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## Co-operative and Community Benefit Societies Act 2014

### Rules of

### Culture, Learning and Libraries (Midlands)

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#### NAME

1. The name of the society shall be Culture, Learning and Libraries (Midlands).

#### REGISTERED OFFICE

2. The registered office of the society shall be at: County Library HQ, Glaisdale Parkway, Nottingham NG8 4GP.

#### INTERPRETATIONS

3. In these Rules:

“**Address**” means a postal address or, for the purposes of electronic communication, a fax number, email address or telephone number for receiving text messages;

“**the Act**” refers to the Co-operative and Community Benefit Societies Act 2014 or any Act or Acts amending or in substitution of it or them for the time being in force;

“**Auditor**” means a person eligible for appointment as a company auditor under section 42 of the Companies Act 2006;

“**The Board of Directors**” or “**Board**” means all those persons appointed to perform the duties of directors of the society;

“**Board Meeting**” includes, except where inconsistent with any legal obligation a physical meeting, a meeting held by electronic means and a meeting held by telephone;

“**Clear Days**” in relation to the period of notice does not include the day on which the meeting is to be held and the day on which the notice is handed to someone or left at their Address, or the day on which it is sent, is in the process of being sent and is assumed to be delivered;

“**Connected Person**” means

- (1) a child, parent, grandchild, grandparent, brother or sister of the director;
- (2) the spouse or civil partner of the director or of any person falling within sub-clause (1) above;
- (3) a person carrying on business in partnership with the director or with any person falling within sub-clause (1) and (2) above;
- (4) an institution which is controlled -

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- (a) by the director or any connected person falling within sub-clause (1), (2), or (3) above; or
    - (b) by two or more persons falling within sub-clause 4(a), when taken together
  - (5) a body corporate in which -
    - (a) the director or any connected person falling within sub-clauses (1) to (3) has a substantial interest; or
    - (b) two or more persons falling within sub-clause (5)(a) who, when taken together, have a substantial interest.

Sections 350 - 352 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this definition of Connected Person.

**“Council Directors”** mean the directors appointed from time to time in accordance with Rule 59(d);

**“Director”** means a director of the society and includes any person occupying the position of director, by whatever name called;

**“Document”** includes, unless otherwise stated, any document sent or supplied in electronic form;

**“Electronic Means”** shall include, for example, email, video links and secure authenticated website transactions;

**“Employee Representative Director”** means the director appointed from time to time by the employees of the Society in accordance with these Rules;

**“Extraordinary Resolution”** means, unless the context requires otherwise, those decisions requiring an Extraordinary Resolution as detailed under ‘Resolutions’ in these Rules;

**“Founder Member”** means a subscriber to these Rules for the purposes of registration;

**“Friends Group”** means a community based library group within the area of benefit that supports the objects of the Society and is recognised as a Friends Group by the Board;

**“Friends Group Representative”** means the person appointed from time to time to act as the representative of a Friends Group by its members in accordance with the constitution or rules of the Friends Group, provided always that:

- (1) a Friends Group Representative must also be a member of the Society;
- (2) a Friends Group is obliged to notify the Society in writing of the identity of their Friends Group Representative from time to time; and
- (3) a Friends Group shall only be entitled to have one Friends Group Representative at any particular time.

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**“Member”** has the meaning as detailed under ‘Membership’ in these Rules;

**“Office Holder”** means a receiver, administrative receiver, liquidator, provisional liquidator or administrator of a Member of all or substantially all of the Member’s assets;

**“Officer”** has the meaning as detailed under ‘Officers’ in these Rules;

**“Person”** means, unless the context requires otherwise, a natural person, unincorporated body, firm, partnership, corporate body or the nominee of an unincorporated body, firm, partnership or corporate body;

**“Registrar”** means the Financial Conduct Authority (FCA) or any body that succeeds its function;

**“Regulations”** has the meaning as detailed under ‘Regulations’ in these Rules;

**“Rules”** means these Rules;

**“Secretary”** means any person appointed to perform the duties of the Secretary of the society;

**“Society”** means the above named society;

**“Transferable”** means shares that are transferable to another Person who also qualifies for membership of the Society in accordance with these Rules;

**“Withdrawable”** means shares with the associated right for the Member to withdraw and receive in return the value of their shares from the Society.

**“Writing”** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied by Electronic Means or otherwise.

(b) References to “Charity Commission” in these Rules shall only apply to the extent the society is subject to the legal jurisdiction of the Charity Commission.

## **OBJECTS**

### **4. The objects of the Society shall be:-**

For the benefit of the public of the Midlands (“**the area of benefit**”),

- (a) the provision or assistance in the provision of facilities for recreation or other leisure time occupation in the interest of social welfare and with the object of improving the conditions of life for the public at large and for persons who by youth age infirmity or disablement poverty or social or economic circumstances may have need for such facilities;
- (b) to advance the education of people who live work or study in or who visit the area of benefit including, without limitation, through:
  - (i) the provision of advice on the services and amenities available to them in the area of benefit;

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- (ii) the provision of an archive service including the collection and preservation of documents and other records related to the area of benefit;
  - (iii) the promotion of the arts, music, reading, heritage and culture;
  - (iv) the provision or assistance in the provision of lending and reference library services either free or at reasonable charge;
  - (v) the provision or assistance in the provision of cultural resources (including but not limited to music and curriculum support) to schools and educational institutions either free or at a reasonable charge;
  - (vi) the provision and promotion of education and lifelong learning for adults and families;
  - (vii) the provision and promotion of training and skills development and schemes for young people whereby such young people may receive training for employment.
5. The Society shall be owned and controlled by its Members on a fair and equitable basis as set out in these Rules.

