the outside of every office or place where the Association's business is carried out. The name must also be engraved clearly on the Association's seal and printed on all its business letters, notices, adverts, official publications, website and legal and financial documents.

## Documentation

- 66 The Association's books of account, registers, securities and other documents must be kept at the registered office or any other place the Committee decides is secure.
- 67 At the last Committee Meeting before the annual general meeting, the Secretary must confirm in writing to the Committee that Rules 61 to 66 have been followed or, if they have not been followed, the reasons for this. The Secretary's confirmation or report must be recorded in the minutes of the Committee Meeting.

## ACCOUNTS

- 68 The Association must keep proper books of accounts to cover its income, expenditure transactions and its assets, liabilities and reserves in line with Part 7 of the Co-operative and Community Benefit Societies Act 2014. It must also set up and maintain a suitable system for controlling its books of accounts, its cash and its receipts and invoices.
- 69 The Committee must send the Association's accounts and balance sheet to the Association's auditor. The auditor must then report to the Association on the accounts it has examined. In doing this, the auditor must follow the conditions set out in Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Part 6 of the Housing (Scotland) Act 2010.
- 70 The Association must provide The Scottish Housing Regulator and the Financial Conduct Authority with a copy of its accounts and the auditor's report within six months of the end of the period to which they relate.

## THE AUDITOR

- 71.1 Each year the Association must appoint, at a general meeting of the Association, a qualified auditor to audit the Association's accounts and balance sheet. In this Rule "qualified auditor" means someone who is a qualified auditor under Section 91 of the Co-operative and Community Benefit Societies Act 2014.
- 71.2 None of the following can act as auditor to the Association:-
- 71.2.1 a Committee Member or employee of the Association; or
  - 71.2.2 a person who is a partner of, or an employee or employer of a Committee Member or employee of the Association.

- 72 The Association must appoint an auditor within three months of being registered by the Financial Conduct Authority. The Committee will appoint the auditor unless there is a meeting of the Association within that time. The Committee may appoint an auditor to fill in a casual vacancy occurring between general meetings of the Association. The Committee shall take such steps as it considers necessary to ensure the continuing independence of the Association's auditor including the periodic review of the need for audit rotation. The Association must send a copy of its accounts and the auditor's report to The Scottish Housing Regulator within six months of the end of the period to which they relate.
- 73.1 An auditor appointed to act for the Association one year will be re-appointed for the following year unless:-
- 73.1.1 a decision has been made at a general meeting to appoint someone else or specifically not to appoint them again; or
  - 73.1.2 they have given the Association notice in writing that they do not want to be re-appointed; or
  - 73.1.3 they are not a qualified Auditor or are excluded under Rule 71.2; or
  - 73.1.4 they are no longer capable of acting as Auditor to the Association; or
  - 73.1.5 notice to appoint another Auditor has been given.
- 73.2 To prevent an auditor being re-appointed or to appoint another person as auditor, not less than 28 days' notice must be given to the Association that the matter requires to be discussed at the next meeting of the Association.
- 73.3 The Association shall give notice to the auditor who is to be asked to step down that the matter will be discussed at the next meeting of the Association. If possible the Association will also give proper notice of this matter to the Members but if this is not possible, the Association can give notice by advertising in the local newspaper at least 14 days before the meeting.
- 73.4 The retiring Auditor may make representations to the Association or give notice that he/she intends to make representations at the meeting and the Association must tell the Members of any representations made by the Auditor under Section 95 of the Co-operative and Community Benefit Societies Act 2014.

## **ANNUAL RETURNS AND BALANCE SHEET**

- 74.1 Every year, within the time allowed by the law, the Secretary shall send to the Financial Conduct Authority the annual return in the form required by the Financial Conduct Authority.
- 74.2 The Secretary must also send:
- 74.2.1 a copy of the auditor's report on the Association's accounts for the period covered by the return; and
  - 74.2.2 a copy of each balance sheet made during that period and of the auditor's report on that balance sheet.
- 75 If requested, the Association must provide a free copy of the latest annual return and auditor's reports to Members or people with a financial interest in the Association.

