



Shareholder Membership Policy

Version:	1.0
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Approved by:	Governance & Remuneration Committee
Effective Date:	March 2023
Review Date:	March 2025

1 Overall purpose

This document sets the Policy for shareholding membership of the Association.

The Policy supports Leeds Fed's vision of 'Building Futures Together' and is aligned with the goals of:

Goal 1:	Sustain
Goal 2:	Innovate
Goal 3:	Grow

3 Business Context

Board Terms of Reference

2.2.11 Recommend the appointment, reappointment or removal of the external auditor to shareholders for approval in general meeting

3.1.1 Ensure satisfactory dialogue with shareholders, funders, regulators, stakeholders and customers based on the mutual understanding of the objectives.

3.1.2 Approve resolutions and corresponding documentation to be put forward to shareholders at a general meeting

Links to Risk Register

28 Poor stakeholder relationships impact reputation and influence

Key regulatory requirements

NHF Code of Governance 2020 – 1.6 Accountability 'The role of shareholders in the governance of the organisation is documented and understood'. ' Organisations with open shareholding publish their policy for the admission of shareholders'. 3.4 Board election, selection and appointment 'Shareholders who are not board members are supported and informed to play their proper constitutional role in the organisations governance and in particular in the election of board members'.

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Background

Leeds Federated is a Cooperative and Community Benefit Society which means that the Rules of the Association, being our Governing instrument, provide for shareholding members whose primary responsibility is to elect the Board of Management, receive the annual report and to appoint the auditor.

The aim of this policy is to promote accountability and openness of our work and governance to the Association's stakeholders, partners and local community in which we work by encouraging their own involvement with the work of the Association through shareholder membership.

Shareholders should be appointed in a transparent and open manner. The policy for admission to membership should be freely available, and organisations should consider issues of equality, diversity and accountability when drawing up and implementing such policies.

The way in which shareholding members are chosen should realistically reflect their role in governance, and contribute to the organisation's long term constitutional and financial stability.

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Introduction

The Board of the Association is responsible for setting, reviewing on a regular basis and publishing its policy and objectives for admitting new shareholders.

There should be a minimum of 25 and a maximum of 35 shareholders.

Membership should adequately reflect the communities we work within and the range of professional skills and expertise necessary to reflect the Association's broadest interests.

Shareholders will normally be members of the community or stakeholders who have direct involvement with the Association and therefore an interest in our operations and performance, or who have a genuine, positive interest in the work of the Association.

Shareholders may be individuals (including tenants), corporate bodies or nominees of unincorporated bodies, they may be employees or Board members of other housing providers and must abide by the Association's Probity policy. The numbers of each group will reflect the work of the Association.

The current rules state that Board Members should relinquish their shareholding when they cease to be a Board member. This is the case unless a retiring Board Member is asked to remain as a shareholder as a result of their filling one of the criteria listed below on a personal basis.

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Policy

4.1 Criteria for Selection

All applications for shareholding membership are considered by the Board, which has absolute discretion in determining whether to accept or reject any application.

Applicants will be able to demonstrate at least one or more of the following criteria:

- The applicant will have a long-term interest in and support for the Association.
- The applicant will have the appropriate skills and experience to make a significant contribution to the Association by becoming a member of the Board either at the time of application or in the future.
- The applicant will have the commitment and relevant skills or experience to make a positive contribution to the Association without necessarily becoming an active Board member.
- The applicant will help improve the representation of local communities within the Association's shareholding and/or through Board membership.
- The applicant will contribute to achieving a balanced mix of skills and experience within the Association's shareholding and/or Board membership.

4.2 Rights and Responsibilities

Shareholders of the Association have ultimate voting control. Their function at the Annual General Meeting is to receive the Annual Report, appoint the auditor, elect Board members and to transact any other general business of the Association included in the notice convening the meeting or that of any other special general meeting called.

Each shareholder holds one share, which carries one vote in general meetings.

Shareholders agree to be bound by the obligations on them as set out in the Rules of the Association and to act at all times in the best interests of the Association and for the benefit of the community as guardians of the objects of the Association.