#### **POWERS**

6. The Society may do all such lawful things as may further the Society's objects and, in particular, may borrow or raise funds for any purpose that is beneficial to the Society.

#### **BORROWING**

7. The Society shall have the power to borrow money from its Members and others in order to further its objects providing that the amount outstanding at any one time shall not exceed £10,000,000.
8. The Society shall have the power to mortgage or charge any of its property, including the assets and undertakings of the Society, present and future, and to issue loan stock, debentures and other securities for money borrowed or for the performance of any contracts of the Society or its customers or Persons having dealings with the Society.
9. The rate of interest on money borrowed, except on money borrowed by way of bank loan or overdraft or from a finance house or on mortgage from a building society or local authority, shall not exceed 5% per annum or 2% above the Bank of England base rate at the commencement of the loan, whichever is the greater.
10. The Society may receive from any Person, donations or loans free of interest in order to further its objects but shall not receive money on deposit.

#### **FINANCIAL SERVICES AND MARKETS ACT 2000 ACTIVITY**

11. For the avoidance of doubt the Society shall not engage in any activity by virtue of any of these Rules that would require a permission from the Registrar to carry on that activity without first having applied for and obtained such permission.

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## **INVESTMENT OF FUNDS**

12. The Society may invest any part of its funds in the manner set out in Section 27 of the Act.

## **MEMBERS**

13. The first Members of the Society will be the Founder Members. The Board may at its discretion admit to membership any individual, corporate body or nominee of an unincorporated body, firm or partnership who supports the objects of the Society and has paid or agreed to pay any subscription or other sum due in respect of membership for the time being in force.

### **Applications for Membership**

14. No natural person shall be admitted into membership of the Society unless they have attained the age of 16.
15. All those wishing to become a Member must support the objects of the Society and complete an application for membership which shall include an application for at least one share in the Society. Such an application form must be approved by the Directors and the Directors must approve each application for membership.
16. A corporate body which is a Member shall by resolution of its governing body or members (as appropriate) appoint a representative who may during the continuance of her/his appointment be entitled to exercise all such rights and powers as the corporate body would exercise if it were an individual person. Each such corporate body Member shall supply notification in Writing to the Society of its choice of representative.

### **Member Commitment**

17. All Members agree to participate in general meetings and take an active interest in the operation and development of the Society and its business. Members have a duty to respect the confidential nature of the business decisions of the Society.

### **Termination of Membership**

18. A Member shall cease to be a Member of the Society immediately that they:
  - (a) fail to hold the minimum shareholding; or
  - (b) fail to pay the annual subscription (if any) within 3 months of it falling due; or
  - (c) resign in Writing to the Secretary; or
  - (d) are expelled from membership in accordance with these Rules; or
  - (e) die, are wound up or go into liquidation; or
  - (f) fail to respond within 2 months of receiving a written request from the Society (either posted to the last known address of the Member or, in the event that an email address has been provided by a Member for the purposes

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of communication, the last known email address of the Member) asking them to confirm they wish to continue their membership.

#### **Expulsion from Membership**

19. A Member may be expelled for conduct prejudicial to the Society by an Extraordinary Resolution, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the Member whose expulsion is to be considered shall be given the opportunity to make representations to the meeting or, at the option of the Member, an individual who is there to represent them (who need not be a Member of the Society) has been allowed to make representations to the general meeting.
20. If on due notice having been served the Member fails to attend the meeting the meeting may proceed in the Member's absence. No Member expelled from membership shall be re-admitted except by an Extraordinary Resolution.

#### **Proceedings On Death Or Bankruptcy Of A Member**

21. Upon a claim being made by the Office Holder to any property in the Society belonging to such a Member, the Society shall transfer or pay property to which the Office Holder has become entitled as the Office Holder may direct them.

#### **Share Capital**

22. The shares of the Society shall be of the nominal value of £1 issued to Persons upon admission to membership of the Society.
23. The minimum shareholding required of a Member shall be one share. Each Member shall hold one share only in the Society.
24. Subject to the completion of the application for admission as a Member in accordance with Rule 15, the share applied for (i.e one share of £1), shall be allotted by the Board on the admission of the Member. Shares do not need to be paid for in full on allotment and may instead be paid for in instalments.
25. The shares shall be non-Transferable except in the case of an unincorporated organisation or partnership, on a change of nominee(s) and only to the new nominee(s), nor Withdrawable, shall carry no right to interest, dividend or bonus, and shall be forfeited and cancelled on cessation of membership from whatever cause (including expulsion and death), and the amount paid up on such cancelled shares shall become the property of the Society.
26. The Society shall have a lien on the share held by a Member for any debt due to it by the Member and may offset any sum standing to the Member's credit with the Society in or towards payment of such debt.

#### **GENERAL MEETINGS**

27. The Society shall, within seven months of the end of the financial year, hold a general meeting of the Members as its annual general meeting and shall specify the meeting as such in the notice calling it.
28. The business of an annual general meeting shall comprise, where appropriate:

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- (a) The receipt of the accounts and balance sheet and of the reports of the Board and Auditor (if any);
  - (b) The appointment of an Auditor, if required;
  - (c) The election of the Board or the results of the election if held previously by ballot;
  - (d) The application of profits;
  - (e) The transaction of any other business included in the notice convening the meeting.