- 76 The Association must always keep a copy of the latest balance sheet and auditor's report publicly displayed at its registered office.
- 77 The Association must comply with the requests of The Scottish Housing Regulator for annual returns.

## **SURPLUSES AND DONATIONS**

- 78.1 The Association must not distribute its surpluses to Members.
- 78.2 The Committee shall set and review periodically its policy for the donation of funds to charities or other voluntary groups. Such donations must further the objects of the Association and the Committee shall report to the Members on such donations.

## **INVESTMENTS**

- 79 The Association's funds may be invested by the Committee in such manner as is permitted by its Investment Policy subject always to the requirement that the Association will comply with the Regulatory Framework and Regulatory Guidance issued by The Scottish Housing Regulator from time to time.

## **INSPECTING THE REGISTER**

- 80 Any Member or person having a financial interest in the Association can inspect their own account. They may also inspect the second copy of the Register of Members which shall be made available to them for inspection within 7 days of the request of a Member or eligible person. The books must be available for inspection at the place they are kept at all reasonable hours. The Committee may set conditions for inspecting the books.

## **DISPUTES**

- 81 Every dispute between the Association or the Committee and:-
- 81.1 a Member; or
  - 81.2 a person aggrieved who has ceased to be a Member within the previous six months; or
  - 81.3 a person claiming under the Rules of the Association

shall be dealt with in accordance with these Rules and any procedures determined by the Committee from time to time but without prejudice to all rights which any person may have to raise an action on the matter in any court with competent jurisdiction, including without prejudice the Sheriff Court in the Sherriffdom in which the Association's registered office is located.

## **STATUTORY APPLICATIONS TO THE FINANCIAL CONDUCT AUTHORITY**

- 82 Any 10 Members of the Association who have been Members for at least the 12 previous months can apply to the Financial Conduct Authority to appoint an accountant or actuary to inspect and report on the Association's books on payment to the Financial Conduct Authority of the costs required.
- 83.1 One-tenth of Members can apply to the Financial Conduct Authority to:
- 83.1.1 appoint an inspector to examine and report on the affairs of the Association; or
  - 83.1.2 call a special general meeting of the Association.
- 83.2 If there are more than 1000 Members in the Association, only 100 Members need to apply to the Financial Conduct Authority in terms of Rule 83.1.

## **COPIES OF RULES**

- 84 The Secretary shall, on demand, provide a copy of the Rules of the Association free of charge to any Member who has not previously been given a copy and, upon payment of such fee as the Association may require, not exceeding the amount specified by law, to any other person.

## **CLOSING DOWN THE ASSOCIATION**

- 85.1 The Association may be closed down in either of the following ways:
- 85.1.1 by an order or resolution to wind up the Association as set out in the Insolvency Act 1986; or
  - 85.1.2 In accordance with Section 119 of the Co-operative and Community Benefit Societies Act 2014, by an instrument of dissolution to which not less than three-fourths of the Members have given their consent testified by their signatures to the instrument.
- 85.2 The prior approval of the Office of the Scottish Charity Regulator is required before the Association can be dissolved. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to dissolve.
- 86 If any property remains after the Association has paid its debts, this property will be transferred to such other charitable registered social landlord as determined by The Scottish Housing Regulator.

