

# **RULES OF Bron Afon Community Housing Limited**

**These Rules are based on Model Rules which were jointly sponsored by Communicate Mutuality Limited (Mutuo) and the Wales Co-operative Centre Limited and were produced by Cobbetts, Solicitors, Ship Canal House, King Street, Manchester.**

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## **RULES OF BRON AFON COMMUNITY HOUSING LIMITED**

### **Name**

1. The name of the society is Bron Afon Community Housing Limited (Bron Afon).

### **Purpose**

2. The purpose of Bron Afon is to:
  - 2.1. provide and manage housing in the County Borough of Torfaen; and
  - 2.2. enable communities in the County Borough of Torfaen to provide and manage the housing which they need.

### **Objects**

3. The objects of Bron Afon are to benefit people in need by reason of poverty, age, disability or illness in the community, directly or through local groups by:
  - 3.1. carrying on the business of
    - 3.1.1. providing and managing housing and accommodation;
    - 3.1.2. providing and managing facilities and amenities;
    - 3.1.3. assisting people with their housing needs;
  - 3.2. promoting community involvement in Bron Afon;
  - 3.3. community development through training and the provision of information;
  - 3.4. enabling and empowering members of the community to participate in the affairs of Bron Afon and local groups;
  - 3.5. delivering strategies in partnership with the local authority for the well-being of the community;
  - 3.6. developing and respecting the rights of members of the community, employees of Bron Afon and people dealing with Bron Afon as set out in the Charter of Fundamental Rights of the European Union having regard in particular to the need to provide information to members and conduct the affairs of Bron Afon in accessible and appropriate ways;
  - 3.7. any other charitable object that can be carried out by an Industrial and Provident Society registered as a social landlord with the National

Assembly for Wales ( the Regulator); in order to achieve Bron Afon's purpose.

### **Powers**

4. Bron Afon shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve its objects, except as expressly prohibited in these Rules.
5. Without limiting its general powers, in order to achieve its objects Bron Afon shall have power:
  - 5.1. to take or grant any interest in land, or to carry out works to buildings;
  - 5.2. to help any charity or community benefit organisation or non-profit distributing body where this is consistent with its purpose or objects;
  - 5.3. subject to Rules 106 to 108 to borrow money or issue loan stock for the purposes of Bron Afon on such terms and on such security as Bron Afon thinks fit;
  - 5.4. subject to rule 109 to invest the funds of Bron Afon;
  - 5.5. to transfer (and accept back) and delegate (and accept back) any of the following to or from a local group in accordance with the provisions set out in these Rules:
    - 5.5.1. assets
    - 5.5.2. powers
    - 5.5.3. responsibilities
    - 5.5.4. day to day management associated with any such transfer.
  - 5.6. to establish a Community Fund for investment in community businesses, projects or activities in order to achieve Bron Afon's purpose.
6. Bron Afon shall not have power to receive money on deposit.

### **Application of profits**

7. The affairs of Bron Afon are to be conducted for the benefit of the community, and not for the profit of its members.

8. The profits of Bron Afon are not to be distributed to its members, but shall be applied:
  - 8.1. to maintain prudent reserves;
  - 8.2. on expenditure to achieve Bron Afon's purpose and objects.

## **Organisation**

9. The affairs of Bron Afon are to be conducted by the Board, the Executive and the members in order to fulfil Bron Afon's purpose. The functions of the Board, Executive and members, which shall be at all times exercised and performed in accordance with these Rules, are as follows.

## **Board**

10. The Board's function is to ensure that the affairs of Bron Afon are conducted in accordance with its purpose, and to supervise the Executive. The Board's duties and powers, subject to these Rules, are as follows:
  - 10.1. It may exercise all of Bron Afon's powers which are not required by these Rules or by statute to be exercised by Bron Afon's members in a members meeting. In particular:
    - 10.1.1. it shall develop and approve the policies, strategies and objectives to be pursued by Bron Afon, and monitor the Executive in delivering them;
    - 10.1.2. it shall appoint and dismiss the Chief Executive, other members of the Executive and Secretary and decide and fix the terms and conditions of their employment;
    - 10.1.3. it may call upon the Chief Executive and/or Secretary to report or procure a report in writing upon any aspect of the affairs of Bron Afon;
    - 10.1.4. it shall determine from time to time the categories of transaction which require the approval of the Board; and
    - 10.1.5. it shall approve the use of Bron Afon's seal.
  - 10.2. Save for the matters referred to above, it may delegate any of its powers to committees consisting of such of its own number as it thinks fit who shall, in the function entrusted to them, conform in all respects to the instruction given to them by the Board. The following provisions apply to any such delegation:

- 10.2.1. the Board may retain or give up the right to deal itself with the issues delegated;
  - 10.2.2. any delegation may be revoked and its terms may be varied;
  - 10.2.3. the proceedings of any such committee shall be governed by the Rules regulating the proceedings of the Board so far as they are capable of applying.
  - 10.2.4. other persons may be co-opted on to any such committee provided that Board members form the majority of the committee and that a meeting of the committee is quorate only if a majority of those present are Board members.
11. Bron Afon shall have a Secretary who may be an employee, but may not be the Chief Executive. The Secretary's functions shall include:
- 11.1. acting as Secretary to the Board and any committee;
  - 11.2. summoning and attending all meetings of Bron Afon, and of the Board, and keeping the minutes of those meetings;
  - 11.3. keeping the register of members and other registers and books required by these Rules to be kept;
  - 11.4. having charge of Bron Afon's seal;
  - 11.5. monitoring the conduct of Bron Afon's affairs and ensuring that it is in accordance with these Rules;
  - 11.6. publishing to members in an appropriate form information about Bron Afon's affairs to enable its purpose to be achieved;
  - 11.7. preparing and sending to the Financial Services Authority and any other statutory body all returns which are required to be made.

