

Constitutional Structure: Potential for Change?

Rosehill Housing Co-operative
Management Committee Discussion

13 February 2023

RHC's Current Status

- Registered Social Landlord
- Fully-Mutual Co-op
 - All members must be tenants / all tenants must be members; no one else can be a member
 - Cannot be a Scottish Charity
- Rules based on approved Model
- Bound by legal and regulatory requirements
- Not-for Profit
- Voluntary management committee
- Community benefit purpose
 - affordable rented housing

The RSL Sector

- Majority are 'housing associations'
- Small minority are companies limited by guarantee
- All are not for profit
- Many are Scottish charities
- Tenants don't have to be members
- Membership not dependant on tenancy

Why Consider Change?

- Challenging to recruit committee members
 - Only tenants can join committee
 - Strategic focus of committee isn't attractive to many
- Succession planning is difficult
 - Attracting people with range of relevant skills
- Constitutional compliance
 - Minimum of seven committee members needed
- Management Committee approves new members
 - Potential delays to allocations
 - Membership committee meetings are frequent

Additional Factors

- Large landlord = large membership
 - Maintaining accurate register
 - Administering AGM / SGMs
 - Achieving quorum for AGM
- Potential to become Scottish Charity

Changing Status

- Housing Association
- Membership eligibility decided by committee
- Possible to specify geographical area
- Rules set out composition of committee

Potential Advantages

- Membership open to tenants and others
- Able to recruit committee members more widely
- Able to increase diversity of committee
- Reduce risk of constitutional & regulatory non-compliance
- Tenants don't have to be members
- Allocations process streamlined
- AGM arrangements less challenging

Potential Risks

- Non-tenants can become members
- Could be seen as reducing / weakening tenant influence and control

Charitable Status

- Not available to Fully Mutual Co-op
- Access to charitable funding / grants
- Exempt from tax on surplus; corporation tax; LBTT
- Non-domestic rates relief
- Some charities access lower fuel costs via lower VAT
- Some suppliers offer discounts / preferential terms
- Reputational advantages

Charity Requirements

- OSCR
- Charity Trustees
- Permitted Activities

Short – term ‘solution’

- Co-options to management committee
 - Non-members
 - Maximum of one third
 - Don't contribute to quorum
 - Cannot be office bearer
 - Required to stand down at AGM
- Potential ‘tool’ to address current fragile committee
- Not a long-term solution to current constitutional challenges

Something else...

- Annual reporting period differs from majority
- Returns to SHR cover different period to most RSLs
- Complicates / compromises performance comparisons

Lots to think about