## **CHANGING THE RULES**

- 87.1 Any of these Rules can be changed or deleted and new Rules can be introduced if three-quarters of the votes at a special general meeting are in favour of the change(s).
- 87.2 Where an amendment of these Rules affects the purposes of the Association the prior approval of the Office of the Scottish Charity Regulator is required. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to amend its purposes. Any other amendment of these Rules requires to be notified to them within three months of the change having been made.
- 87.3 The Association must apply to the Financial Conduct Authority to register every rule change as set out in treasury regulations. Each Member must receive a copy of the change. No change is valid until it has been registered by the Financial Conduct Authority. The Association must notify The Scottish Housing Regulator within 28 days of the change or amendment being made.
- 87.4 The Association can change its name if:
- 87.4.1 three-quarters of the votes at a special general meeting are in favour of the change; and
  - 87.4.2 the Financial Conduct Authority approves the change in writing.
  - 87.4.3 the Office of the Scottish Charity Regulator has given its prior approval. The Association must submit its application for approval to the Office of the Scottish Charity Regulator not less than 42 days before the date on which the Association intends to change its name.
- 87.5 If the Association changes its name in terms of Rule 87.4 it must notify The Scottish Housing Regulator in writing within 28 days of the change being made.
- 87.6 The Association can change its registered or principal office but must:
- 87.6.1 notify The Scottish Housing Regulator of the change in registered office within 28 days of the change having been made; and the Financial Conduct Authority as soon as possible after the change in registered office has been made.
  - 87.6.2 notify the Office of the Scottish Charity Regulator within 3 months of the change having been made.

## **INTERPRETING THESE RULES**

- 88 In these Rules, the following words and phrases have the meanings given below:
- 88.1 "A person claiming through a Member":- includes an heir, executor, assignee or nominee. This heading would be used in connection with disputes about the transfer of a Member's share after his death. It would also cover executors of a former Member
  - 88.2 "Association" means the registered social landlord referred to in Rule 1 whose Rules these are.

- 88.3 “Chairperson” means the Chairperson (or such other term that is used by the Association to denote the holder of this office) of the Association referred to in Rule 58.1.
- 88.4 “Close Relative” means someone who is the spouse or civil partner of a person, or (being either of the same or different sex) who cohabits with that person, or is that person’s parent, grandparent, child, stepchild, grandchild, brother or sister.
- 88.5 “Committee” means the Committee of Management (or such other term that is used by the Association to denote the governing body of the Association) referred to in Rule 36.1.
- 88.6 “Committee Meeting” means a meeting of the Committee.
- 88.7 “Committee Member” means a member of the Committee.
- 88.8 “Factored Owner” means the owner of a property in respect of which the Association has been appointed as Property Factor.
- 88.9 “Financial Conduct Authority” means the registering authority for societies registered under the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979 set up in terms of the Financial Services Act 2012 or its successor body.
- 88.10 “Group” means the Association and any organisation which is its parent, its subsidiary or is a subsidiary of its parent.
- 88.11 “Meeting” means a general meeting of the Association, whether special, general or annual referred to in Rules 19-22.
- 88.12 “Member” means a member of the Association whose name is entered in the Register of Members.
- 88.13 “Office Bearer” means the Chairperson, Secretary, and such other Officer Bearer appointed under Rule 58.1.
- 88.14 “Office of the Scottish Charity Regulator” means the body set up under the Charities and Trustee Investment (Scotland) Act 2005 to regulate charities in Scotland.
- 88.15 “organisation” means a legal body which exists separately and distinctly from its members and includes companies, building societies, community benefit societies, local authorities and so on and also for the purposes of these Rules includes unincorporated organisations such as social clubs, branches of political parties or trade unions and other voluntary bodies.
- 88.16 “property” includes everything which can be passed on by inheritance (including loans, certificates, books and papers).
- 88.17 “Property Factor” means (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned -
- (i) by two or more other persons, or
  - (ii) by the local authority or housing association and one or more other person.
- 88.18 A reference to law or statute is a reference to that law or statute as re-enacted, amended or replaced.
- 88.19 “Register of Members” means the register of members referred to in Rule 63.
- 88.20 “Rules” means the registered Rules of the Association.
- 88.21 “Taxes Acts” means Part 11 of the Corporation Tax Act 2010 as read with Schedule 6 of the Finance Act 2010 and any statute or statutory provision which amends, extends, consolidates or replaces the same.
- 88.21 “The Scottish Housing Regulator” means The Scottish Housing Regulator as established pursuant to Section 1 of the Housing (Scotland) Act 2010.
- 88.22 “Secretary” means the Office Bearer appointed by the Committee to be the Secretary of the Association or anyone authorised by the Committee to stand in for the Secretary.

