



PROPOSED RULE AMENDMENTS

MAY 2022

The rule amendments have been split into three sections:

- General Rule Amendments
- Rule amendments specifically relating to Directors
- Rule amendments specifically required for changes of regions

General Rule Amendments

Rule 18 d)

Current Rule

A Member shall cease to be a Member of the Society immediately that they:

d) are removed from the register of Members by the Secretary in accordance with the Maintenance of Register provisions in these rules; or

Reason for change

This should be amended as even when a member leaves membership their record should not be removed from the Register of Members, as per the Act.

Proposed Rule

"the register of Members is updated by the Secretary to show that they are no longer a Member, in accordance with the Maintenance of Register provisions in these Rules; or

Rule 19 h)

Current Rule

No Person who has been expelled from membership is to be re-admitted as a member except by a resolution carried by the votes of two-thirds of the votes cast at an ordinary Members' meeting.

Reason for change

Consider changing this to say that it would be a Board decision rather than a member one. This is preferred as it would be the Board who had expelled the Member in the first place and is likely to make the issue less controversial

Proposed Rule

No Person who has been expelled from membership is to be re-admitted as a member except by the approval of the Board of Directors.

Rules 55 to 64

Current Rule

Relates to attending and voting at the Member's Meeting.

Reason for change

To add in an additional clause to cover off hybrid meetings to avoid any potential issues.

Proposed Rule

The Society may hold members' meeting either in person, virtually, or a hybrid meeting combining both alternatives.

Rule 144

Current Rule

Service of Notices

Notices may be displayed conspicuously at the registered office and in other places of business of the Society to which Members have access. A notice sent to a Member's Address shall be deemed to have duly served 48 hours after it is sent. The accidental omission to send any notice to or the non-receipt of any notice by any Person entitled to receive notice shall not invalidate the proceedings at that meeting.

Reason for change

To allow for electronic delivery of notices.

Proposed Rule

Add:

"For the purpose of serving notices and Documents to Members under these Rules or under the Act, the Society may communicate with a Member by Electronic Means where a Member has provided an Address for electronic communication with them to the Society for any purpose, and shall be deemed to have the consent of the Member to do so unless the Member concerned withdraws that consent by notice in Writing to the Society"

Rule amendments specifically relating to Directors*Rule 33***Current Rule**

The Board is accountable to its membership and for the long-term success of the business of the Society.

Reason for change

To adhere to Section 2 Principal 2 of the Co-operative Code of Governance.

Proposed Rule

The Board is accountable to its membership, preserving value and impact for its membership and the long-term success of the business of the Society.

Rule 34 a)

Current Rule

to ensure that the Society's affairs are conducted in accordance with these Rules, the best interests of the Society and its Members and in accordance with the Co-operative Values and Principles;

Reason for change

To adhere to Section 2 Provision 4 of the Co-operative Code of Governance.

Proposed Rule

To ensure that the Society's affairs are conducted in accordance with these Rules, the best interests of the Society and its Members, the views of its Members and wider stakeholders and in accordance with the Co-operative Values and Principles;

Rule 34 b)

Current Rule

to determine the strategy and policy of the Society in consultation with the Officers;

Reason for change

To adhere to Section 2 Provision 4 of the Co-operative Code of Governance.

Proposed Rule

To determine the purpose, strategy culture, values, and policy of the Society in consultation with the Officers and its Members.

Rule 73

Current Rule

The Board of Directors shall be elected in accordance with election procedures approved from time to time by the Board. The number of Directors shall be determined by the following provisions:

Reason for change

To adhere to Section 4 Provision 13 of the Co-operative Code of Governance.

Proposed Additional wording

The Board of Directors shall be elected in accordance with election procedures, that ensure that Directors are elected based on merit and objective criteria, approved from time to time by the Board. The number of Directors shall be determined by the following provisions:

Rule 75

Current Rule

The Board may co-opt professional external Directors to the Board provided that at all times the number of professional external Directors shall not exceed more than 33% of the total places on the Board. A professional external Director shall serve for a specified term determined by the Board at the time of co-option, subject to a review at least every three years, may be removed from office at any time by a resolution passed by a majority of the Members of the Board, and shall be remunerated in an amount (to be disclosed in the published accounts) from time to time fixed by the Board.