## **Executive**

12. The function of the Executive is to conduct the day-to-day affairs of Bron Afon. The duties and powers of the Executive are, subject to the duties and powers of the Board as set out in these Rules, to carry out the day-to-day management of Bron Afon's business in accordance with these Rules. The Executive shall have power to act in the name of Bron Afon. Any third party dealing with Bron Afon in good faith and without prior notice of any irregularity is not to be concerned to

see or enquire whether the powers of the Executive have been properly exercised.

## **Members**

13. The function of members meetings is to monitor the progress of Bron Afon in the pursuit of its purpose in the way set out in Rules 30-33 below and in such additional ways as the Board may propose to the members meetings from time to time.
14. Individual members may take part in the activities of Bron Afon and in the delivery of its purpose in accordance with these Rules by:
  - 14.1. attending members meetings;
  - 14.2. electing members of the Board (but subject to Rules 60 and 61);
  - 14.3. taking part in opinion testing;
  - 14.4. taking part in the democratic process of Bron Afon.
  - 14.5. any other manner approved by the Board that is consistent with these Rules.

## **Devolution and community empowerment**

15. In accordance with Bron Afon's purpose, Bron Afon will at all times have in place and operate the following:
  - 15.1. a strategy and programme to secure the widest possible community involvement in Bron Afon;
  - 15.2. a strategy and programme for community development, training and communication, and the identification of communities for the purpose of the following Rules;
  - 15.3. a procedure for communities to communicate their wishes and aspirations.
16. Where there is a body of opinion in a community in favour of varying the current provision or management of its housing, the Board must:
  - 16.1. formulate a proposal in consultation with the community;
  - 16.2. communicate that proposal to all members of the community;

- 16.3. take such steps as are appropriate to establish the opinion of the majority of those tenants living in the community on the proposal.
17. If it is established that the opinion of the majority of those tenants living in a community is in favour of varying the current provision or management of its housing, the Board shall do one of the following:
  - 17.1. facilitate the establishment of a local group with similar objects to represent and carry forward the interests of the communities which may take any of the following forms:
    - 17.1.1. committee, working group or association within Bron Afon a majority of which shall comprise tenant members of Bron Afon;
    - 17.1.2. an industrial and provident society in a form approved by the Regulator;
  - 17.2. delegate to the local group any of its supervisory powers and responsibilities relating to that community;
  - 17.3. transfer assets, and delegate any of its powers or responsibilities and associated day-to-day management to the local group;
  - 17.4. accept back any assets, powers or responsibilities.
18. No transfer of assets or delegation of powers and responsibilities for the provision or management of housing to a local group shall take place except:
  - 18.1. in accordance with Rule 17; and
  - 18.2. with the approval (where required) of the Regulator and the Financial Services Authority; and
  - 18.3. in compliance with the legal obligations of Bron Afon to third parties.

## **Membership**

19. The members of Bron Afon are the people whose names are entered in the register of members.
20. The first members are the people who sign these Rules in applying for registration. Unless they qualify for membership under Rules 21, 22 or 57, the first members shall cease to be members when the names of three other members have been entered in the register of members under these Rules.

21. Membership must be offered to every person who is 16 years of age or more, agrees to be bound by these Rules and is registered as a sole or joint tenant or licensee of Bron Afon. These members are known as “tenant members”.
22. Provided that the majority of the membership consists of persons who qualify for membership under Rule 21 as tenants or licensees of Bron Afon, then membership must be offered to every person who is 11 years of age or more, agrees to be bound by these Rules and is either registered as a leaseholder of Bron Afon or has his only or principal home in the County Borough of Torfaen.
23. Every member holds one share.
24. Applications for membership and payment for shares shall be in such form as the Board may prescribe. No membership application shall be processed and accepted between the date of issue of the notice of Annual Members’ meeting and the day after the Annual Members’ meeting but Membership applicants may be invited to the meeting as observers and may speak but not vote.

### **Shares**

25. The shares of Bron Afon have the nominal value of 10 pence each and may not be transferred or withdrawn. The nominal 10 pence value is not payable upon application for membership, but shall be payable at a later date if the Board requests it.
26. If a person ceases to be a member, the share registered in their name is to be cancelled and the amount subscribed for the share is to become the property of Bron Afon.
27. Shares do not carry any right to interest, dividend or bonus.

### **Removal of Members**

28. A member shall cease to be a member if they:
  - 28.1. cease to qualify for membership under any of Rules 21, 22 or 57;
  - 28.2. are expelled under these Rules;
  - 28.3. withdraw from membership by giving at least one month’s written notice to the Secretary.
29. A member may be expelled by a resolution carried by the votes of not less than two-thirds of the members present in person or by proxy and voting on a poll at an annual or special members meeting of which notice has been duly given. The following procedure is to be adopted:

- 29.1. Any member may complain to the Board that another member has acted in a way detrimental to the interests of Bron Afon.
- 29.2. If a complaint is made, the Board may itself consider the complaint having taken such steps as it considers appropriate to ensure that each member's point of view is heard and may either:
  - 29.2.1. dismiss the complaint and take no further action; or
  - 29.2.2. call a meeting of members to consider a resolution to expel the member complained of; or
  - 29.2.3. arrange for a resolution to expel the member complained of to be considered at the next general meeting of Bron Afon held for other purposes.
- 29.3. If a resolution to expel a member is to be considered at a general meeting, details of the complaint must be sent to the member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting;
- 29.4. At the meeting the members will consider evidence in support of the complaint and such evidence as the member complained of may wish to place before them;
- 29.5. If the member complained of fails to attend the meeting without due cause the meeting may proceed in their absence;
- 29.6. A person expelled from membership will cease to be a member upon the declaration by the Chair of the meeting that the resolution to expel them is carried;
- 29.7. No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the members present in person or by proxy and voting on a poll at an annual or special members meeting of which notice has been properly given.