88.23 Words in the singular also include the plural. Words in the plural also include the singular.

# APPENDIX 1

## PROXY FORM

You must use the wording shown below to appoint a representative to vote at a meeting for you. Please see Rule 26.1 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby appoint (insert name) who lives at (insert address) to be my representative and vote for me at the Association's meeting on (insert date) and any other dates that meeting continues on.

Your name \_\_\_\_\_

Your signature \_\_\_\_\_

Date \_\_\_\_\_

## APPENDIX 2

### CANCELLATION OF PROXY

You must use the wording shown below to reverse your application to send a representative to vote at a meeting for you. Please see Rule 26.4 for more details.

I (insert name) am a member of (insert name) \_\_\_\_\_ Limited.

My address is: (please insert).

I hereby revoke the appointment of (insert name) as my representative to vote for me at the Association's meeting on (insert date) made by me on the (insert date).

I no longer authorise the person referred to above to represent me at the meeting referred to above.

Your name \_\_\_\_\_

Your signature \_\_\_\_\_

# SIGNATURE OF COMMITTEE MEMBERS

Date

---

1.

---

2.

---

3.

---

Members

---

Secretary

## Appendix 2 – Extract from March 2024 Committee Report

### **3. Proposal to change Constitution, Name and Adoption of New Rules (based upon SFHA Charitable Model Rules (Scotland) 2020).**

3.1 Committee made its initial decision to change from a fully mutual housing co-operative to a charitable registered housing association in May 2023. As part of this, a name change is required – Rosehill Housing Co-operative Limited would now become Rosehill Housing Association Limited.

3.2 To achieve the constitutional change Rosehill has to adopt new Rules which are based on the SFHA Charitable Model Rules 2020. Attached is a track change copy of the final draft of the Rules to enable Committee to clearly see the changes being made and, a clean version of the final draft of the Rules.

#### Variation to Model Rules 2020

3.3 There are a total of 7 proposed variations, 3 of which are new variations and the other 4 are variations we have previously made to our rules and are reflected in our current rules.

#### *New Variations*

3.3.1 **Rule 12 – Representing an Organisation.** The SFHA supporting guidance for the Model Rules 2020, state that there is no statutory or regulatory requirement to allow organisations to become members. Rule 12 can therefore be removed by amendment if an RSL does not wish to allow organisations to be members at the option of the Association.

3.3.2 After consideration of this matter, we are proposing to delete Rule 12 from our proposed new rules and delete all references to organisations throughout the rules.

3.3.3 **Rule 36.1 – Composition of the Committee.** This is a new variation to add the wording “No more than two members of the Committee of Management shall be members who receive a factoring service from the Association.”

3.3.4 Committee wished to safeguard against a disproportionate number of non-tenant service users being on the Management Committee and therefore being able to unduly influence the strategy and objectives of Rosehill. It was considered that it was not necessary to make any such

provision limiting the number of recipients of any other services provided by Rosehill.

3.3.5 **Rule 42.1.12 – relating to Eligibility for the Committee.** Rule 42.1 states “A person will not be eligible to be a Committee Member and cannot be appointed or elected as such if...”

3.3.6 We considered inserting the optional rule 42.1.12 (as noted in the Supporting Guidance to SFHA Charitable Model Rules 2020) whereby:

“he/she is the spouse, partner, child (including adopted child or step child), parent, parent-in-law, grandparent, grandchild or sibling of a Committee Member or of a governing member of any other organisation in the Group.”

3.3.7 Rosehill does not currently have this optional rule in its rules. However, as a fully mutual housing co-operative its rules do restrict membership and shares to one per person per household. Joint membership can be held but it is the first named member who has the entitlements of membership i.e. attending the AGM and voting on any decisions and being able to stand for election to the Committee. This safeguards against more than one person from the same household being able to be on the Committee at the same time. Rosehill currently has two related Committee Members but who live in different households, and this has presented no issues. Since Rosehill was set up in 1987 only twice has there been Committee Members who have been related (2 Committee Members each time) who have served on the Committee at the same time. Whilst we do not envisage this should change if we adopt the new rules, we do wish to replicate the safeguard that our current rules provide in relation to only one person (first named joint member) per household being able to join the Committee.

