

 **Procedural note**  Version dated: 1 April 2015

**Governing documents – registered societies registered as a registered provider or seeking registration with the regulator after 1 April 2010**

**This procedural note applies to:**

(1) Applicants that are Registered Societies seeking registration as non-profit registered providers with the regulator under Chapter 3 of the Housing and Regeneration Act 2008; and

(2) Non-profit private registered providers (registered with the regulator after 1 April 2010) that are Registered Societies seeking to amend their rules under section 212 of the Housing and Regeneration Act 2008.

**Background**

**Amendments to rules**

This procedural note is one referred to in ‘Guidance for Constitutional Consents (sections 212 to 214), Restructuring and Dissolution (sections 160 to 165)’. There is another procedural note for registered providers which were registered social landlords before 1st April 2010.

This section sets out a summary of the statutory requirements; it is only a guide and you should refer to the Housing and Regeneration Act 2008 if you need to.

An amendment to a Registered Society’s rules requires the regulator’s consent if it:

(a) alters the society’s objects

(b) makes provision about the distribution of assets to members, or

(c) enables the society to become, or cease to be, a subsidiary or associate of another body.

All other amendments (including changes to name and registered office) do not require the regulator’s consent, but the regulator must be **notified** (see notification section at the end of this note).

An amendment of the rules which requires consent is effective only if the regulator has first consented.

The regulator may not consent to an amendment which it thinks would turn the society into a profit-making organisation.

The Financial Conduct Authority has requirements about copies of amended rules needing to be sent to them (Section 16(1) of the Co-operative and Community Benefit Societies Act 2014). Where an amendment requires the regulator’s consent, a copy of the regulator’s consent must also be sent. See below for how this works in practice.

**The regulators expectations**

Note that this Procedure note does not apply to those registered providers who were in existence as registered social landlords on 31st March 2010. Further information about what is expected of those organisations can be found in another procedural note – “Governing documents – registered societies registered with the regulator before 1 April 2010”.

In this section, we set out how we will approach decisions. We will of course consider an application which does not fit the expectations below on its merits.

An organisation which is or is in the course of constituting as a company and which is applying for registration with the regulator must meet the regulator’s registration criteria. The criteria contain specific requirements relating to provisions within an organisation’s governing documents.

For a complete list of the regulator’s registration requirements please refer to the regulator’s ‘registration requirements and registration guidance’ published on the regulator’s website.

**Amendments to Rules, including conversion to charitable status**

When the regulator is deciding on whether to consent to a rule change (see background above for when consent is needed), the regulator will have the same expectations as when it is considering an application for new registration (see regulators requirements and guidance). So to obtain consent, a change to the rules will need to meet these expectations.

Where the purpose of the rule change is to convert to charitable status, there are additional requirements; see Annex 1.

Applicants will also find useful information in the following publications when amending their governing documents:

* Regulator’s Standards and guidance
* Registration requirements and guidance
* [Charity Commission requirements](https://www.gov.uk/running-charity/setting-up)

**Process for amendments to rules**

Before applying for formal consent, a registered provider can find out whether their change is likely to be approved. This can be done by applying for “in principle consent”. This provides an opportunity for applicants to submit a draft application and receive feedback, prior to applying for formal consent. Please note that an in principle application does not have to be made prior to a formal application being submitted.

In order to consider whether to give consent to amendments relating to group structures, the regulator requires a business case (see ‘Guidance for Constitutional Consents (sections 212 to 214), Restructuring and Dissolution (sections 160 to 165)’). Applicants should engage with regulatory staff as early as possible to agree a timetable and to clarify our requirements.

Provided the amendments are satisfactory, the regulator will issue sealed consent and inform the registered provider of the regulator’s decision. To assist the registered provider and quicken the process, the regulator will forward the application on to the FCA, together with the regulator’s consent. When the amendment has been registered with the FCA a sealed acknowledgement (Form H) will be sent to the regulator by the FCA. The Constitutional Consents Team will forward this, together with the regulator’s sealed consent, to the applicant.

**Documentation to be submitted to the regulator**

**In Principle Applications**

Please submit by email or hard copy a marked up version of the constitution showing the proposed changes.

**Formal Applications**

Supporting notes and FCA forms can be found on the Financial Conduct Authority’s (FCA) website.