4.3 Exclusions to Shareholders

The following may not be admitted as shareholders in line with Rule C6:

- a minor – as determined by the Board from time to time;
- a person who has been expelled as a shareholder, unless authorised by a resolution at a general meeting;
- an employee of the association or any other group member;
- a person who has been removed by the board in accordance with rule D8;
- a person in respect of whom a registered medical practitioner who is treating that person gives a written opinion to the effect that that person has become physically or mentally incapable of acting as a board member and may remain so for more than three months;

a resident in respect of whom a possession order has been obtained or whose tenancy, license or lease with the Association or any other Group Member has been terminated for any reason. And in addition:

- a person in respect of whom, 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; or

- a person who is disqualified from acting as a Director of a company for any reason, or has been convicted of an indictable offence

4.3.1 The Board will also have regard to the potential for conflicts of interest when considering applications (e.g. membership or officer of another housing association).

4.3 Applying for Membership

Interested candidates may apply in writing to the Company Secretary setting out their reasons for applying and how they meet any criteria set by the Association's policies and if successful in their application a share for the sum of £1 must be purchased for which a Share Certificate will be issued and their named entered in the Share Register.

4.4 Withdrawal of Shareholder Membership

Every application will be considered by the Board and the Board has the power in its absolute discretion to accept or reject the application. If the application is approved the name of the applicant and the other necessary particulars shall be entered in the register of shareholders. One share in the Association will be issued to the applicant.

4.5 Ending of Shareholding

In line with Rule C14 a Shareholder shall immediately cease to be a Shareholder if;

- they die
- they are expelled under rule C15 or;
- they withdraw from the Association by giving notice to the Secretary, which shall be effective on receipt, unless they are one of the last three remaining shareholders, in which case they must provide at least one month's written notice of the withdrawal to the Secretary; or
- they do not attend in person or appoint a proxy in respect of, nor deliver written apologies in advance for two consecutive annual general meetings of the Association; or
- in the case of a body corporate it ceases to be a body corporate; or
- in the case of the nominee of an unincorporated body, they transfer their share to another nominee or that body; or
- they cease to be eligible to be a Shareholder under rule C6 or C11; or
- having been a Board member or a member of a committee, they cease to be a Board member or member of a committee (unless the Board in its absolute discretion resolves that they shall remain as a shareholder); or
- they are a resident and in the opinion of the Board are in material or serious breach of their tenancy agreement, licence or lease with the Association or a Group member or are subject to a possession order or are in breach of a suspended possession order, or are subject to any of the following types of court order; anti-social behaviour order, anti-social behaviour injunction, demoted tenancy or closure order; or
- in the case of a Shareholder who was a resident at the time of their appointment as a shareholder, they cease to be a resident; or
- they are a resident and the Association has obtained an order of a competent court or tribunal against them for recovery of monies due from them to the Association provided

that if the order is suspended or is an order for payment in instalment they shall only cease to be a Shareholder upon failing to meet the terms of the order; or

- the Association serves notice on the Shareholder at their last know address asking them to indicate within a period (not being less than three months) whether they wish to remain a Shareholder, and they fail to reply within such period.

4.6 A shareholder may only be expelled by a Special Resolution at a special general meeting called by the Board under rule C15 of the Association.

5 Communication Plan

This policy will be approved by the Governance and Remuneration Committee and will then be provided to all Board members and included in the Induction pack for all new Board members.

6 Implementation

The Chief Executive and Head of Corporate Services/Company Secretary are responsible for ensuring that this Policy is implemented and reviewed and progress is reported annually to the Governance & Remuneration Committee and the Board.

7 Monitoring, evaluation and reporting

The Association will monitor, evaluate and report on the activities undertaken to deliver this Policy through regular updates to Governance & Remuneration Committee and Board.

8 Equality Analysis

As a private sector body, Leeds Federated does not fall automatically within the scope of the Public Sector Equality Duty as defined in the Equality Act 2010, except insofar as it can be considered to be acting as a public authority in delivering public functions. No such functions are directly governed by this policy document and hence an Equality Analysis is not required.