On this basis, rather than adopt the optional rule (as provided in the Supporting Guidance to SFHA Charitable Model Rules 2020) it is being proposed that a new rule be inserted as follows:

“he/she lives at the same address as a Committee Member.”

*Variations previously approved and in current rules*

3.3.8 **Rule 19 in relation to “General Meetings”** allows for meetings to be held virtually and as hybrid meetings. As a result of the pandemic, temporary provisions in the Corporate Insolvency and Governance Act 2020 allowed for meetings such as SGMs and AGMs to be held virtually. At the last rule change in 2021, it was decided by Committee that it was better to have more permanent arrangements in place to hold general

meetings virtually if needed in the future. Therefore, it is being proposed that Rule 19 be kept in the new rules to maintain the status quo.

- 3.3.9 **Procedure at General Meetings (Rule 23.1)** - This rule contains a departure from the model which requires that if there are more than 70 members at least one-tenth need to be present to form a quorum for General Meetings. Rosehill currently has just over a 1000 members which would require at least 100 members to be present in order for a General Meeting to take place.
- 3.3.10 Retaining the rule, as it stands in the model, would mean that it is very likely that Rosehill would never again have a quorate General Meeting. This would have some adverse effects, including: decisions being made by a very small number of members because turnout at re-scheduled General Meetings is always very likely to be woefully low; low turnout and re-scheduled meetings can lead to members deserting General Meetings because they know they are likely to be inquorate anyhow; bearing in mind that our tenants are all members it could lead to levels of dissatisfaction with Rosehill generally amongst tenants, and our AGM in particular is viewed as an event which is important to the people who attend and we need to ensure that continues to be the case.
- 3.3.11 The amended rule being proposed is in line with what is in our current rules which was accepted by The Financial Conduct Authority when the rules were last changed in 2021:
- “If there are more than 70 members, at least one-tenth or 45 members (whichever is the lower)...”
- 3.3.12 **Proxies/Representatives/Postal Votes** - Deletion of Postal Votes model rules – these have been deleted in previous version of our rules, as all of our members live locally. Members do have the option of appointing a proxy to vote for them and proxies are submitted at every AGM.
- 3.3.13 There is a risk that by holding postal votes this will act as a disincentive for members attending the general meetings and could render the meetings inquorate.
- 3.3.14 It is recognised that under the new rules (and that we are changing from a fully mutual housing co-operative to a charitable registered housing association) membership of Rosehill will be opened up to people other than our tenants. However, as we are a community based organisation, we do not envisage that our membership will extend over a wider geographical location. For this reason and for the risk identified above, it

is being proposed that the rules relating to postal votes and any references to postal votes throughout the rules remain deleted.

- 3.3.15 **Composition of the Committee (Rule 36.1)** - This is a variation to the Model which states that “The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum (including co-optees) of 15 persons.”
- 3.3.16 When the rules were last changed in 2021, Committee decided to reduce the maximum number of persons on the Committee to 12. The basis for the decision was that this reflected the historical level of participation in our membership. It was also seen as a more manageable number and likely to be more effective in terms of good governance.
- 3.3.17 There are examples of other Housing Associations with rules that set committee membership at 12.
- 3.3.18 The amended rule being proposed is in line with what is in our current rules which was accepted by The Financial Conduct Authority when the rules were last changed in 2021:

“The Association shall have a Committee of Management which shall have a minimum of 7 and a maximum (including co-optees) of 12 persons.”