### **Annual members meeting**

30. Bron Afon shall hold a members meeting called the annual members meeting within six calendar months after the close of each of its financial years.
31. The functions of the annual members meeting shall be:
  - 31.1. to receive the Board's annual report which shall contain:

- 31.1.1. a statement of the policies, strategies and objectives being pursued by Bron Afon;
- 31.1.2. the Board's report on the affairs of Bron Afon including reports on:
  - 31.1.2.1. the progress of the strategy and programme to secure the highest possible level of community involvement in Bron Afon;
  - 31.1.2.2. the progress of the strategy and programme for community development, training and communication, and the identification of communities;
  - 31.1.2.3. the current assessment of the wishes and aspirations of communities;
  - 31.1.2.4. the progress of the strategy and programme for the establishment of local groups and the delegation and transfer of powers, responsibilities and assets to or from local groups
- 31.1.3. the revenue accounts and balance sheets for the last accounting period;
- 31.1.4. the financial auditor's report on those accounts and balance sheets;
- 31.1.5. the report of any other auditor of the affairs of Bron Afon;
- 31.1.6. a statement of the obligations of Board members to the Board and Bron Afon;
- 31.1.7. a statement of the skills, qualities and experience required by the Board amongst its members;
- 31.1.8. including (where relevant) comparative information against objectives announced at any previous annual members meeting;
- 31.2. to receive the Board's proposals for any matters to be referred to future members meetings, or other opinion-testing including opinion poll, deliberative poll, citizens' forum, citizens' jury;
- 31.3. to receive and approve the Board's proposals for the Board Membership Policy or any amendments to it;

- 31.4. to appoint the financial auditor, and to authorise the appointment of the auditor of any other aspects of Bron Afon's performance;
- 31.5. to transact any other general business of Bron Afon included in the notice convening the meeting;
- 31.6. to receive the results of any elections.

### **Special members meetings**

32. All members meetings other than annual members meetings shall be special members meetings and shall be convened either:

- 32.1. by the Board; or

- 32.2. by a written requisition signed by one-tenth of the members or 20 members, whichever is the lesser stating the business for which the meeting is to be convened.

If within twenty-eight days after delivery of a requisition to the Secretary a meeting is not convened, the members who have signed the requisition may convene a meeting.

33. A special members meeting shall not transact any business that is not mentioned in the notice convening the meeting.

### **Notices for members meetings**

34. All members meetings shall be convened by at least fourteen clear days written notice posted or delivered to every member at the address given in the register of members. The notice shall state whether the meeting is an annual or special members meeting, the time, date and place of the meeting, and the business for which it is convened, and shall include a proxy form. Notice of members meetings shall be given to the financial and any other auditors of Bron Afon, and to the local press, and shall be posted on any website maintained by Bron Afon.
35. Any accidental failure to get any notice to any member or members, shall not invalidate the proceedings at that members meeting. A notice or communication sent by prepaid first-class post to a member at their address shown in the register of members shall be deemed to have arrived two days after being posted.

### **Quorum for members meetings**

36. Before any members meeting can start its business there must be a quorum present. A quorum is one tenth of the membership or twenty members whichever

is the lower number of whom at least 50% must be tenant members qualifying under Rule 21 who are present in person or by proxy.

37. A meeting held as a result of a members' requisition will be dissolved if too few members are present half an hour after the meeting should begin.
38. All other members meetings with too few members will be adjourned to the same day, at the same time and place in the following week. If too few members are present within half an hour of the time the adjourned meeting should have started, those members present shall carry out the business of the meeting.

### **Adjournment**

39. The chair of any members meeting can adjourn the meeting if the majority of the members present in person or by proxy agree. An adjourned meeting can only deal with matters adjourned from the original meeting. An adjourned meeting is a continuation of the original meeting. The date of all resolutions passed is the date they were passed (as opposed to the date of the original meeting). There is no need to give notice of an adjournment or to give notice of the business to be transacted.

### **Chairing members meetings**

40. At all members meetings of Bron Afon the chair of the Board shall preside. If there is no such chair or if the chair is not present or is unwilling to act, the vice chair (if any) shall chair the meeting, failing which any Board member present may chair the meeting. If no Board member is present, the members present shall elect one of their number to chair the meeting.

### **The conduct of members meetings**

41. The Board may decide where a general meeting is to be held and may also in the interests of democracy:
  - 41.1. arrange for the annual members meeting to be held in different venues each year;
  - 41.2. make provision for a members meeting to be held at different venues simultaneously or at different times. In making such provision the Board shall also fix an appropriate quorum for each venue, provided that the aggregate of the quorum requirements shall not be less than the quorum set out in the previous rule.
42. It is the responsibility of the Board, the chair of the meeting and the Secretary to ensure that at any members meeting:

- 42.1. the issues to be decided are clearly explained;
  - 42.2. sufficient information is provided to members to enable informed and rational discussion to take place;
  - 42.3. where appropriate, members of the Executive, experts in relevant fields or representatives of special interest groups are invited to address the meeting.
43. If the chair of a members meeting or the Secretary considers that steps should be taken to ensure:
- 43.1. the health and safety of people attending a members meeting; or
  - 43.2. the proper and orderly conduct of the meeting they may take whatever steps are necessary to deal with the situation. They may in particular, if they think it necessary refuse to allow members into the meeting or have members removed from the meeting, where the behaviour of those members is or is likely to be violent or disruptive.

### **Proxies**

44. A proxy can be appointed by delivering a written appointment in a form agreed by the Board to the registered office at least two days before the date of the meeting at which the proxy is authorised to vote. Where a proxy has been properly appointed, no member may attend the meeting unless the authority of the proxy is properly revoked. No person other than the chair may act as proxy for more than three members.
45. The proxy form must be signed by the member or a duly authorised attorney. Any proxy form delivered late shall be invalid. Any question as to the validity of a proxy shall be determined by the chair of the meeting whose decision shall be final. A proxy need not be a member of Bron Afon.