#### **Calling a General Meeting**

- 29. The Secretary, at the request of the Board of Directors may convene a general meeting of the Society. The purpose of the general meeting shall be stated in the notice of the meeting.
- 30. The Board of Directors upon an application signed by one-tenth of the total number of Members, or 100 Members, whichever is the lesser, delivered to the registered office of the Society, shall convene a general meeting. The purpose of the general meeting shall be stated in the application for and notice of the meeting. No business other than that stated in the notice of the meeting shall be conducted at the meeting.
- 31. If within one month from the date of the receipt of the application the Board have not convened a general meeting to be held within six weeks of the application, any three Members of the Society acting on behalf of the signatories to the application may convene a general meeting, and shall be reimbursed by the Society for any costs incurred in convening such a meeting.

#### **Notices**

- 32. The Directors shall call the annual general meeting giving 14 Clear Days' notice to all Members. All other general meetings shall be convened with at least 14 Clear Days' notice but may be held at shorter notice if so agreed in Writing by 90% of the Members.
- 33. Notices of meetings shall either be given to Members personally or sent to them at their Address (either by post, fax, email or text message) or alternatively, if so agreed by the Society in general meeting, notices of general meetings may be displayed conspicuously at the registered office and other main places of business of the Society to which Members have access. Notices shall specify the date, time and place at which the meeting is to be held, and the business which is to be transacted at that meeting. A general meeting shall not transact any business other than that specified in the notices calling the meeting.
- 34. A notice sent to a Member's Address shall be deemed to have been duly served 48 hours after it is sent (whether delivered by hand or sent by post, fax, email or text message). 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 the meeting.

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35. All notices shall specify the date, time and place of the meeting along with the general nature of business to be conducted and any proposed resolutions.
36. If the Society has appointed an Auditor in accordance with these Rules they shall be entitled to attend general meetings of the Society and to receive all notices of and communications relating to any general meeting which any Member of the Society is entitled to receive. The Auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an Auditor.

### **Quorum**

37. No business shall be transacted at a general meeting unless a quorum of Members is present which shall include those Members not present in Person. Unless amended by Extraordinary Resolution, a quorum shall be the lower of 25 Members or 50% of the total number of Members.

### **Chairing General Meetings**

38. The chair of the Society (being the Chair of the Board) shall facilitate general meetings. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Members present shall choose one of their number to be the chair for that meeting.

### **Attendance and Speaking at General Meetings**

39. A Member is able to exercise the right to speak at a general meeting and is deemed to be in attendance when that Person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a general meeting, it is immaterial whether any two or more Members attending are in the same place as each other, provided that they are able to communicate with each other.
40. The chair of the meeting may permit other persons who are not Members of the Society to attend and speak at general meetings, without granting any voting rights.

### **Adjournment**

41. If a quorum is not present within half an hour of the time the general meeting was due to commence, or if during a meeting a quorum ceases to be present, the chair must adjourn the meeting. If within half an hour of the time the adjourned meeting was due to commence a quorum is not present, the Members present shall constitute a quorum.
42. The chair of a general meeting may adjourn the meeting whilst a quorum is present if:
- (a) The meeting consents to that adjournment; or
  - (b) It appears to the chair that an adjournment is necessary to protect the safety of any persons attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner.
43. The chair must adjourn the meeting if directed to do so by the meeting.



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44. When adjourning a meeting the chair must specify the date, time and place to which it will stand adjourned or that the meeting is to continue at a date, time and place to be fixed by the Directors.
  45. If the meeting is adjourned for 14 days or more, at least 7 Clear Days' notice of the adjourned meeting shall be given in the same manner as the notice of the original meeting.
  46. No business shall be transacted at an adjourned meeting other than business which could properly have been transacted at the meeting if the adjournment had not taken place.

### **Voting**

47. Each member shall have one vote each. A resolution put to the vote at a general meeting shall be decided on a show of hands unless a paper ballot is demanded in accordance with these Rules. A declaration by the chair that a resolution has on a show of hands been carried or lost with an entry to that effect recorded in the minutes of the general meeting shall be conclusive evidence of the result. Proportions or numbers of votes in favour for or against need not be recorded.
48. In the case of an equality of votes, whether on a show of hands or a poll, the chair shall not have a second or casting vote and the resolution shall be deemed to have been lost.

### **Paper Ballot**

49. A paper ballot on a resolution may be demanded before or on the declaration of the result of the show of hands by three Members at a general meeting.
50. If a paper ballot is duly demanded it shall be taken in such a manner as the chair directs, provided that no Member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
51. The demand for a paper ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a paper ballot may be withdrawn.

### **Resolutions**

52. Decisions at general meetings shall be made by passing resolutions:
  - (a) The following decisions must be made by Extraordinary Resolution:
    - (i) Decisions to expel Members;
    - (ii) Subject to Rule 117, any amendment to the Society's Rules;
    - (iii) The decision to wind up the Society.
  - (b) All other decisions shall be made by ordinary resolution.

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53. An Extraordinary Resolution is one passed by a majority of not less than 75% of votes cast at a general meeting and an ordinary resolution is one passed by a simple majority (51 %) of votes cast.
54. Resolutions may be passed at general meetings or by written resolution. A written resolution may consist of several identical Documents signed by one or more Members.

