

## Summary of Eastlight Community Rule Changes – September 2021

Following the merger last year that created Eastlight, our solicitors, Trowers & Hamlins reviewed the Eastlight rules to ensure that they are up to date and to consider whether any changes were needed to reflect what Eastlight does in practice.

The Eastlight rules are based on the National Housing Federation (NHF) 2015 Model rules, which remain the current NHF model. Because of that, Trowers & Hamlins only recommended a few minor changes. Aside from those changes, as outlined below, Trowers confirmed that the rules remain fit for purpose and are consistent with being a Community Gateway Association.

The recommendations being proposed are visible as tracked changes in the copy of the Rules available here.

In summary the changes are as follows:

- a) Formally recognising the role of Senior Independent Director throughout the Rules.

*A Senior Independent Director, which originated in commercial organisations, has become more common within the social housing sector. A Senior Independent Director acts as a sounding board for the Chair and as an intermediary for other board and committee members who have concerns or issues they do not feel are being addressed. They can assist in resolving disputes, helping to identifying issues and trying to mediate and build a consensus.*

- b) **Rule A5:** Removing the reference to obtaining the consent of the Regulator for any rule changes which make Eastlight a subsidiary of another organisation.

*The Housing and Planning Act 2016 (passed after the model rules were published in 2015) removed the requirement for housing associations to formally seek consent for rule changes from the Regulator of Social Housing although they will still consider any rule changes as part of their regulatory overview.*

- c) **Rule B2.13:** Reference to acting "in accordance with the Charter of Fundamental Rights of the European Union" has been amended to reflect that the UK has left the EU and that the Charter no longer directly applies. However, Eastlight will still act in accordance with its principles.

*Post BREXIT, this is still relevant to ensuring we remain legally compliant until UK specific legislation is passed.*

- d) **Rule B10:** Updating the strategy references to the Community Empowerment Strategy.

*Ensuring this reflects the strategy adopted by Eastlight by its proper name.*

- e) **Rule C11:** Clarifying that Board Members shall automatically become members (or shareholders) upon appointment.

*In line with good governance and regulatory expectations, all Board Members must go through a skills-based recruitment process prior to appointment which includes their admission as a shareholder. This just clarifies that there are no additional application processes for board member shareholders.*

- f) **Rule C24:** Explicitly including permission for virtual meetings in light of learning from the COVID-19 pandemic.

*While we have legal advice that confirmed Eastlight's ability to have virtual meetings in addressing the risks arising from the COVID-19 pandemic, this makes it clear in the rules.*

- g) **Rule D2:** Explicitly stating at least one Board member shall be a tenant.

*Previous wording made it optional to have any resident board members but permitted three. The revised version requires there to be at least one and there is no formal upper limit which is consistent with Eastlight's commitment to involve customers in decision making at the highest level.*

- h) **Rule D10 & Rule D11:** Revised wording around Board tenure to comply with NHF Code of Governance 2020 adopted by Eastlight.

*Previous code (NHF 2015) had a nine-year limit for Board membership. The new code (NHF 2020) adopted by Eastlight has a six-year limit for Board members in line with good practice and regulatory expectations.*

- i) **Rule D29 – D33:** Amended to have clearer delegation powers with Eastlight's group structures in line with good governance and transparency.

*To manage risk and ensure effective management of development activities, Eastlight has subsidiaries to help recover VAT and hold external contracts. This just clarifies that where these exist the Eastlight Board may delegate specific functions to subsidiary boards while retaining oversight and accountability.*

- j) **Rule G11.5:** Removed as it is no longer necessary to send the Regulator a set of rules after amendments have been made.

*The Regulator has changed their processes and receive a copy of the Rules directly from the FCA once they have approved them formally.*

**Rule G13.1:** A small change has been made in relation to distribution of assets clause, Change to "charity" rather than "charitable body".

*HMRC have issued specific guidance about their preferred wording in the rules and this is reflecting that guidance but it has no substantive change.*

- k) **Rule G14.9:** Reflecting that the Customer Influence Committee performs the role of the Community Gateway Group as per the Rules.

*The Customer Influence Committee incorporates the role of the Community Gateway Group in addition to its wider remit to oversee and monitor the Community Empowerment Strategy,*

*the Asset Management Strategy, the Service Delivery Strategy and key policies that impact on customers.*

- l) **Rule G14.23:** Updating reference to current Regulator.

*The Homes and Communities Agency was replaced by the Regulator of Social Housing in 2018.*