**From:** [Lauren Little](#)  
**To:** [Geri Mogan](#); "[asklindaewart](#)"  
**Cc:** [Jacqui Baynham](#)  
**Subject:** FW: FCA\_MPR\_Case\_4482/24 Your application Rosehill Housing Co-operative Limited (2220RS) - proposed amendment of rules  
**Date:** 19 April 2024 10:44:06  
**Attachments:** [image002.png](#)  
[image933663.png](#)

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Geri

I hope you are well. We received the undernoted email from FCA re: Rosehill's proposed amendments to the model. The issue is around the composition of the board and specifically the description of factored owners.

Having read the comments from the FCA below, I think the options may be:

1. We can attempt to further clarify the wording with something like:

Rule 36.1 could be amended to say: "*No more than two members of the Committee of Management shall be Factored Owners*"

Additional definitions in the interpretation section could include:

*"Factored Owner" means: "the owner of a property in respect of which the Association has been appointed as Property Factor*

*"Property Factor" means: (in accordance with the Property Factors (Scotland) Act 2011) a local authority or housing association which manages the common parts of land used to any extent for residential purposes and owned -*

*(i) by two or more other persons, or*

*(ii) by the local authority or housing association and one or more other person*

2. Alternatively could replicate the wording in Maryhill's rules which provide that "Customer Board Members must comprise a majority of Board Members at all times, provided always that, of the Customer Board Members who serve as Board Members from time to time, no more than two may be Customers who are not Tenants"

This would mean a more general prohibition on board members who receive any kind of service from Rosehill which isn't what you wanted but has the benefit of having previously been accepted by FCA – it would require additional definitions including "Customer".

3. We can try to get a call with the chap at the FCA and discuss the rules as drafted with him but I doubt I am going to convince him that the wording as drafted is not unclear, and would prefer to go back with alternative wording.

I think we should try option 1 – this obviously means that the rules will need to be further amended slightly and approved by the board - you will also need to get bank consent based on the updated rules, but I would imagine there is plenty of time to do so.

Happy to discuss

Lauren

**Lauren Little**

**TC Young**  
7 West George Street,  
Glasgow, G2 1BA

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**Lauren Little**

Partner  
**TC Young**  
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**From:** Jacqui Baynham <[jba@tcyoung.co.uk](mailto:jba@tcyoung.co.uk)>

**Sent:** 18 April 2024 17:53

**To:** Lauren Little <[ldf@tcyoung.co.uk](mailto:ldf@tcyoung.co.uk)>

**Subject:** FW: FCA\_MPR\_Case\_4482/24 Your application Rosehill Housing Co-operative Limited (2220RS) - proposed amendment of rules

See below. Can we discuss tomorrow?

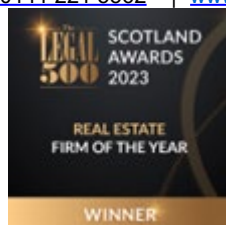
**Jacqui Baynham**

Accredited Paralegal

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**From:** [Mutual.Societies@fca.org.uk](mailto:Mutual.Societies@fca.org.uk) <[Mutual.Societies@fca.org.uk](mailto:Mutual.Societies@fca.org.uk)>

**Sent:** Thursday, April 18, 2024 5:50 PM

**To:** Jacqui Baynham <[jba@tcyoung.co.uk](mailto:jba@tcyoung.co.uk)>

**Subject:** FCA\_MPR\_Case\_4482/24 Your application Rosehill Housing Co-operative Limited (2220RS) - proposed amendment of rules

Dear Jacqui Baynham

Thank you for your email and apology for the delay in responding.

Given the explanation provided: “members who receive a factoring service” refers to the owner of a house in respect of which the society provides a factoring service. We don't think this wording is acceptable/the way it has been proposed in the rules.

We are still not sure on the 'factoring service part' as it is unclear what is meant by this. i.e. what does it mean 'the society providing a factoring service' - is it that the society own the house or the members own the house? what services is it referring to?

It should be noted that the rules need to be clear and easy to understand for anyone/members reading them. Therefore, the rules need to be clear on what a 'factoring service is'. This could also be added in the interpretation section of the rules.

We feel there still need to be more explanation on this as this could impact the condition for registration as a community benefit society.