## **DIRECTORS**

55. The Society shall have a Board of Directors comprising not less than three Directors.
56. The initial Directors of the Society (in office for the period from registration until on or before the first annual general meeting) shall be appointed by the Founder Members. The initial Directors appointed are Peter Gaw, Kirsty Blyth and Nick London with Peter Gaw also acting as the initial Secretary of the Society. Additional and replacement Directors may be appointed following the registration of the Society in accordance with these Rules.
57. The Directors must not be paid any remuneration unless it is permitted or authorised by the court or the Charity Commission or in accordance with Rules 100 to 106 below.
58. Only persons of the Society who are aged 16 years or more may serve on the Board of Directors.
59. The composition of the Board shall be as follows:
- (a) a Director appointed as a representative of the employees of the Society in accordance with Rule 71 (being the **Employee Representative Director**);
  - (b) up to 4 Directors elected by the Members of the Society (together being the **Elected Directors**) at the relevant annual general meeting of the Society, comprising:
    - (i) up to 2 Directors elected by and from those of the Society's Members who have notified the Society at least 28 Clear Days in advance of the relevant annual general meeting that they would like to be considered as a candidate to act as a Director of the Society (being **Member Directors**); and
    - (ii) up to 2 Directors elected by the Society's Members from amongst those of the Friends Group Representatives who have notified the Society at least 28 Clear Days in advance of the relevant annual general meeting that they would like to be considered as a candidate to act as a Director of the Society (being **Group Directors**),provided that:
    - (iii) the Board of Directors may from time to time resolve that the number of the Member Directors and the number of Group Directors should be varied, provided that the total number of Elected Directors at any time does not exceed 4;

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- (c) up to 4 Directors appointed to the Board by co-option. Co-opted Directors are to be selected by the Board of Directors for the particular skills and/or experience (being the **Co-opted Directors**);
  - (d) up to 2 Directors as representatives of Nottinghamshire County Council being such persons as notified to the Society by Nottinghamshire County Council from time to time (being the **Council Directors**); and
  - (e) a person appointed as a Director ex officio being the holder of the office of Chief Executive Officer for the Society.
60. The Elected Directors are those Directors appointed pursuant to Rule 59(b). The Board of Directors may from time to time make such other rules as to the appointment process of the Elected Directors as they see fit.
61. Unless their term is extended or terminated earlier in accordance with the terms of these Rules:
- (a) the Elected Directors shall be appointed for a term of 3 years or such lesser term as specified at the time of their appointment;
  - (b) the Co-opted Directors shall be appointed for a term of 3 years or such lesser term as agreed with the Board and specified in the terms of their appointment; and
  - (c) the Employee Representative Director shall hold office for a term of 3 years.
62. Subject to Rule 71(f), the Board may appoint a person who is willing to be a Director to fill a vacancy.

### **Retirement Cycle**

63. At the first annual general meeting all the Initial Directors that are still in office at that date, save for the person appointed as a Director ex officio the holder of the office of Chief Executive Officer for the Society, shall stand down.
64. The Employee Representative Director shall retire from office at the annual general meeting at which their term is to expire.
65. Any person appointed as a Director by the Board in order to fill a vacancy shall retire from office at the first annual general meeting following his appointment unless his appointment is approved by the members at such annual general meeting.
66. The Elected Directors shall retire from office at the annual general meeting at which their term is to expire.
67. In the event that all or over half of the Elected Directors are due to retire at an annual general meeting, then only half of the Elected Directors, or if their number is not a multiple of two then the number nearest to a half, shall retire from office at that annual general meeting. The Elected Directors to retire shall be the Elected Directors who have been longest in office since their last election. Where Elected Directors have held office for the same amount of time the Elected Directors to retire shall (unless they otherwise agree among themselves) be decided by lot. The term of office of the remaining half of the Elected Directors shall be extended for a

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further year and they shall be required to retire from office at the following annual general meeting.

68. A retiring Director shall be eligible for re-election, provided that:
- (a) an Elected Director or a Co-opted Director shall only be entitled to hold office for a maximum of two full terms unless in exceptional circumstances, the Board agrees a third term; and
  - (b) an Employee Representative Director shall only be entitled to hold office for a maximum of two full terms.
69. If the Society, at the meeting at which an Elected Director retires in accordance with the above Rules, does not fill the vacancy the retiring Director shall, if willing to act and subject to Rule 68 above, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy. If he is not reappointed or deemed to be reappointed, he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.
70. A person appointed as a Director ex officio the holder of the office of Chief Executive Officer for the Society, the Council Directors and Co-opted Directors shall not be subject to the above Rules regarding retirement and shall remain in office unless and until their office terminates in accordance with these Rules.

#### **Employee Representative Director**

71. The employees of the Society shall be entitled to appoint a representative to the Board (as referred to in Rule 59(a) above) in accordance with the following rules:
- (a) The Employee Representative Director shall be appointed by the permanent employees of the Society at the relevant date (each an **Eligible Employee** and together the **Eligible Employees**).
  - (b) Each Eligible Employee shall be entitled to one vote each.
  - (c) Each proposed candidate for the role of Employee Representative Director shall be a member of the Society and shall have been employed by the Society in a permanent position for at least one year prior to the proposed date of appointment to the Board.
  - (d) Subject to rule 71(f), the Eligible Employees shall select their Employee Representative Director ahead of the annual general meeting at which the current Employee Representative Director's office shall come to an end (unless re-appointed) and shall notify the Chair of the Society of the identify of such Employee Representative Director in writing ahead of relevant annual general meeting.
  - (e) The Board of Directors may from time to time make such other rules as to the appointment process (including the location, timing and methodology) as they see fit.
  - (f) In the event that an Employee Representative Director's office terminates (in accordance with these Rules) before the end of their elected term, the Eligible Employees shall be entitled to appoint a replacement (in accordance

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with Rules 71(a),(b),(c) and (e)) to act as the Employee Representative Director for the remainder of the current term.

