

# **RULES OF SALFORD COMMUNITY LEISURE LIMITED**

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**ALL PREVIOUS RULES RESCINDED**

**(Approved September 2013)**

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## 1 INTRODUCING THE SOCIETY AND THE RULES

### Name

- 1.1 The society is called “**Salford Community Leisure Limited**”, and it is called the Society in these Rules.

### Registration

- 1.2 The Society is registered under the law as a society for the benefit of the community with ***The Financial Conduct Authority***. Its registered office is Civic Centre, Chorley Road, Swinton, Salford M27 5DA, and its website is [www.leisureinsalford.co.uk](http://www.leisureinsalford.co.uk).

### Why the Society exists

- 1.3 The Society exists to pursue its Charitable Objects for the benefit of the community. This is the Society’s Purpose.

### Commitments

- 1.4 The Society is committed to:
- 1.4.1 trading for the benefit of the community;
  - 1.4.2 applying any profits or surpluses to maintain prudent reserves, or on expenditure to achieve the Society’s Charitable Objects;
  - 1.4.3 treating all people with fairness, dignity and respect;
  - 1.4.4 having regard to the need to provide information to members and to conduct its affairs in an open and accessible way.

### Governing documents

- 1.5 These Rules set out the way in which the Society is owned, organised and governed.
- 1.6 Where the Rules allow it, the Board of Directors may make Regulations setting out other provisions in addition to the Rules. Such Regulations shall not be inconsistent with the Rules.
- 1.7 Other provisions (such as codes of conduct) may be established as the Rules specify.
- 1.8 In the Rules
- 1.8.1 words starting with a capital letter (like Rules) refer to something specific, and the Appendix at the end of the Rules identifies the rule which makes this apparent; and
  - 1.8.2 words which are highlighted in italics (like ***The Financial Conduct Authority***) have a special meaning and the Appendix lists all of these words and explains what they mean.

## 2 GOVERNANCE

### Overview

2.1 The Society has Members, a Forum, and a Board of Directors. It also has a Secretary.

### Members

2.2 Membership is the means by which the Society is owned by the community in order to achieve its Purpose. Membership provides Members with access to information, a voice in the Society, and the opportunity to be elected to a representative role in its governance.

#### Information

2.3 Members are entitled to receive information about the Society and its business, as provided in the Rules.

#### Voice

- 2.4 Members have a voice in the Society's affairs as provided in the Rules, by
- 2.4.1 attending, speaking and submitting motions to be considered at Members Meetings;
  - 2.4.2 voting at Members Meetings;
  - 2.4.3 electing representatives to the Forum.

#### Representation

2.5 Subject to qualification criteria, the Rules allow Members to stand for election to the Forum.

### Forum

2.6 As provided in the Rules, the Forum represents Members and the community within the Society, and is a link between the community and the Board of Directors.

2.7 The Forum has certain specific functions which are set out in the Rules.

- 2.8 Individual Forum Members are expected:
- 2.8.1 to promote and encourage participation by Members and by the community in the Society's affairs;
  - 2.8.2 within the Society, to strive to ensure that the relevant interests of the community served by the Society are appropriately represented;

but individual Forum Members have no authority to make decisions or to act in the name of the Society as individual Forum Members.

## **Board of Directors**

2.9 Subject to the Rules, the Board of Directors manages the affairs of the Society and may exercise all of its powers. The Directors are ***charity trustees***.

## **Secretary**

2.10 The Secretary is secretary to the Society, and acts as secretary to the Board of Directors and the Forum.

## **3 MEMBERS**

3.1 The Society shall at all times strive to ensure that taken as a whole its actual membership is representative of those eligible for membership. To this end:

3.1.1 the Society shall at all times have in place and pursue a Membership Strategy which shall be approved by the Forum, and shall be reviewed by them from time to time, and at least every three years,

3.1.2 the Forum shall present to each Annual Members Meeting a report on:

3.1.2.1 the progress of the Membership Strategy;

3.1.2.2 any changes to the Membership Strategy.

3.2 The Members of the Society are those whose names are listed in the Register of Members.

3.3 Membership is open to any person who is not less than eleven years of age, who:

3.3.1 uses the Society's facilities or has an interest in sport, leisure, arts or culture or who is active in such community or similar groups as the Board of Directors shall from time to time determine (Community Member); or

3.3.2 is employed by the Society or any subsidiary society or company, or is a registered volunteer (Staff Member).

