

## **CCH GUIDANCE ON UPDATING RULES**

The CCH is urging existing Registered Provider housing co ops with elected management committees to update their existing rules to the [2017 housing co-operative rules](#).

Many Registered Provider housing co-ops registered many years ago using, for example model housing co-op rules registered in 1981. These rules are substantially out of date. They don't properly reflect how co-ops operate in the 21<sup>st</sup> Century. In particular, and relevant to the lockdown, the 1981 model rules do not permit participation in general or committee meetings using digital methods.

The 2017 rules supersede 1981 and other subsequent housing co op rules for Registered Provider housing co-ops. The CCH is suggesting that it is sensible for existing Registered Provider housing co ops to update to the 2017 new model rules.

The CCH is also urging existing non-Registered Provider housing co ops registered under 1981 model rules to update their rules to either the 2017 model rules or the 2019 housing co-op rules for smaller co-ops where there is no management committee.

**A housing co-op should check the provisions in its current rules to understand how to amend its rules to adopt the new model.** Ordinarily, this requires the co-op to hold a General Meeting to agree the new set of rules. The 1981 rules (unless amended) require that three quarters of those attending a general meeting need to vote in favour of changes to fundamental clauses in the rules, and of course the general meeting needs to be quorate.

*Clearly it is not possible for co-ops to hold a face to face General Meeting during the lockdown period. CCH is recommending that your co op prepares the paperwork required for registering new rules so that you can approve them at a General Meeting when the lockdown ends (bearing in mind that it may be possible that the lockdown may be only temporarily ended).*

**The CCH is willing to assist its member co-ops in the process of changing rules for a fee. Some items we have assisted our members with previously in relation to the rules include:**

- discussing the rules in detail with management committees (or co-op members in general meeting run co-ops)
- particularly discussing what has changed from existing rules to the new rules
- discussing the process that will be used to propose the new rules to a general meeting
- assembling publicity information to go to the general membership prior to a general meeting
- attending general meetings to explain the proposed changes to the rules
- ensuring that the discussion at a general meeting enables consideration of the issues, a proper vote is taken and that the rule change is properly minuted
- liaising with Co-ops UK to ensure that they lodge the proposed rule changes with the Financial Conduct Authority once the general meeting has agreed changes.

## ***Key changes in the 2017 housing co-op rules***

This section summarises the key changes between the 1981 housing co-op rules and the 2017 housing co-op rules.

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

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

**Communication and meeting attendance by different means** – the new rules permit that meeting notices and other communications can be sent to members and committee members by electronic means, provided that they consent to receive communications in this way. The new rules also permit that members and committee members can attend general and committee meetings by telephone, video conferencing or by other communications equipment such that the person can hear, comment and vote on proceedings.

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

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

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

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

**Election of the committee** – the new rules specify that the full committee is elected at each Annual General Meeting (unopposed if there are fewer than twelve standing with a facility for members to request a vote for one or more individual committee members). The 1981 rules specify that a third of the committee stand down each year. This is not the custom and practice in most co-ops.

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

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

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

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

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

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

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

This guidance is available to download [here](#).

## **Contact CCH**

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## **Membership Signup/Register**

Membership of the CCH is your statement of solidarity. It brings your organisation into the co-operative movement, and provides you with a direct channel through which you can help to shape the future of co-operative housing in the UK.