

NHMF Incorporation to a CIO

Proposal

The Executive and Committee of the NHMF have reviewed the structure and its ongoing activities and have decided to pursue options for taking the NHMF from an unincorporated body to one that is incorporated. Having agreed a preferred way forward, the NHMF would like to formalise this by undertaking an e-postal vote with all subscribers of the SOR for their views.

The e-mail postal vote instructions will have a fact sheet in relation to what process we have taken at the executive and the committee stages, what a CIO is, the positives and negatives, together with our suggested structure.

The activity will be open for 3 weeks, questions can be raised and posted on the NHMF website for 2 weeks in March, and responses will be made available on the site for all to see. At the end of the 2 weeks no further questions will be allowed. The final week will be for voting only, 1 subscriber 1 vote, duplicate voting will not count and anything outside of the three options will deem to be a spoilt vote.

This vote will enable all subscribers to vote on the following:

1. Agree with the incorporation of the NHMF to that of a CIO
2. Disagree with the incorporation of the NHMF
3. Abstain

The Executive plus 2 members of the Committee will count the results at the agreed date (3 weeks plus 1 day).

Results will then be posted on the website and depending upon the result will either lead us to Incorporation or staying as is.

The result will be posted on the NHMF website and can also be the subject of a follow up email giving the results and percentage voting.

The Executive and the Committee as voted above will continue with their normal activities. If the vote agrees with the Incorporation then we can progress with the submission to the Charity Commission, which would then have to identify the Trustees, and put everything in place for the AGM in 2021.

Fact sheet

Why a CIO?

What are we changing?

- From an unincorporated body to one of incorporation with limited liability for its membership

What were the options?

- Remaining a Not for Profit would be a Company Limited by Guarantee (CLG)
- Converting to a Charity would be a Charitable Incorporated Organisation (CIO) or as a (CLG) with Charitable status

What is the difference?

- CLG = Used for Not for Profit, companies without share capital with each member guaranteeing £1 in the event of liquidation
- CLG = Used for professional and trade associations, charities, quasi non-governmental organisations, clubs or those set up to provide communal services.
- CLG = No financial return to its members
- CLG = Transfer of assets upon winding up to an organisation with similar aims and objectives.
- CIO = New business model lower administrative burden
- CIO = Restriction on trading outside of its charitable purposes, limited trading ability to 25% of revenue (maximum of £50k)
- CIO = Surpluses not subject to 19% corporation tax
- CIO = Can act as the corporate body for contracts rather than individual trustees

How are they managed?

- CLG = Board of directors and general membership (shareholder class)
- CIO = Trustees and members (note trustees cannot be company directors)

Key comparisons based on the assumption of a Charitable option:

- If you wish to remain a Not for Profit Organisation, then CIO is out.

Once decided we wanted to register as a Charity, what are the differences between CIO and CLG:

- CIO benefits from a single registration with the Charity Commission
- CLG has to register with both Companies House and the Charity Commission
- CIO bespoke legal vehicle for charities only
- CLG are used for a variety of not for profits
- CIO is only 5 years old and reasonably untested
- CIO law is new and grey areas will emerge
- CLG have a far greater understanding within the legal and accountancy sector
- CLG has the ability to borrow

- CIO legislation has no provision for the register of charges at Companies House making it harder to borrow
- CLG is the preferred option if seeking to borrow from banks either now or in the future
- CLG members have automatic rights to receive all accounts, call meetings, vote by proxy, demand a poll and remove a trustee.
- CIO members have no such rights unless the constitution expressly provides them.
- CIO articles will need more work and cost
- CLG articles have standard templates
- CLG articles enable changes to be made with 75% of the membership in agreement
- CIO articles changes have to be unanimous

Why we chose a CIO

The NHMF Executive and NHMF Committee reviewed a wide range of structures above and its recommendation was to use a CIO because it offered a range of structures to the NHMF's objectives and allows for futures changes. It offered the best of both worlds.

As a CIO, regulation would be softer with only one regulator, the Charity Commission. Provided turnover was less than £1m, accounting rules allow the accounts to be presented at the AGM without audit provided they had been inspected by a competent person. Since the term 'not-for-profit' can be misunderstood, it was proposed that 'charitable objective' would more clearly describe the NHMF's purpose.

Objectives

Education

To facilitate the dissemination of best practice in maintenance to both providers of social housing, their maintenance contractors, and their contractors, subcontractors and employees.

[Full description](#)

Young people

In addition, we are seeking to help and support young people by encouraging all maintenance contractors to provide support and activities which develop skills, capacities and capabilities to enable those under 25 to participate in society as mature responsible individuals.

[Full description](#)

Relief of unemployment

Furthermore, by promoting to providers of social housing and all their maintenance contractors the relief of unemployment for the benefit of the public in such ways as may be thought fit, including requiring such providers in providing assistance to find training and employment.