3.4 Persons who hold a ***Library Card***, a ***Leisure Swipe Card*** or any other card that the Board of Directors may determine in the future shall automatically be Community Members unless they inform the Secretary that they do not wish to do so. Other persons eligible to be Community Members shall become Community Members by completing an application for membership in the form required by the Board of Directors

3.5 Persons who are employed by the Society or any subsidiary society or company, or are a registered volunteer shall automatically become Staff Members unless they inform the Secretary that they do not wish to do so.

3.6 No person who is entitled to be a Staff Member may become a Community Member.

3.7 If Capital Funding Shares are issued under the Rules:

3.7.1 those who hold Capital Funding Shares are entitled to be, and thereby become Funding Members (in addition to being Community Members or Staff Members where they are already Members);

3.7.2 subject to any further limitations imposed by the Board of Directors, Capital Funding Shares may be issued to any person or any corporate entity having a legitimate interest in the Society's Purpose and Charitable Objects.

3.8 Funding Members may be divided into two or more constituencies.

### **Cessation of Membership**

3.9 A Member ceases to be a member of the Society in the following circumstances:

3.9.1 they die;

3.9.2 they cease to be entitled under the Rules to be a Member and are removed from the Register of Members;

3.9.3 the Secretary removes them from the Register of Members, after completing procedures approved by the Board, on the grounds that:

3.9.3.1 the Society has lost contact with the Member; or

3.9.3.2 they no longer wish to continue as a Member; or

3.9.4 they are expelled from membership under the Rules.

3.10 A Member may be expelled by

3.10.1 order of the Board of Directors, where the Member has been involved in an incident of violence, or some other incident which in the opinion of the Board is a threat to the safety or security of any person or property; or

3.10.2 a resolution approved by not less than two-thirds of the Forum Members present and voting at a Forum Meeting.

3.11 The following expulsion procedure is to be adopted.

3.11.1 Any Member may complain to the Secretary that another Member has acted in a way detrimental to the interests of the Society.

- 3.11.2 If a complaint is made, the Forum may itself consider the complaint having taken such steps as it considers appropriate to ensure that each Member's point of view is heard and may either:
    - 3.11.2.1 dismiss the complaint and take no further action; or
    - 3.11.2.2 for a period not exceeding twelve months suspend the rights of the Member complained of to attend Members Meetings and to vote under the Rules; or
    - 3.11.2.3 arrange for a resolution to expel the Member complained of to be considered at the next Forum Meeting.
  - 3.11.3 If a resolution to expel a member is to be considered at a Forum Meeting, details of the complaint must be sent to the Member complained of not less than one calendar month before the meeting with an invitation to answer the complaint and attend the meeting.
  - 3.11.4 At the meeting the Forum will consider evidence in support of the complaint and such evidence as the Member complained of may wish to place before them.
  - 3.11.5 If the Member complained of fails to attend the meeting without due cause, the meeting may proceed in their absence.
  - 3.11.6 A person expelled from membership will cease to be a member upon the declaration by the chair of the meeting that the resolution to expel them is carried.
- 3.12 No person who has been expelled from membership is to be re-admitted except by a resolution carried by the votes of two-thirds of the Forum Members present and voting at a Forum Meeting.
- 3.13 If a Funding Member is expelled, they retain ownership of any Capital Funding Shares but they will not be entitled to attend Members Meetings or vote under the Rules.

#### 4 MEMBERS MEETINGS

- 4.1 Every year, the Society shall hold an Annual Members Meeting.
- 4.2 Any other Members Meetings are Special Members Meetings.
- 4.3 The Board of Directors (except where otherwise provided in the Rules):
  - 4.3.1 convenes Members Meetings

- 4.3.2 decides the date, time and place of any Members Meeting and of any adjourned meeting;
- 4.3.3 decides whether a Members Meeting will be held at more than one location, and if so, whether simultaneously or at different dates and/or times.

### **Annual Members Meeting**

- 4.4 The functions of the Annual Members Meeting shall include:
  - 4.4.1 receiving from the Board of Directors the Annual Accounts for the previous financial year; a report on the Society's performance in the previous year, and forward plans for the current year and the next year;
  - 4.4.2 receiving from the Forum a report on the progress of the Membership Strategy and any changes to it;
  - 4.4.3 appointing:
    - 4.4.3.1 financial Auditors; and
    - 4.4.3.2 external Auditors of any other aspect of the performance of the Society;
  - 4.4.4 declaring the results of elections and the appointment of those who are to serve on the Forum.