- (g) Unless appointed in accordance with rule 71(f) above, the Employee Representative Director's term shall commence on the first annual general meeting of the Society after their appointment and continue until the annual general meeting of the Society at which their term is to expire.

### **Co-option of Directors**

72. The Board of Directors may co-opt up to 4 external independent Directors (as referred to in Rule 59(c)) and are selected for their particular skills and/or experience. Such external independent Directors shall serve a fixed term of 3 years or such lesser term as agreed with the Board and specified in the terms of their appointment. External independent Directors may be removed from office at any time by a resolution of the Board of Directors.

### **Powers and Duties of the Board of Directors**

73. The business of the Society shall be managed by the Board who may exercise all such powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society in general meeting.
74. All decisions made by a meeting of the Board of Directors or by any person acting as a Director shall remain valid even if it is later discovered that there was some defect in the Director's appointment or that the individual had previously been disqualified from acting as a Director or as a charity trustee.
75. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Board shall from time to time direct.
76. Without prejudice to its general powers, the Board may exercise all the powers of the Society to borrow money and to mortgage or charge its undertaking and property or any part of it and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Society or of any third party.
77. No Regulation made by the Society in general meeting shall invalidate any prior act of the Board which would have been valid had that Regulation not been made.

### **Delegation**

78. Subject to these Rules, the Directors may delegate any of the powers which are conferred on them under these Rules to any Person or committee consisting of Members of the Society, by such means, to such an extent, in relation to such matters and on such terms and conditions as they think fit.
79. The Directors may specify that any such delegation may authorise further delegation of the powers by any Person to whom they are delegated.
80. The Directors may revoke any delegation in whole or in part or alter any terms and conditions.

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### **Sub-Committees**

81. A sub-committee to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on these provisions of these Rules which govern the taking of decisions by Directors.
82. The Directors may make Regulations for all or any sub-committees, provided that such Regulations are not inconsistent with these Rules. All acts and proceedings of any sub-committee must be fully and promptly reported to the Directors.
83. Notwithstanding the generality of the above provisions of Rules 81 and 82, the Directors of the Society shall set up:
  - (a) a standing Finance and Audit Committee to carry out for the Society the functions of monitoring financial processes and reporting, supervising internal audit and recommending any external auditor;
  - (b) a standing Standards and Staffing Committee to carry out for the Society the functions related to senior appointments, staff conduct, disciplinary hearings and breaches of society policies,
  - (c) any such other sub-committee as they Board of Directors resolve from time to time to incorporate,

provided that each such sub-committee shall comprise at least three Directors together with such other individuals (including, if appropriate, employees of the Society) as selected by the Board of the Directors from time to time.

### **PROCEEDINGS OF THE BOARD OF DIRECTORS**

#### **Calling a Meeting of the Board of Directors**

84. Any Director may, and the Secretary on the requisition of a Director shall, call a meeting of the Board of Directors by giving reasonable notice of the meeting to all Directors. Notice of any meeting of the Board of Directors must indicate the date, time and place of the meeting and, if the Directors participating in the meeting will not be in the same place, how they will communicate with each other.

#### **Proceedings of a Meeting of the Board of Directors**

85. The Board of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.
86. A Director is able to exercise the right to speak at a meeting of the Board of Directors and is deemed to be in attendance when that person is in a position to communicate to all those attending the meeting. The Directors may make whatever arrangements they consider appropriate to enable those attending a meeting of the Board of Directors to exercise their rights to speak or vote at it including by Electronic Means. In determining attendance at a meeting of the Board of Directors, it is immaterial whether any two or more Directors attending are in the same place as each other.

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87. At any meeting of the Directors each Director present at the meeting shall be entitled to one vote.
88. Questions arising at any meetings of the Board shall be decided by a majority of votes. In the case of an equality of votes the status quo shall be maintained and the Board of Directors may choose to refer the matter to a general meeting of the Society.
89. A written resolution, circulated to all Directors and signed by a simple majority (51%) of Directors, shall be valid and effective as if it had been passed at a Board meeting duly convened and held. A written resolution may consist of several identical Documents signed by one or more Directors.
90. The Board of Directors may, at its discretion, invite other persons to attend its meetings with or without speaking rights and without voting rights. Such attendees will not count toward the quorum. In addition, Nottinghamshire County Council shall have the right to:
- (a) receive notice of each of the meetings of the Board of Directors;
  - (b) receive copies of any papers provided to the Directors for discussion at a meeting of the Board of Directors;
  - (c) appoint a representative (the **Council Observer**) (the identity of such Council Observer shall be notified to the Chair of the Society in advance of each relevant meeting of the Board of Directors) to attend the meetings of the Board of Directors (in addition to the Council Directors) as an observer, who shall not have the right to speak at such meetings,

but such Council Observer shall not have the right to vote or count towards the quorum.

#### **Quorum**

91. The quorum necessary for the transaction of business at a meeting of the Board of Directors shall be 50% of the Directors in office from time to time or 3 Directors, whichever is the greater and shall include those Directors not present in person.
92. If at any time the total number of Directors in office is less than the quorum required, the Directors are unable to take any decisions other than to appoint further Directors or to call a general meeting so as to enable the Members to appoint further Directors.

#### **Chairing Board Meetings**

93. The chair shall facilitate meetings of the Board of Directors. If s/he is absent or unwilling to act at the time any meeting proceeds to business then the Directors present shall choose one of their number to be the chair for that meeting.