[Full description](#)

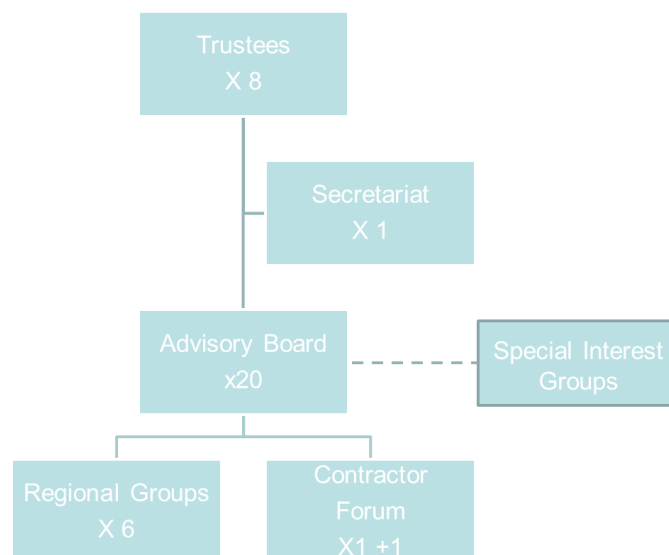
Conservation of the environment

Finally, across all aspects of our work we will be promoting for the benefit of the public, the conservation, protection and improvement of the physical and natural environment by requiring all contractors to undertake maintenance activities in a sustainable manner whilst protecting the environment.

[Full description](#)

Structure

Proposed new structure



There were some revisions of the proposed structure during the meeting and the following was concluded: The NHMF Committee would be renamed the Advisory Board and would be capped at 20 members with 20% being available for Associate Members. The Advisory Board will have a Chair, Vice-Chair and Treasurer.

In addition, the 6 regional groups and CF will have a Chair and Vice-Chair. These 8 will be supplemented by 12 others (4 of whom will be Associate Members).

The Trustees:

There will be a minimum of 4 and a maximum of 8: the Chair, Vice-Chair, Treasurer and 5 others

It is proposed that the Chair of the Advisory Board, the Chairs of the Regional Groups and the Chair of the CF all become trustees, leaving two spaces to be filled. This ensures that there is a broad representation liable for the organisation as a whole, with everyone represented.

The Trustees have liability for:

- Overall accountability
- Accounts – management and annual
- Compliance
- AGM
- Secretariat
- Licence Fee Payers
- Legal agreements.

The Advisory Board has operational responsibility for:

- Programme of work and activities
- Conference
- SoR development
- Best Practice
- Study Tour
- Working Groups
- Training and development.

The Secretariat will support both Trustees and the Advisory Board. The new Advisory Board will need to elect on a 3-year cycle a Chair, Vice-Chair and Treasurer. The Chair will be required to become a Trustee and attend meetings.

Membership

Licence Fee Payers are deemed eligible for membership. They will have a £1 liability covered as part of their subscription (**to main SORs, Planned and ROS**). Those who do not pay a licence fee will be deemed to be “Associate Members” and subject to a membership fee on a sliding scale relative to turnover as follows:

- Large £100m + £850
- Small £5m to £15m £300
- £2m to £5m £200
- £1m to £2m £100
- below £1m £50

Representation

Each Licence Fee Payer will be allotted 1 voting member position. Transfer of membership could only be agreed following application in writing to the trustees. Termination of membership occurs when the organisation is no longer an active subscriber to the SOR. A membership may be terminated but is subject to following the strict procedures in 9.4.b. of the constitution. Associate members will have representation on the Advisory Board, Groups and at Trustee level.

Voting and Non-Voting Rights

Licence Fee Payers will have full voting rights but Associate Members will not. The NHF and Secretariat (M3 / HSS) will be non-voting members. HAMMAR SW and Rand Associates will become voting members. Decisions can be made at general meetings of the Advisory Board and the Trustees throughout the year. In addition, there will be an AGM held once a year. Meetings can be called at any time giving 14 days clear notice as per section 11.3.a.

Quorums

The Advisory Board will be capped at 20, 20% or 4 members will be Associate Members and 16 members will be voting members. The Advisory Board quorum is to be set at 50% therefore 8 voting members is the target to ensure a balance approach to decision making. The Trustee

quorum is 3 based on the size of that committee which will be no less than 4 and no more of 8, with the Chair having the casting vote.

Governance

- The new Advisory Board will have operational responsibility for the Programme of Work and Activities
- The Chairs of the respective Groups will be represented on this Board
- This will be led by the Chair, Vice-Chair and Treasurer
- These will be elected to serve a 3-year term and restricted to a maximum of 3 terms
- The Trustees will be responsible, accountable and liable for the Charity
- All trustees will serve for 1 year initially, following that trustees will serve on an annual basis with 1/3rd retiring each year

Dates and timescales

2019

November

& December Finalise the agreements & objectives

2020

January	Prepare the Proposal and fact sheet for consideration at the AGM
February	Prepare website and facilities to submit questions and receive responses
March	Agree the 3-week activity window including voting.
April	Circulate result and follow up messages
May	Agree on Trustees, submit the application to the Charities Commission (N.B. The Charity Commission will take 12 weeks to consider the application)
September	Formally register and agree dates / activities moving forward
October	Canvas for the new Chair and Vice-Chair of the new Board and sub-groups
November	Prepare any specific approaches for voting such as biogs etc. if required.
December	AGM Papers and Agenda circulated at least 4 weeks before the AGM

2021

January	Formalise the new CIO, Board of Trustees, Strategic Board Chair & Vice-Chair plus any other sub-groups
----------------	--