Reason for change

To adhere to the Co-operative Code of Governance.

Proposed Additional wording

- independent non-executive appointed directors" - the Code changed the terminology here and removes co-option and refers to appointment.
- We should include some additional wording in here to provide for appointments to relate to filling skills and/or diversity gaps.
- Members must reaffirm their appointment every three years too. Section 4 provision 11.
- Need to include something here about ratification by the members in general meeting or the AGM after their appointment. See Section 4 provision 12 of the Code..

Rule 76

Current Rule

Where a casual vacancy arises on the Board, the Board, at its discretion, may fill the vacancy either by an election, or by appointment of the highest polling candidate at the most recent election, who is willing to serve. A person elected or appointed to the Board in this way shall serve until the end of the term of office of the vacant post

Reason for change

To add flexibility.

Proposed Additional wording

Provide for the Board to also co-opt someone here for the remainder of the term of office/until the next AGM.

Rule 77

Current Rule

The Board will prepare, approve, and enforce a code of conduct for Directors or may adopt the consumer co-operative Code of Conduct for Directors produced by Co-operatives UK (and any further updates). The code of conduct for Directors will include commitments to training and ongoing professional development where needed, in order that the Board is competent to fulfil its role. All Directors will sign an acknowledgement accepting his or her obligation to comply with the code in its entirety

Reason for change

To adhere to Section 4 Provision 13 of the Co-operative Code of Governance.

Proposed Rule

The Board will prepare, approve, and enforce a code of conduct for Directors that sets out expected behaviours and conduct. The code of conduct for Directors will include commitments to training and ongoing professional development where needed, in order that the Board is competent to fulfil its role. All Directors will be required to sign an acceptance of the code of conduct for Directors.

Rule 86 b)

Current Rule

they hold and have held at least £250 share capital in the Society or a society which has transferred engagements to the Society for at least one year at the time of nomination and continue to hold this during the term of office. (This provision shall not apply to any professional external Director);

Reason for change

To attract more potential Directors.

Proposed Rule

Remove.

Rule 86 c)

Current Rule

on election as a Director they, or their partner or member of their household with whom they are financially interdependent, must spend at least £500 on purchases during the year with the Society; the above rate of purchases must be maintained during service on the Board, failure to do so will render the director subject to disqualification as a director; "purchases" shall be evidenced by the Society's record of purchases;

Reason for change

For clarity.

Proposed Rule

Add: in the year prior to nomination.

Add: the spend criteria prior to nomination will not apply to co-opted Directors however, the spend criteria during their term of office will apply.

Rule 86 i)

Current Rule

a bankruptcy order has not been made against them;

Reason for change

A lack of clarity regarding the current wording.

Proposed Rule

That person is an undischarged bankrupt;

Rule 105

Current Rule

This indemnity excludes liability for offences incurred under Section 128 of the Act, and liability for wilful default, fraud, or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Registrar.

Reason for change

The FCA has requested some slightly different wording to this wording.

Proposed Rule

This indemnity excludes liability for offences incurred under Sections 127 and 128 of the Act, and liability for wilful default, fraud, or dishonesty. No person shall be indemnified against costs or expenses recovered from them by order of the Registrar.

Rule amendments specifically required for changes of regions

Rules 73 b) & c)

Current Rules

(b) The next round of regional elections constituted under the previous rules shall reduce the number of directors from each region in the following manner:

- (i) Nuneaton region shall elect up to three directors in total;
- (ii) Hinckley region shall elect up to three directors in total;
- (iii) Rugby region shall elect up to three directors in total;
- (iv) Coventry region shall elect up three directors in total.

(c) Subject to the rule below no more than one place from each region shall be nominated as an employee elected place.

Reason for change

Removal of the regional requirement of Directors.

Proposed Rule

Remove

IAN BAIN

FINANCIAL CONTROLLER & SECRETARY

29TH MARCH 2022