### **Voting at members meetings**

46. Subject to the provisions of these Rules or of any statute, a resolution put to the vote at a members meeting shall, except where a ballot is demanded or directed, be decided upon a show of hands.
47. On a show of hands every member present in person and on a ballot every member present in person or by proxy shall have one vote. In the case of an equality of votes the chair of the meeting shall have a second or casting vote.
48. Unless a ballot is demanded (either before or immediately after the vote), a declaration by the chair that a resolution on a show of hands has been carried or

lost, unanimously or by a particular majority, is conclusive. An entry made to that effect in the book containing the minutes of the proceedings of Bron Afon, shall be conclusive evidence of that fact.

49. Any question as to the acceptability of any vote whether tendered personally or by proxy, shall be determined by the chair of the meeting, whose decision shall be final.
50. A ballot on a resolution may be demanded by any three members at a meeting (in person or by proxy) or directed by the chair (and such demand or direction may be withdrawn). A ballot may be demanded or directed after a vote on the show of hands, and in that case the resolution shall be decided by the ballot.
51. A ballot shall be taken at the meeting at such time and in such manner as the chair shall direct. The result of such a ballot shall be deemed to be the resolution of the Bron Afon members meeting.

### **Board composition**

52. The Board shall consist of fifteen full members and may include a co-opted leaseholder as a sixteenth member.
53. Five Board members shall be elected from amongst the tenants of Bron Afon (“tenant Board members”) in accordance with Rule 60 or 61 (whichever is applicable).
54. Five Board members shall be nominated by the local authority (“local authority Board members”) to hold office for such periods not exceeding four years as the local authority sees fit. No local authority Board member may serve more than eight consecutive years without a gap of at least one year before their reappointment to the Board. Their term of office shall be notified to the Secretary of Bron Afon at the time of their appointment to the Board.
55. Five Board members who shall not be tenants of Bron Afon and shall not be Councillors or Officers of the local authority (“independent Board members”) shall be selected by the Board in accordance with a Board Membership Policy and the following provisions shall then apply:
  - 55.1. The proposal to appoint them shall be notified to all members in writing together with a summary of the reasons for their appointment and the proposed term of office
  - 55.2. The Board may refer the proposal to appoint them to a members meeting for their appointment to be confirmed

- 55.3. If the Board do not refer the proposal to a members meeting then Rules 55.4 to 55.8 apply
- 55.4. Within a period of 14 days of written notification being sent to members of the proposal to appoint, members may request that their appointment is considered at a members meeting.
- 55.5. If more than 10 members request that a members meeting be held to consider their appointment within the 14 day period, they shall not be appointed prior to the members meeting being held.
- 55.6. If Rule 55.5 does not apply, then their appointment is confirmed for the term specified at the expiry of the 14 day period referred to in Rule 55.4.
- 55.7. If a members meeting is held, the Board may confirm the appointment unless a resolution is duly passed at the meeting that they should not be appointed.
- 55.8. If a members meeting is held and a resolution is passed to change the term of office of the independent Board member, the Board may confirm the appointment for the term proposed by the members resolution.
- 55.9. Any accidental failure to get any notice to any member or members, shall not invalidate the appointment of an Independent Board member.
56. The Board may propose any term of office they consider appropriate for the appointment of independent members not exceeding four years and independent members may be reappointed for further terms of office provided that no independent member may serve for a continuous period of more than seven years without a gap of at least one year before reappointment to the Board. Any reappointment of an independent Board member shall be subject to the procedure set out in the previous Rule.
57. Independent Board members shall be members of Bron Afon during their period of office and at the expiry of their term of office shall cease to be members unless they qualify for membership under Rule 21 or 22.
58. The Board may co-opt a leaseholder of Bron Afon as a sixteenth member of the Board who may attend and speak but not vote at meetings of the Board. The co-optee shall hold office on such terms as the Board see fit provided they shall not remain as a co-optee for a consecutive period of more than six years.
59. The first members of Bron Afon shall be the first Board.
60. Subject to the following Rule, the elections referred to in Rule 53 shall be elections in which all the tenants of Bron Afon shall be entitled to vote in

accordance with election rules determined by the Board under Rule 69 below. Each joint tenant shall have a vote. Where a tenant Board member is due to retire from office at the next annual members meeting, the Board may arrange for the election to be held for a new Board member so that the result of the election is known shortly before the annual members meeting.

61. If the membership of Bron Afon exceeds 500, then the Board may put forward proposals to a members meeting that tenant Board members should be elected by the tenant members who qualify for membership under Rule 21 (“tenant members”) instead of by all the tenants of Bron Afon. If that proposal is supported by at least 75% of the members present in person and by proxy at the members meeting then, during such time as the membership of Bron Afon continues to exceed 500 at the time a vacancy occurs, future elections of tenant Board members shall be by the tenant members at the annual members meeting and the Board may determine the election rules under Rule 69 below.

#### **Rule 61 was implemented by Members at the AGM 24 September 2011**

62. No tenant may be a Board member for more than two consecutive terms of office without a gap of at least one year before re-election to the Board.
63. Where the term of office of an independent Board member is due to expire, the Board may begin a recruitment process (including where appropriate proposing to reappoint the same person for a further term) and initiate the procedure set out in Rule 55 above before that term of office expires.