### **Special Members Meetings**

- 4.5 Special meetings are to be convened by the Secretary either:
  - 4.5.1 by order of the Board of Directors; or
  - 4.5.2 if a written requisition signed (except where these Rules say otherwise) by not less than 50 Members or 10% of all Members, whichever is the higher, is delivered (addressed to the Secretary) to the Society's registered office.
- 4.6 Any requisition must state the purpose for which the meeting is to be convened. If the Secretary is not within the United Kingdom or is unwilling to convene a special meeting, any Director may convene a Members' meeting.
- 4.7 A special meeting called in response to a Members' requisition must be held within 28 days of the date on which the requisition is delivered to the registered office. The meeting is not to transact any business other than that set out in the requisition and the notice convening the meeting.



## **Notice of Society General Meetings**

- 4.8 Notice of a Members Meeting is to be given at least 14 clear days before the date of the meeting:
- 4.8.1 by notice prominently displayed at the registered office and at all of the Society's places of business; and
  - 4.8.2 by notice on the Society's website
- 4.9 The notice must be given to Directors, Forum Members, and the Auditors, and it must;
- 4.9.1 state whether the meeting is an annual or special meeting;
  - 4.9.2 give the time, date and place of the meeting; and
  - 4.9.3 set out the business to be dealt with at the meeting.

## **Procedure at Members Meetings**

- 4.10 Members Meetings are open to all Members, but not to the public unless the Board of Directors decides otherwise. The Board of Directors may invite particular individuals or representatives of particular organisations to attend a Members Meeting.
- 4.11 Before a Members Meeting can do business, there must be a quorum present. Except where these Rules say otherwise a quorum is present if twenty Members or 10% of the Members entitled to vote at the meeting, whichever is lower, are present, including at least one Community Member, one Staff Member and (if Capital Funding Shares have been issued) one Funding Member.
- 4.12 If no quorum is present within half an hour of the time fixed for the start of the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board of Directors determines. If a quorum is not present within half an hour of the time fixed for the start of the adjourned meeting, the number of Members present during the meeting is to be a quorum.
- 4.13 It is the responsibility of the Board of Directors, the chair of the meeting and the Secretary to ensure that at any Members' Meeting:
- 4.13.1 the issues to be decided are clearly explained;
  - 4.13.2 sufficient information is provided to Members to enable rational discussion to take place;
  - 4.13.3 where appropriate, experts in relevant fields are invited to address the meeting.
- 4.14 The Chair, or in their absence some other Director nominated by the Board of Directors, shall chair a Members Meetings. If neither the Chair nor such other Director

is present, the Directors present shall elect one of their number to be chair and if there is only one Director present and willing to act they shall be chair of the meeting.

### **Voting at Members Meetings**

- 4.15 Subject to these Rules and to any Act of Parliament, a resolution put to the vote at a Members Meeting shall, except where a poll is demanded or directed, be decided upon by a show of hands.
- 4.16 The Board may introduce arrangements for Members to vote by post, or by using electronic communications.
- 4.17 On a show of hands and on a poll, every Member present (and where postal or electronic voting arrangements have been introduced, any Member who has voted in this way) is to have one vote. In the case of an equality of votes, the chair of the meeting is to have a second or casting vote.
- 4.18 A Funding Member who is also a Community Member or a Staff Member only has one vote.
- 4.19 Unless a poll is demanded, the Chair will declare the result of any vote, which will be entered in the minute book. The minute book will be conclusive evidence of the result of the vote.
- 4.20 A poll may be directed by the Chair or demanded either before or immediately after a vote by show of hands by not less than one-tenth of the Members present at the meeting.
- 4.21 Unless these Rules or an Act of Parliament say otherwise, all resolutions are to be decided by a simple majority of the votes cast.