The following meet both the regulator and FCA requirements:

* **Partial amendment** requires:

1. An original completed FCA Mutual Societies Application Form – [Amendment of Rules for a Society or Credit Union Form](http://www.fca.org.uk/your-fca/documents/forms/amendment-of-rules-for-a-society-or-credit-union-formm). This includes:

a) Details of rule changes

b) Statutory Declaration

c) Appendix 1 – Part 1

2. A marked copy of the rules clearly showing all changes to current rules.

3. Two copies of the partial amendment with four original signatures (3 members and the secretary).

* **Complete amendment** requires:

1. An original completed FCA Mutual Societies Application Form – [Amendment of Rules for a Society or Credit Union Form](http://www.fca.org.uk/your-fca/documents/forms/amendment-of-rules-for-a-society-or-credit-union-formm). This includes:

a) Details of rule changes

b) Statutory Declaration

c) Appendix 1 – Part 1

d) Appendix 1 – Part 2.

2. A marked copy of the rules clearly showing all changes to current rules or changes that are being made to the NHF Model Rules.

3. Two original **complete** copies of rules with four original signatures (3 members and the secretary).

If a partial or complete rule change incorporates a charitable conversion, the registered provider must complete FCA’s Charity Trustee Form. See Annex 1 for more information about conversions.

**Where applications should be sent**

Email: constitutionalconsentsteam@hca.gsi.gov.uk

Address: Constitutional Consents Team

 Homes and Communities Agency – The Social Housing Regulator

Level 1A, City Tower

Piccadilly Plaza

Manchester

M1 4BT

Telephone: 0300 1234 500 (ask for Constitutional Consents Team)

**How long will it take us to deal with your application**

In principle applications will generally be processed within 10 working days. Formal applications that are complete and have no complicating factors will be reviewed, consent issued and forwarded to the FCA within 10 working days. Please note the FCA requires 15 working days to process applications. The regulator on receiving consent from the FCA will process and dispatch all paperwork within 10 working days.

**Notification**

Where the regulator’s consent is not required non-profit private registered providers are required to notify the regulator of any amendments. A schedule of amendments or a marked up copy of the constitution showing the changes, together with a complete unmarked copy of the amended governing document (as approved by the FCA), with confirmation that the amendment(s) contained therein do not require the regulator’s consent should be sent to:

Email: Public.Register@hca.gsi.gov.uk

Address: The Registry

 Homes and Communities Agency – The Social Housing Regulator

Level 1A, City Tower

Piccadilly Plaza

Manchester

M1 4BT

**Annex 1**

**Registered providers converting to charitable status**

**Applications for consent to changes of rules section 212 Housing and Regeneration Act 2008**

**Regulators criteria**

Before the regulator can give its consent under sections 212 of the Act to changes to rules which are intended to bring about a conversion to charitable status, a registered provider must meet certain requirements and produce documents, as set out below. The purpose of these requirements is to allow the regulator to make its decision in accordance with ‘Guidance for Constitutional Consents (sections 212 to 214), Restructuring and Dissolution (sections 160 to 165)’; and to help achieve an efficient outcome between the registered provider, the regulator and the other bodies involved.

1 A registered provider must be able to demonstrate that **all or the majority** of its tenants are charitable beneficiaries and that its activities are wholly charitable. We require a declaration by the Chair or Secretary that this is the case.

2 It is for the registered provider to make sure that its proposals fulfil the requirements of the Charity Commission; usually, providers need to take their own legal advice on converting to charitable status and any changes to the status of its residents. The regulator will require a copy of the legal opinion the registered provider has obtained.

3 The minutes of both the board and Special General Meetings at which the decision to amend the governing document to adopt charitable status was taken.

4 Evidence that the registered provider’s tenants and leaseholders have been fully informed and properly consultedabout the proposal to adopt a charitable governing document and about any resultant change in their own status, such as loss of any right to buy or right to enfranchisement and lease extension. We will wish to see copies of specific legal advice on this point.

5 Letters from the registered provider’s lenders confirming they are in agreement to the conversion.

6 It is for the registered provider to make sure that it has met [the requirements of HMRC](https://www.gov.uk/charities-and-tax), in particular that the conditions set out in [Schedule 6 of the Finance Act 2010](http://www.legislation.gov.uk/ukpga/2010/13/schedule/6) have been met and therefore that the applicant is likely to be recognised by HMRC as a charity for tax purposes. No document about this issue is required by the regulator.

The registered provider should send the documents to its regulator contact in the field office and consult with the field office from an early stage. The field office regulator will inform the Constitutional Consents Team at Marsham Street whether the above criteria have been fully met.

Once the Constitutional Consents Team has received this confirmation and is content with the wording of the amendment to the governing document, the regulator will then issue consent to the change.

The regulator’s register will be amended accordingly.