#### **Declaration of Interest**

94. A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Society or in any transaction or arrangement entered into by the Society which has not previously been declared. A Director must absent himself or herself from any discussions of the Directors (and shall not vote or count towards the quorum in respect to such matter)

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in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the Society and any person interest (including but not limited to any personal financial interest).

#### **Termination of a Director's Appointment**

95. A person ceases to be a Director of the Society as soon as:
- (a) That person is removed from office by a resolution of the Board of Directors, where the person is a Co-opted Director appointed for their particular skills and/or experience;
  - (b) That person ceases to hold that office or that office ceases to exist, where the person is a Director ex officio;
  - (c) The Society receives written notification from Nottinghamshire County Council of the termination of a Council Director's role as a Council Director, where the person is a Council Director;
  - (d) That person ceases to be an employee of the Society, where the person is the Employee Representative Director;
  - (e) That person ceases to be a Friends Group Representative, where the person is appointed as a Group Director;
  - (f) That person resigns from office in Writing to the Secretary of the Society, and such resignation has taken effect in accordance with its terms;
  - (g) In respect of a person who is either an Employee Representative Director, a Co-opted Director or an Elected Director, that person is removed from office by an ordinary resolution of the Society in general meeting, the notices for which specified that the question of the Director's removal was to be considered;
  - (h) That person is prohibited from being a Director by law;
  - (i) That person is disqualified from acting as a trustee by virtue of sections 178 and 179 of the Charities Act 2011 (or any statutory re-enactment or modification of those provisions);
  - (j) A bankruptcy order is made against that person;
  - (k) A registered medical practitioner who is treating that person gives a written opinion to the Society stating that the person has become mentally incapable of acting as a Director and may remain so for more than three months;
  - (l) By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have.

#### **OFFICERS**

96. The Board shall elect from among their own number a chair and Secretary and such other Officers as they may from time to time decide. These Officers shall have such duties and rights as may be bestowed on them by the Board or by law and any Officer



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appointed may be removed by the Board. A serving Officer who is not re-elected to the Board at the annual general meeting shall nevertheless continue in office until the first Board meeting following the annual general meeting.

## **DISPUTES**

97. In the event of a dispute between the Society or its Board and a Member of the Society or a former Member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute or in the absence of agreement to be nominated by the Secretary General of Co-operatives UK (or any role or body that succeeds to its function). The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the county court (or in Scotland, to the sheriff). Any Person bringing a dispute must, if so required, deposit with the Society a reasonable sum (not exceeding £100) to be determined by the Board. The arbitrator will decide how the costs of the arbitration will be paid and what should be done with the deposit.

## **REGULATIONS**

98. The Society in a general meeting, or the Board of Directors, may from time to time make, adopt and amend such Regulations in the form of bye-laws, standing orders, secondary Rules or otherwise as they think fit for the management, conduct and regulation of the affairs of the Society and the proceedings and powers of the Board of Directors and sub-committees. Such Regulations (if any) shall be made available to Members. No Regulation shall be made which is inconsistent with these Rules or the Act. All Members of the Society and the Board of Directors shall be bound by such Regulations whether or not they have received a copy of them.

## **LIABILITY OF MEMBERS**

99. The liability of a Member is limited to the amount of their shareholding.

## **APPLICATION OF PROFITS**

100. The income and property of the Society shall be applied solely towards the promotion of the Society's objects.

101.

- (a) A Director is entitled to be reimbursed from the property of the Society or may pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the Society.
- (b) A Director may benefit from trustee indemnity insurance cover purchased at the Society's expense in accordance with, and subject to the conditions in, section 189 of the Charities Act 2011.
- (c) A Director may receive an indemnity from the Society in the circumstances specified in Rule 129.
- (d) A Director may not receive any other benefit or payment unless it is authorised by Rules 104 and 105.

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102. Subject to Rules 104 and 105, none of the income or property of the Society may be paid or transferred directly or indirectly by way of dividend bonus or otherwise by way of profit to any Member of the Society. This does not prevent a Member who is not also a Director receiving:

- (a) a benefit from the Society in the capacity of a beneficiary of the Society;
- (b) reasonable and proper remuneration for any goods or services supplied to the Society.

### **Benefits and payments to Directors and connected persons**

103. No Director or Connected Person may:

- (a) buy any goods or services from the Society on terms preferential to those applicable to members of the public;
- (b) sell goods, services, or any interest in land to the Society;
- (c) be employed by, or receive any remuneration from, the Society;
- (d) receive any other financial benefit from the Society;

unless the payment is permitted by Rules 104 and 105 below, or authorised by the court or the Charity Commission

In these Rules a “financial benefit” means a benefit, direct or indirect, which is either money or has a monetary value.

### **Scope and powers permitting directors’ or connected persons’ benefits**

104.

- (a) A Director or Connected Person may receive a benefit from the Society in the capacity of a beneficiary of the Society provided that it is available generally to the beneficiaries of the Society.
- (b) A Director or Connected Person may enter into a contract for the supply of services, or of goods that are supplied in connection with the provision of services, to the Society where that is permitted in accordance with, and subject to the conditions in, sections 185 and 186 of the Charities Act 2011.
- (c) Subject to Rule 105 a Director or Connected Person may provide the Society with goods that are not supplied in connection with services provided to the Society by the Director or Connected Person.
- (d) A Director or Connected Person may receive interest on money lent to the Society at a reasonable and proper rate which must be not more than the Bank of England bank rate (also known as the base rate).
- (e) A Director or Connected Person may receive rent for premises let by the Director or Connected Person to the Society. The amount of the rent and the other terms of the lease must be reasonable and proper. The Director concerned must withdraw from any meeting at which such a proposal or the rent or other terms of the lease are under discussion.