#### **Disqualification from Board membership**

64. No one (whether tenant Board member, independent Board member or local authority Board member) may become or remain a Board member if:
  - 64.1. they are under 16 years of age;
  - 64.2. they are bankrupt or subject to an agreement with their creditors; or
  - 64.3. they have been convicted of an indictable offence within the last five years;  
or
  - 64.4. they are detained or have a Receiver appointed for their affairs under the Mental Health Acts; or;
  - 64.5. they are not a member of Bron Afon, unless they are a local authority Board member or independent Board member; or
  - 64.6. they have failed to attend four consecutive meetings of the Board without special permission given by the Board; or

- 64.7. they have not fulfilled the requirements of the training policy which shall be set by the Board to ensure that all Board members deliver the highest possible levels of skill and competence in carrying out their duties; or
- 64.8. they have at any time failed to sign and deliver to the Board a statement in the form required by the Board confirming that they will meet their obligations to the Board and to Bron Afon and comply with the Board's code of conduct;
- 64.9. they are former tenants of Bron Afon who owe money to Bron Afon;
- 64.10. they are tenant Board members and cease to be tenants of Bron Afon;
- 64.11. they are tenants of Bron Afon and owe more than the equivalent of 12 weeks arrears of rent or other charges to Bron Afon provided that this Rule shall not apply if the Board have previously considered and authorised them remaining as Board members as the arrears have accrued because those arrears are beyond their control.

Any Board member who at any time ceases to qualify under this Rule shall immediately cease to be a Board member.

### **Replacing Board members**

- 65. Any Board member may be removed from office by a special resolution (a resolution passed by a two thirds majority of all members who vote in person or by proxy at a members meeting).
- 66. Where a vacancy arises on the Board for any reason other than retirement under Rule 67 or 68 below, the vacancy shall be filled until the next annual members meeting in the following way:
  - 66.1. a vacancy amongst the tenant Board members shall be filled by the candidate who polled the highest number of votes at the most recent elections (but who was not elected) and who is willing to serve or by co-option of a tenant if no candidate from that election is able and willing to serve. Where elections were held on a geographical basis, it shall be the candidate with the highest vote from within the same geographical area as the tenant who has ceased to be a Board member and created the vacancy. **When the vacancy arises in the first year of appointment, then the second place candidate will be invited to serve the remaining time of the term not just until the annual members meeting;**

- 66.2. a vacancy amongst the independent Board members shall be filled (in accordance with the Board Membership Policy) by the Board and the procedure set out above;
- 66.3. a vacancy amongst the local authority Board members shall be filled by nomination of the local authority.

### **Election to the Board**

67. Tenant Board members shall be elected to hold office until the Annual Members' meeting that takes place in the fifth year after their election when they are first appointed to the Board. If re-elected to the Board they shall be elected to hold office until the Annual Members' meeting that takes place in the third year after their re-election.

### **Appendix to the rules as agreed by Members at the AGM 11 September 2010**

Carl Witcombe shall hold office for his current first period of office on the Board until the Annual Members' meeting in 2013 and if re-elected, shall hold office for a four year term until 2017.

Catherine Price and Deborah Smyth shall hold office for their current first period of office on the Board until the Annual Members' meeting in 2014 and if re-elected, shall hold office for a four year term until 2018.

The tenant Board members elected to take office at the Annual Members' meeting in 2010 shall be subject to the new provisions of Rule 67 so their first term of office shall be five years until 2015 and if re-elected, they shall hold office for a three year term.

68. Immediately after registration of Bron Afon, the independent Board members shall draw lots to establish which two shall retire at the second annual meeting, which two at the third annual meeting and which one at the fourth annual meeting. The date of retirement established by this method shall constitute the end of their term of office but they shall be eligible for reappointment.
69. Elections of tenant Board members shall be held in accordance with arrangements to be determined by the Board. These arrangements may include:
  - 69.1. seeking to ensure that those elected live in different geographical areas;
  - 69.2. advertising vacancies, and the procedures for nomination;
  - 69.3. the publication of information concerning candidates;
  - 69.4. rules regarding canvassing;

- 69.5. postal voting.
70. In an election, everyone entitled to vote shall have one vote for every vacancy but shall not give more than one vote to any one candidate.

### **Quorum for Board meetings**

71. Six Board members comprising not less than two tenant Board members, not less than two Independent Board members, and not less than two local authority Board members shall form a quorum. No resolution of the Board shall be passed by a majority composed only of tenant Board members or Independent Board members or local authority Board members.

### **Board members' interests**

72. No Board member shall have any financial interest:
- 72.1. personally; or
  - 72.2. as a member of a firm; or
  - 72.3. as a director or other officer of a business trading for profit; or
  - 72.4. in any other way whatsoever in any contract or other transaction with Bron Afon, unless it is expressly permitted by these Rules.
73. Bron Afon shall not pay or grant any benefit to anyone who is a Board member, unless it is expressly permitted by these Rules and by statute.
74. Any Board member, having an interest in any arrangement between Bron Afon and someone else shall disclose their interest, before the matter is discussed by the Board. Unless it is expressly permitted by these Rules they shall not remain present unless requested to do so by the Board, and they shall not have any vote on the matter in question. Any decision of the Board shall not be invalid because of the subsequent discovery of an interest which should have been declared.
75. Every Board member shall ensure that the Secretary at all times has a list of all other bodies in which they have an interest as:
- 75.1. a director or officer; or
  - 75.2. as a member of a firm; or
  - 75.3. as an official or elected member of any statutory body; or

- 75.4. as the owner or controller of more than 2% of a company the shares in which are publicly quoted or more than 10% of any other company; or
- 75.5. as the occupier of any property owned or managed by Bron Afon; or any other significant or material interest.
76. If requested by a majority of the Board at a meeting convened specially for the purpose, a Board member failing to disclose an interest as required by these Rules shall vacate their office either permanently or for a period of time.
77. Board membership shall be unpaid. Bron Afon may pay properly authorised expenses to Board members when actually incurred on Bron Afon's business and shall publish the annual expenses paid to each Board member.
78. A Board member shall not have an interest for the purpose of Rules 74-76 as a Board member, director, or officer of any other body whose accounts are or ought to be consolidated with Bron Afon's accounts.
79. Board members who are tenants of Bron Afon do not have an interest for the purpose of Rule 74 in any decision affecting all or a substantial group of tenants.
80. Local authority Board members do not have an interest for the purposes of any contract between Bron Afon and the local authority.