We will be able to respond to any email you send to us sooner if you do not delete our reference from the email subject.

Please contact us if you have any questions.

We provide information on our website: [www.fca.org.uk/mutuals](http://www.fca.org.uk/mutuals)

You can phone us on 0300 500 0597 or send an email to [mutual.societies@fca.org.uk](mailto:mutual.societies@fca.org.uk)

Thank you.

Baz Chaudery  
Mutuals Team  
Financial Conduct Authority

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Rosehill  
Housing  
Co-operative Limited

# Proposed Change to

# our Constitution – Drop-in Sessions

## What to do with this...

Read, come and  
talk to us, vote.



250 Peat Road • Pollok • Glasgow G53 6SA



0141 881 0595



admin@rosehillhousing.co.uk



www.rosehillhousing.co.uk



rosehill housing co-operative



HAPPY TO TRANSLATE

# Proposed change to our Constitution

In April we issued an Information Leaflet to you, setting out a proposal to change our Constitution from a fully mutual housing co-operative to a charitable registered housing association. We advised that we would be holding drop-in sessions over late Spring and early Summer to enable you as our members (and tenants) to come and speak with us about the proposal, why we want to do this and to give you a chance to ask any questions you may have about the proposal.

## Do you have any questions or concerns about the proposed constitutional change?

If you do, we are keen to hear from you.

We want you to be fully informed and to have received factual and accurate information about the proposal. This is important as we will be asking you, as our members, to approve the constitutional change by way of adopting new charitable rules and a name change to Rosehill Housing Association Limited, at a Special General Meeting in September.

We are holding a series of drop-in sessions at our office to enable you to come in and have a chat, over tea or coffee, with 1 or 2 of our Committee and our Director, Geri Mogan.

The sessions are being held as follows:

Date	Morning	Afternoon	Evening
Wednesday 29/05/24		3:30 pm - 5 pm	6:15 pm - 7:30 pm
Wednesday 05/06/24		3:30 pm - 5 pm	
Thursday 06/06/24	9:30 am - 11 am		
Tuesday 11/06/24		3:30 pm - 5 pm	
Wednesday 12/06/24			6:15 pm - 7:30 pm
Tuesday 18/06/24			6:15 pm - 7:30 pm
Thursday 20/06/24	9:30 am - 11 am		

It would be helpful if you could let us know what session you would like to attend so we can have a sense of numbers attending each session. However, you don't need to let us know, you can simply come along to whatever session suits you. If you would prefer to attend a session virtually, we can issue you with a Microsoft Teams invite, just let us know what session you want to attend.

If you have any questions you would like to share in advance of coming into see us, you can do this by emailing [admin@rosehillhousing.co.uk](mailto:admin@rosehillhousing.co.uk), phoning **0141 881 0595** or popping into our office at 250 Peat Road and a staff member will take a note of your questions.

We look forward to seeing you soon.



## Extract from March 2024 Report

### 5. Risk

- 5.1 Changing our constitution is a relatively significant event, therefore, it is important that associated risks are considered. The presentations from both Linda and Lauren set out the potential advantages and disadvantages of changing our constitution to that of a charity. In terms of potential disadvantages/risk, these are:

**Could be seen as reducing/weakening tenant influence and control.**

This could be mitigated by having a clear aim within our new Membership Policy that we have a majority of tenants on the Committee, where possible. It would also be mitigated by ensuring that the communication with members is clear about the reasons for changing our constitution and the benefits. Part of this strategy would involve mechanisms for members (tenants) to ask questions and raise concerns. We will issue information by post, via links sent by email, text and posted on our facebook page. We will also offer tenants/members opportunities to meet with us face-to-face by holding drop-in sessions at various times (morning, afternoon and evening) with a choice of attending in-person or virtually.

**Members don't vote for rule change to become a charitable registered housing association.**

Again, this would be mitigated by ensuring we have an effective communication strategy in place which will provide clear and "plain English" information about the reasons for the change, the benefits and how the change would affect them and to provide assurance that the change in constitution would have no impact on them as tenants. Providing members with ample opportunity to ask questions or raise concerns.