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- (f) A Director or Connected Person may take part in the normal trading and fundraising activities of the Society on the same terms as members of the public.

#### **Payment for supply of goods only - controls**

105. The Society and its Directors may only rely upon the authority provided by Rule 104(c) if each of the following conditions is satisfied:
- (a) The amount or maximum amount of the payment for the goods is set out in an agreement in writing between the Society or its Directors (as the case may be) and the Director or Connected Person supplying the goods ('the supplier') under which the supplier is to supply the goods in question to or on behalf of the Society.
  - (b) The amount or maximum amount of the payment for the goods does not exceed what is reasonable in the circumstances for the supply of the goods in question.
  - (c) The other Directors are satisfied that it is in the best interests of the Society to contract with the supplier rather than with someone who is not a Director or Connected Person. In reaching that decision the Directors must balance the advantage of contracting with a Director or Connected Person against the disadvantages of doing so.
  - (d) The supplier is absent from the part of any meeting at which there is discussion of the proposal to enter into a contract or arrangement with him or her or it with regard to the supply of goods to the Society.
  - (e) The supplier does not vote on any such matter and is not to be counted when calculating whether a quorum of Directors is present at the meeting.
  - (f) The reason for their decision is recorded by the Directors in the minute book.
  - (g) A majority of the Directors then in office are not in receipt of remuneration or payments authorised by Rules 104 to 106.
106. In Rules 104 to 106 references to 'Society' includes any company in which the Society:
- (a) holds more than 50% of the shares; or
  - (b) controls more than 50% of the voting rights attached to the shares; or
  - (c) has the right to appoint one or more directors to the board of the company.

#### **AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION**

107. The Society may, by special resolution passed in the way required by section 111 of the Act, amalgamate with or transfer its engagements to any other charitable society with objects similar to or compatible with those of the Society and subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by virtue of these Rules. The Society may also accept a transfer of engagements and assets by resolution of the Board or of a general meeting.

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108. The Society may, by special resolution passed in the way required by section 113 of the Act, amalgamate with or transfer its engagements to a charitable company or convert itself into a charitable company, subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by virtue of these Rules. In relation to calling a general meeting for the purpose of such resolution, the following provisions shall apply.
- (a) The Society shall give to Members not less than two months' notice of the meeting;
  - (b) Notice of the meeting shall be posted in a prominent place at the registered office and at all trading premises of the Society to which Members have access;
  - (c) The notice shall be accompanied by a separate statement setting out for Members:
    - (i) the reasons for the proposal;
    - (ii) whether the proposal has the support of the Board of the Society;
    - (iii) what alternative proposals have been considered, and whether they are viable;
    - (iv) details of the number of shares in the Society held by Members of the Board, and Persons connected with them;
    - (v) a recommendation by reputable independent financial advisors that the Members should support the proposal rather than any alternative proposal.
  - (d) Where the separate statement is contained in another Document, information shall be provided in the notice specifying where Members can obtain a copy of the Document.

## **DISSOLUTION**

109. The Society may be dissolved:
- (a) in accordance with section 119 of the Act by an instrument of dissolution;
  - (b) in accordance with section 123 of the Act in pursuance of a winding up order or by a resolution made or passed as directed in regard to companies by the Insolvency Act 1986; or
  - (c) in accordance with section 125 of the Act, after administration and administrator issues a notice to dissolve the Society without prior winding-up.
110. If on the winding up or dissolution of the Society any of its assets remain to be disposed of after its liabilities are satisfied, these assets shall not be distributed among the Members (except to a Member which is itself a charity), but shall be transferred instead to some other charitable body or bodies with objects similar to or compatible with those of the Society and subject to at least the same degree of restriction on the distribution of profits and assets as imposed on this Society by

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virtue of these Rules, as may be decided by the members at the time of or prior to the dissolution.

## **ADMINISTRATIVE ARRANGEMENTS**

### **Means of Communication**

111. By providing a fax number, email address or telephone number for receiving text messages, a Member consents to receive communications from the Society by such Electronic Means.
112. A notice sent to a Director's Address shall be deemed to have been duly served 48 hours after its posting/sending. A Director may agree with the Society that notices or Documents sent to her/him in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

### **Seal**

113. If the Society has a seal, it shall only be used by the authority of the Board of Directors acting on behalf of the Society. Every instrument to which the seal shall be attached shall be signed by a Director and countersigned by a second Director or the Secretary.

### **Registers**

114. The Board of Directors shall ensure accurate registers are maintained which shall include a register of Members, a register of Directors and a register of Officers.

#### **Register of Members**

115. The Board shall ensure that the register is maintained in accordance with the Act and that the particulars required by the Act are available for inspection and accessible without the need to disclose other particulars contained in the register.

#### **Register of Directors and Officers**

116. The Society shall maintain a register of Directors and Officers which shall include the following particulars:
  - (a) Name of the Director;
  - (b) Address of the Director;
  - (c) The date on which they assumed office;
  - (d) The date on which they vacated office; and
  - (e) The position held by a Director if s/he is also an Officer and the date on which the Director assumed and vacated his/her Officer position.

### **Amendments to Rules**

- 117.