### **Meetings of the Board**

81. The Board shall meet at least four times every calendar year. Save in the case of emergencies or the need to conduct urgent business, at least seven days written notice of the date and place of every Board meeting shall be given by the Secretary to all Board members and published in a local newspaper or newspapers circulating in the area served by Bron Afon. Unless the Board decides otherwise in relation to all or part of a meeting for reasons of commercial confidentiality or on other proper grounds, all meetings of the Board shall be held in public.
82. Meetings of the Board may be called by the Secretary, or by the Chair, or by two Board members who give written notice to the Secretary specifying the business to be carried out. The Secretary shall send a written notice to all Board members as soon as possible after receipt of such a request. The Secretary shall call a meeting on at least seven but not more than fourteen days notice to discuss the specified business. If the Secretary fails to call such a meeting then the Chair or two Board members, whichever is the case, shall call such a meeting.
83. The Board may delegate any of its powers under written terms of reference to committees (subject to Rule 10). Those powers shall be exercised in accordance

with any written instructions given by the Board and the provisions above applying to Board members' interests shall apply in relation to such committees.

84. The membership of any committee shall be determined by the Board. The Board will appoint the chair of any committee and shall specify the quorum.
85. All acts and proceedings of any committee shall be reported to the Board.
86. No committee can incur expenditure on behalf of Bron Afon unless the Board has previously approved a budget for the relevant expenditure.

### **Miscellaneous provisions concerning the Board**

87. All decisions taken at a Board or any committee meeting in good faith shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the members at a meeting.
88. A resolution in writing sent to all Board members and signed or confirmed by email by three quarters of the Board members or all the members of a committee shall be as valid and effective as if it had been passed at a properly called and constituted meeting of the Board or committee.
89. Meetings of the Board can take place in any manner which permits those attending to hear and comment on the proceedings.
90. A Board member acting in good faith shall not be liable to Bron Afon for any loss.

### **Chair of the Board**

91. At the first meeting of the Board after the annual members meeting, the Board shall elect one of their number to be chair of Bron Afon and another to be Vice-Chair. As long as they remain as Board members, the chair and Vice-chair on election shall hold office until the commencement of the first Board meeting after the next annual members meeting of Bron Afon. The chair of Bron Afon shall preside at all Board meetings and in his or her absence the Vice-Chair shall preside. The first item of business for any Board meeting when there is no chair or vice chair shall be to elect the chair.
92. The chair or vice chair of Bron Afon may be removed at a Board meeting called for the purpose provided the resolution is passed by at least two thirds of the members of the Board at the meeting.

### **Miscellaneous**

93. Every officer or employee shall be indemnified by Bron Afon for any

amount reasonably incurred in the discharge of their duty.

94. Except for the consequences of their own dishonesty or gross negligence no officer or employee shall be liable for any losses suffered by Bron Afon.

### **Financial auditor**

95. Bron Afon shall appoint a financial auditor to act in each financial year. They must be qualified as provided by Section 7 of the Friendly and Industrial & Provident Societies Act 1968 as amended by the Companies Act 1989.
96. The following cannot act as financial auditor:
  - 96.1. an officer or employee of Bron Afon;
  - 96.2. a person employed by or employer of, or the partner of, an officer or employee of Bron Afon.
97. A financial auditor must be appointed by resolution at a members meeting.
98. Bron Afon's first financial auditor shall be appointed at a members meeting within three months of its registration. The Board may make the appointment if no meeting is held within three months. The Board may appoint a financial auditor to fill a casual vacancy.
99. Where a financial auditor is appointed to audit the accounts for the preceding year, they shall be re-appointed to audit the current year's as well unless:
  - 99.1. a members meeting has appointed someone else to act or has resolved that the auditor cannot act; or
  - 99.2. the auditor does not want to act and has told Bron Afon so in writing; or
  - 99.3. the person is not qualified or falls within Rule 96 (above); or
  - 99.4. the financial auditor has become incapable of acting; or
  - 99.5. notice to appoint another financial auditor has been given.
100. Not less than twenty eight days notice shall be given of a meeting to consider a resolution to appoint another person as financial auditor, or to forbid a retiring financial auditor being re-appointed. Bron Afon shall send a copy of the proposed resolution to the retiring financial auditor and give notice to its members at the same time and in the same manner, if possible. If not, Bron Afon shall give notice by advertising in a local newspaper at least 14 days before the proposed meeting. The retiring financial auditor can make representations to Bron Afon

which must be notified to its members under Section 6 of the Friendly and Industrial and Provident Societies Act 1968.

### **Financial Auditor's duties**

101. The findings of the financial auditor shall be reported to Bron Afon, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968.
102. The Board shall produce the revenue account and balance sheet audited by the financial auditor, and the financial auditor's report at each annual members meeting. The Board shall also produce its report on the affairs of Bron Afon which shall be signed by the person chairing the meeting which adopts the report.

### **Accounting requirements**

103. Bron Afon shall keep proper books of account detailing its transactions, its assets and its liabilities, in accordance with Sections 1 and 2 of the Friendly and Industrial and Provident Societies Act 1968 and in accordance with the regulatory requirements of the Welsh Assembly Government.
104. Bron Afon shall establish and maintain satisfactory systems of control of its books of account, its cash and all its receipts and payments.

### **Annual return and balance sheets**

105. Every year, within the time specified by legislation, the secretary shall send Bron Afon's annual return to the Financial Services Authority. The return shall be up-to-date to the time specified in the Act, or such other date allowed by the Financial Services Authority. The annual return shall be accompanied by the financial auditor's reports for the period of the return and the accounts and balance sheets to which it refers.