**Additional Regulation.** We would also be registered with OSCR who would be another Regulator. However, there is an agreement between OSCR and the Scottish Housing Regulator (SHR) that SHR will be the primary regulator. We will be required to submit an annual return to OSCR, which is along the lines of the annual return we do to the Financial Conduct Authority and involves providing a copy of our Financial Statements. Therefore, it is not envisaged that being registered with OSCR will be unduly onerous. Obviously, the majority of registered housing associations in Scotland are charitable.

**Restricted to Charitable Activities.** Our activities would require to be permitted under the Housing (Scotland) Act 2010 and a charitable activity under the Charities Act (e.g. relief of poverty, relief of those in need by

reason of age, financial hardship or other disadvantage). This does not present a real risk to Rosehill as fundamentally we are about providing good quality, affordable homes and the provision of good quality services including services such as welfare benefits advice.

- 5.2 Committee is reminded that Linda's and Lauren's presentations covered the challenges and risks of a fully mutual co-operative e.g. the challenges of recruiting committee members from a closed group and the potential regulatory risk if committee membership fell below 7.
- 5.3 From the information provided at both Constitutional Review Sessions, Committee concluded that there were more advantages than disadvantages to changing to a charitable registered housing association. The advantages are clearly set out in both presentations, which are available on DecisionTime, so I do not intend to repeat them here.
- 5.4 Other identified risks are as follows:

**Governance** – not taking appropriate advice and giving the matter full consideration could lead to the wrong decision being made.

*Mitigating measures* - from the beginning of this process Rosehill commissioned external, expert advice from a Governance Consultant to undertake a review of its constitution and to explore alternatives.

**Legislation/Regulation** – linked with the above, if we failed to take appropriate advice including legal advice on changing our constitution and following the required processes, we could breach the associated legal and regulatory requirements.

*Mitigating measures* - Rosehill has continued to work with its Governance Consultant and has taken legal advice. This has included: consideration of the report from the Governance Consultant on the outcome of the review of Rosehill's constitution; holding 2 sessions in 2023 to explore options including retaining the status quo and to consider the risks and benefits of staying as a fully mutual housing co-operative and changing our constitution and becoming a charitable registered housing association. The Governance Consultant facilitated both sessions and our solicitor attended the second session to provide the legal basis and explain the processes for changing our constitution. A further session was held in January 2024 to explore the model charitable rules again facilitated by the Governance Consultant with our solicitor attending to provide clarity on any legal points and answer any questions to aid the discussion.

In conjunction with our Governance Consultant and Solicitor, I produced a timetable of the key processes and timelines for achieving the constitutional change (which also includes a name change) to ensure that we are in a position to hold an SGM in September 2024 to put the proposal to our members. Having a clear timetable in place ensures we will meet our legal and regulatory requirements for changing our constitution e.g. seeking our lender's consent, applying to the Office of the Scottish Charity Regulator, submission of new rules and name change to FCA for registration and a notifiable event to SHR.

**Reputation** – if we fail to follow correct procedures, we run the risk that we can't deliver our plans to change our constitution and therefore, lose the confidence of our members (tenants) and stakeholders.

If we fail to adequately inform and engage with our members over the proposed constitutional change (and name change) we could be accused of not being suitably transparent about our plans, which could lead to dissatisfaction amongst our members (tenants).

*Mitigation measures* – the measures outlined under Governance and Legislation/Regulation should mitigate the first risk set out above.

To ensure the support of our Members for the change to our constitution we will embark on an awareness campaign and communication strategy to ensure our Members are fully informed. This will include setting out our reasons for the proposed constitutional change, what the main changes are and what this means for our members. We will use different methods for sharing this information e.g. paper form and emailing/texting links to information on our website. We will give our members the opportunity to attend a mix of in-person and virtual events to hear more about the proposal and ask any questions they may have.

When it is appropriate to do so we will notify other stakeholders and partners e.g. GCC of our plans to demutualise.