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- (a) Subject to remaining paragraphs of this Rule 117, any of these Rules may be rescinded or amended or a new Rule made by an Extraordinary Resolution at a general meeting of which 14 Clear Days' notice has been given, such notice to include details of the change(s) to be proposed at that meeting.
  - (b) No amendment to the Rules may be made:
    - (i) that would have the effect of making the Society cease to be a charity at law;
    - (ii) to alter the objects (Rule 4) if the change would undermine or work against the previous objects of the Society;
    - (iii) to Rules 4, 100 to 105 without the prior written consent of the Charity Commission.
  - (c) A copy of any resolution amending the Rules shall be sent to the Charity Commission within twenty one days of it being passed.
  - (d) No amendment of Rules is valid until registered by the Registrar. When submitting the Rule amendments for registration, the Secretary may at their sole discretion accept any alterations required or suggested by the Registrar without reference back to a further general meeting of the Society.

#### **Copies of the Society's Rules**

118. A copy of these Rules and any amendments made to them shall be given free of charge to every Member upon admission to membership and shall be provided to any other Person on demand and on payment of the statutory fee chargeable for the time being in force.

#### **Minutes**

119. The Society shall ensure that minutes are kept of all:
- (a) Proceedings at general meetings of the Society; and
  - (b) Proceedings at meetings of the Board of Directors and its sub-committees which include names of the Directors present, decisions made and the reasons for those decisions.

#### **Annual Return**

120. Every year and within the period prescribed by the Act, the Secretary shall send the annual return in the prescribed form to the Registrar. The annual return shall be accompanied by:
- (a) A copy of the Auditor's report on the Society's accounts for the period covered by the annual return or a copy of such other report (if any) as is required by statute for such a period; and
  - (b) A copy of each balance sheet made during that period and report of the Auditor or other appropriate person as required by statute on that balance sheet.

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121. The Society shall on demand supply free of charge to any Member or any person with an interest in the funds of the Society a copy of the latest annual return together with a copy of the Auditor's report on the accounts and balance sheet contained in the annual return and the Auditor's Report (if any).
122. The Society shall at all times keep a copy of the latest balance sheet of the Society together with a copy of the corresponding Auditor's report (if any) hung up in a conspicuous place at the registered office and displayed on the Society's website (if any).

### **Audit**

123. Unless the Society meets the criteria set out in section 83(2) of the Act or may disapply the audit requirement in accordance with section 84 of the Act, the Board shall in each financial year appoint an Auditor as required by section 83(1) of the Act, to audit the Society's accounts and balance sheet for the year. This provision also applies if the Society is in its first financial year.
124. The following persons shall not be appointed as Auditor of the Society:
- (a) An Officer or Employee of the Society;
  - (b) A person who is a partner or employee of, or who employs, an Officer of the Society.
125. The Board may appoint an Auditor to fill a casual vacancy occurring between general meetings.
126. An Auditor for the preceding financial year shall be re-appointed as Auditor of the Society for the current financial year unless:
- (a) A decision has been made by the Board to appoint a different Auditor or expressly decided that s/he shall not be re-appointed; or
  - (b) S/he has given notice in writing to the Secretary of her/his unwillingness to be re-appointed; or
  - (c) S/he is ineligible for appointment as Auditor of the Society for the current financial year; or
  - (d) S/he has ceased to act as Auditor of the Society by reason of incapacity.
127. Any ordinary resolution of a general meeting of the Society either to remove an Auditor from office or to appoint another person as Auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 14 days' notice of such resolution must then be given to Members of the Society in the manner prescribed in these Rules and in Writing to the Auditor(s).

### **Social Accounting and Reporting**

128. In addition to any financial accounts required by the Act, the Members may resolve to undertake an account of the activities of the Society which will endeavour to measure its social and environmental performance using whatever methodology the

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Members deem appropriate. Following the completion of such an account the Society shall report any findings to its Members and other stakeholders.

129. The Directors must also comply with their obligations under the Charities Act 2011 (to the extent they apply to the Society) with regard to:
- (a) the keeping of accounting records for the Society;
  - (b) the preparation of annual statements of account for the Society;
  - (c) the transmission of statements of account to the Charity Commission;
  - (d) the preparation of an Annual Report and its transmission to the Charity Commission;
  - (e) the preparation of an Annual Return and its transmission to the Charity Commission.
130. Accounts must be prepared in accordance with the provisions of any Statement of Recommended Practice issued by the Charity Commission, unless the Directors are required to prepare accounts in accordance with the provisions of such a Statement prepared by another body.

#### **Indemnity and Insurance**

131. Subject to the following Rule, any Director or former Director of the Society may be indemnified out of the Society's assets against:
- (a) Any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Society;
  - (b) Any liability incurred by that Director in connection with the activities of the Society in its capacity as a trustee of an occupational pension scheme;
  - (c) Any other liability incurred by that Director as an Officer of the Society.
132. The above Rule does not authorise any indemnity which would be prohibited or rendered void by any provision of law.
133. The Directors may decide to purchase and maintain insurance, at the expense of the Society, for the benefit of any Director or former Director of the Society in respect of any loss or liability which has been or may be incurred by such a Director in connection with their duties or powers in relation to the Society or any pension fund or employees' share scheme of the Society.

<b>Signatures of Founder Members</b>	<b>Full Names of Founder Members in BLOCK CAPITALS (no initials)</b>
1.	Peter Gaw
2.	Kirsty Blyth
3.	Nick London
<b>Signature of Secretary</b>	<b>Full Name of Secretary in BLOCK CAPITALS (no initials)</b>



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1.	Peter Gaw
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