### **Borrowing**

106. The total borrowings of Bron Afon at any time shall not exceed £500 million (five hundred million pounds) or such a larger sum as Bron Afon determines from time to time in members meeting.
107. The rate of interest payable at the time terms of borrowing are agreed on any money borrowed shall not exceed the rate of interest which, in the opinion of the Board, is reasonable having regard to the terms of the loan. The Board may delegate the determination of the said interest rate within specified limits to an officer, Board member or a committee.

108. In respect of any proposed borrowing, for the purposes of rule 106, the amount remaining undischarged of any deferred interest or index-linked monies previously borrowed by Bron Afon or on any deep discounted security shall be deemed to be the amount required to repay such borrowing in full if such pre-existing borrowing became repayable in full at the time of the proposed borrowing; and for the purposes of Rule 106 in respect of any proposed borrowing intended to be on index-linked or on any deep discounted security the amount of borrowing shall be deemed to be the proceeds of such proposed borrowing receivable by Bron Afon at the time of the proposed borrowing.
109. Bron Afon shall have the power to enter into and perform a rate cap transaction, or series of rate cap transactions, where the Board (or a duly authorised committee established under these Rules) considers entry by Bron Afon into such transaction(s) to be in the best interests of Bron Afon provided that:
- 109.1 at the time of entry into any such transaction(s) the sum of the calculation amount of any rate cap transaction previously entered into and remaining in effect and the calculation amount of the proposed rate cap transaction(s) shall not exceed the lower of 109.1.1 £500 million or
- 109.1.2 the aggregate amount of Bron Afon's variable rate borrowing then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which Bron Afon intends at the effective date when drawn will become variable rate borrowings and,
- 109.2 the counterparty to each rate cap transaction is the floating rate payer.
110. Prior to exercising its power under Rule 109 Bron Afon shall obtain and consider proper advice on the question of whether the rate cap transaction is satisfactory having regard to:
- 110.1 possible fluctuations in the rate of interest payable by Bron Afon under its variable rate borrowings during the term of the rate cap transaction(s);
- 110.2 Bron Afon's ability to meet its payment obligations under the variable rate borrowings during the term of the rate cap transaction(s) if that transaction was not entered into;
- 110.3 the payment obligations under the rate cap transaction(s); and
- 110.4 Bron Afon's actual and projected annual income and expenditure position.

111. Bron Afon shall have the power to enter into and perform a swap transaction, or series of swap transactions, where the Board (or a duly authorised committee established under these Rules) considers entry by Bron Afon into such transaction(s) to be in the best interests of Bron Afon provided that at the time of entry into any such transaction(s) the sum of the calculation amount of any swap transaction previously entered into and remaining in effect and the calculation amount of the proposed swap transaction(s) shall not exceed the lower of:-
- 111.1 £500 million; or
- 111.2 the aggregate amount of Bron Afon's variable rate borrowings then drawn down plus the amount of any existing contractually committed loan facilities not yet drawn down in respect of amounts which Bron Afon intends at the effective date when drawn will become variable rate borrowings having regard at the effective date to Bron Afon's obligations to repay variable rate borrowings and the amount of variable rate borrowings which will be outstanding at any time on or prior to the proposed termination date.
112. Prior to exercising its power under Rule 111 Bron Afon shall obtain and consider proper advice on the question of whether the swap transaction is satisfactory having regard to:
- 112.1 Bron Afon's anticipated payment obligations under its existing borrowings pursuant to Rule 106;
- 112.2 the payment obligations under the proposed swap transaction;
- 112.3 the terms and conditions of the swap transaction; and
- 112.4 Bron Afon's actual and projected annual income and expenditure position.
113. For the purposes of Rules 110 and 112 proper advice is the advice of a person who is reasonably believed by the Board to be qualified by their ability in and practical experience of financial matters and rate cap transactions and the appropriate derivative transaction and is properly authorised to give such advice under the provisions of the Financial Services and Markets Act 2000 such advice may be given by a person notwithstanding that they give it in the course of their employment as an officer.

114. A person entering into a rate-cap transaction as floating rate payer with Bron Afon or a person entering into a swap transaction with Bron Afon who has received a written certificate signed by the Secretary confirming Bron Afon's compliance with Rules 109 to 113 shall not be concerned to enquire further whether or not Bron Afon has complied with the provisions of Rules 109 to 113 and such transaction shall be valid at the date that it is entered into and throughout its term in favour of such person (or any assignee or successor in title) whether or not the provisions of Rules 109 to 113 have been complied with.
115. For the purposes of Rules 109 to 114:
- 115.1 "calculation amount" "effective date" "floating rate payer" "term" and "termination date" have the respective meanings given in the 2000 ISDA Definitions as amended from time to time;
- 115.2 "variable rate borrowing" means any borrowing by Bron Afon pursuant to Rule 106 in respect of which the rate of interest has not been fixed for a term in excess of twelve months and the term "fixed" shall exclude any borrowing where the rate of interest is indexed in accordance with a retail prices index or other published index;
- 115.3 "rate cap transaction" means a cap transaction within the meaning of "swap transaction" as defined in the 2000 ISDA Definitions as amended from time to time;
- 115.4 "swap transaction" means any transaction which is a rate swap transaction, a forward rate transaction, interest rate option purchased or collar transaction as referred to in the definition of "swap transaction" appearing in the 2000 ISDA Definitions as amended from time to time save that:
- 115.4.1 it shall exclude:-
- a) any transaction where any calculation amount is expressed in a currency other than pounds sterling; and
  - b) any transaction dealing in commodities; and,
- 115.4.2 rate swap transaction shall be deemed to include a retail prices (or other published index) interest rate transaction; and
- 115.4.3 forward rate transactions shall include an option to buy a forward rate transaction (but not sell).

## **Investment**

116. The funds of Bron Afon may be invested by the Board as it determines and as permitted by law.

## **Administrative provisions**

117. Bron Afon's registered office is:

Bron Afon Community Housing Limited  
Tŷ Bron Afon  
William Brown Close  
Llantarnam Industrial Park  
Cwmbran  
NP44 3AB

118. Bron Afon's registered name must:

118.1. be placed prominently outside every office or place of business; and

118.2. be engraved on its seal; and

118.3. be stated on its business letters, notices, adverts, official publications, cheques and invoices.

## **Disputes**

119. Every unresolved dispute which arises out of these Rules between Bron Afon and:

119.1. an officer; or

119.2. a member; or

119.3. a person claiming to be a member; or

119.4. a person who was a member in the last six months is to be submitted to an arbitrator agreed by the parties and in default of agreement nominated by Community Housing Cymru.

120. The arbitrator's decision is binding. No appeal is allowable. No court of law can alter it, but it can be enforced by a County Court.

121. The arbitrator's decision on the costs of the arbitration is binding.

## **Minutes, seal, registers and books**

122. The minutes of all members meetings and all Board and committee meetings shall be recorded, agreed by the relevant subsequent meeting and signed by whoever chairs the meeting and kept safe.

123. The Secretary shall keep the seal. It shall not be used except under the Board's authority. It must be affixed by one Board member signing and the Secretary countersigning or in such other way as the Board resolves.
124. Bron Afon must keep at its registered office:
  - 124.1. The register of members showing:
    - 124.1.1. the names and addresses of all the members and their categories of membership (subject to any statutory protection that may exist to protect the identify of individual members); and
    - 124.1.2. a statement of all the shares held by each Board member and the amount paid for them; and
    - 124.1.3. a statement of other property in Bron Afon held by the member; and
    - 124.1.4. the date that each member was entered in the register of members.
  - 124.2. a duplicate register of members showing the names and addresses of members and the date they became members.
  - 124.3. a register of the names and addresses of the officers, their offices and the dates on which they assumed those offices as well as a duplicate;
  - 124.4. a register of holders of any loan;
  - 124.5. a register of mortgages and charges on land;
  - 124.6. a copy of the Rules of Bron Afon.
125. Bron Afon must display a copy of its latest balance sheet and auditors report at its registered office.
126. Bron Afon shall give to all members on request copies of its last annual return with the financial auditor's report on the accounts contained in the return, free of charge.
127. The Secretary shall give a copy of the Rules of Bron Afon to any person on demand who pays such sum as Bron Afon considers appropriate, not exceeding 10 pence.

### **Statutory applications to the Financial Services Authority**

128. Ten members can apply to the Financial Services Authority to appoint an accountant to inspect the books of Bron Afon, provided all ten have been members of Bron Afon for a twelve month period immediately before their application.
129. The members may apply to the Financial Services Authority in order to get the affairs of Bron Afon inspected or to call a special members meeting. One hundred members, or one-tenth of the members, whichever is the lesser, must make the application.

### **Amendment of Rules**

130. Rules of Bron Afon can be changed or rescinded but not so as to stop Bron Afon being a charity as follows:-
  - 130.1. Rules 9-18 and 31 can only be changed or rescinded by three fourths of the votes cast at a members meeting;
  - 130.2. Rules 2, 3, 7, 8, 52-55, 60-61, 67-71, 123, 124 and 126 and this Rule can only be changed or rescinded:
    - 130.2.1. by three fourths of the votes cast at a members meeting;
    - 130.2.2. on which not less than 10% of members have cast a vote, unless the meeting at which such resolution is to be considered has been called and the resolution is recommended by the Board;  
and
    - 130.2.3. with the prior written approval of the local authority;
  - 130.3. Any other rule can be changed or rescinded by two thirds of the votes cast at a members meeting.
131. Amended Rules shall be registered with the Financial Services Authority as soon as possible after the amendment has been made. An amended rule is not valid until it is registered.

### **Amalgamation and transfer of engagements**

132. The Act provides that Bron Afon may by special resolution:
  - 132.1. amalgamate with another society or a company registered under the Companies Acts;

132.2 transfer its engagements to another society or a company registered under the Companies Acts;

132.3. convert itself into a company registered under the Companies Acts.

133. Unless such a resolution proposes a transfer of engagements to, or amalgamation with an industrial and provident society whose business is being or is intended to be carried on for the benefit of the community, and which contains in its Rules similar provisions to this rule and the Rules specified in rule 132.2)above, the quorum at any members meeting called to consider such a resolution shall be 10% of the members entitled to attend and vote at the meeting, and furthermore no such resolution shall be valid unless it is passed on a poll by not less than 50% of the members entitled to vote on the resolution, voting in person or by proxy if the membership is less than 5000, by not less than 40% of the members entitled to vote on the resolution, voting in person or by proxy if the membership is between 5000 and 10,000 and by not less than 30% of the members entitled to vote on the resolution, voting in person or by proxy if the membership is greater than 10,000.

### **Dissolution**

134. Bron Afon may be dissolved by a three fourths majority of members who sign an instrument of dissolution in the form prescribed by Treasury Regulations; or by winding-up under the Act.

135. Any property that remains, after Bron Afon is wound-up or dissolved and all debts and liabilities dealt with, the members may resolve to give or transfer to:

135.1. another charitable body incorporated to carry on business for the benefit of the community in the area served by Bron Afon; or failing that

135.2. a charity operating within the area served by Bron Afon; or failing that

135.3. a charitable body with objects similar to that of Bron Afon.

### **Transitional arrangements**

136. In the period between the date of registration of Bron Afon and the date of transfer of dwellings and other property from Torfaen County Borough Council to Bron Afon all references in these Rules to tenants, licensees or leaseholders of Bron Afon shall be interpreted as referring to tenants, licensees or leaseholders of Torfaen County Borough Council.