## **5 FORUM**

### **Composition**

- 5.1 The Forum comprises Elected Forum Members who are elected using election procedures approved by the Board of Directors, and Appointed Forum Members who are appointed by Appointing Organisations, as follows:
  - 5.1.1 eight Community Forum Members, elected by the Community Members;
  - 5.1.2 five Staff Forum Members, elected by and from the Staff Members. The Board of Directors may introduce arrangements to ensure that staff from different disciplines and/or areas of the business are elected;
  - 5.1.3 (if Capital Funding Shares have been issued) one Funding Forum Member, elected by and from the Funding Members;

- 5.1.4 one Forum Member appointed by Salford City Council;
  - 5.1.5 three Forum Members appointed by the Salford Partnership, such appointments to take into account the strategic aims of the Society and the economic, health and learning needs of the community;
  - 5.1.6 not more than two Co-opted Forum Members, who may be co-opted by the Forum in accordance with the Forum Membership Policy.
- 5.2 The Forum shall seek to ensure that through its composition:
- 5.2.1 the interests of the community served by the Society are appropriately represented;
  - 5.2.2 the level of representation of the Community Constituencies, the Staff Constituencies and the Appointing Organisations strikes an appropriate balance having regard to their legitimate interest in the Society's affairs.
- 5.3 To this end, the Forum:
- 5.3.1 shall at all times maintain a Forum Membership Policy which takes account of the Membership Strategy, and
  - 5.3.2 shall from time to time and not less than every three years review the policy for the composition of the Forum, and
  - 5.3.3 when appropriate shall amend the policy.

#### **Functions of Forum**

- 5.4 The Forum performs the following specific functions:
- 5.4.1 to appoint or remove the Chair and the other ***Non-executive Directors***, and to approve their terms and conditions of office;
  - 5.4.2 to approve an appointment (by the ***Non-executive Directors***) of the Chief Executive;
  - 5.4.3 to work with the Board of Directors in preparing and to approve the Society's mission, strategy and forward plans;
  - 5.4.4 to appoint one of their number to be Deputy Chair of the Forum;
  - 5.4.5 to appoint or remove the Society's Auditor;
  - 5.4.6 to appoint or remove any other external Auditor appointed to review and publish a report on any other aspect of the Society's affairs;

- 5.4.7 at a Members' Meeting, to be presented with the Annual Report and Accounts by the Board of Directors, and the Auditor's Report;
- 5.4.8 to undertake such functions as the Board of Directors shall from time to time request;
- 5.4.9 to approve the Society's Membership Strategy, its Forum Membership Policy and the Policy for ***Non-executive Directors***.

#### **Eligibility requirements for Forum**

- 5.5 No person may become or continue to be a Forum Member if they:
  - 5.5.1 are a Director of the Society;
  - 5.5.2 are a spouse, partner, parent or child of another Forum Member or of a Director;
  - 5.5.3 become bankrupt or make any arrangement or composition with creditors;
  - 5.5.4 have refused without reasonable cause to fulfil any training requirement established by the Forum;
  - 5.5.5 have refused to sign and deliver to the Secretary a statement in the form required by the Forum confirming acceptance of the code of conduct for Forum Members.

#### **Tenure of office as Forum Member**

- 5.6 An elected or an appointed Forum Member shall normally hold office for a period of three years commencing immediately after the annual members meeting at which their election is declared, or their appointment is announced.
- 5.7 An elected Forum Member shall be eligible for re-election at the end of their term.
- 5.8 An elected Forum Member may not hold office for more than nine consecutive years, and shall not be eligible for re-election if they have already held office for more than six consecutive years.
- 5.9 For the purposes of these provisions concerning terms of office for Forum Members, "year" means a period commencing immediately after the conclusion of the Annual Members Meeting, and ending at the conclusion of the next Annual Members Meeting.

#### **Termination of office as Forum Member**

- 5.10 A person holding office as a Forum Member shall immediately cease to do so if:

- 5.10.1 they resign by notice in writing to the Secretary;
  - 5.10.2 they cease to be qualified to be a member of the category of membership by which they were elected;
  - 5.10.3 they fail to attend three consecutive meetings of the Forum, unless the other Forum Members are satisfied that:
    - 5.10.3.1 the absences were due to reasonable causes; and
    - 5.10.3.2 they will be able to start attending meetings of the Forum again within such a period as the other Forum Members consider reasonable;
  - 5.10.4 they have refused without reasonable cause to undertake any training which the Forum requires all Forum Members to undertake;
  - 5.10.5 they have failed to sign and deliver to the Secretary a statement in the form required by the Secretary confirming acceptance of the code of conduct for Forum Members;
  - 5.10.6 they are removed from the Forum under the following provisions.
- 5.11 A Forum Member may be removed from the Forum by a resolution approved by not less than three-quarters of the remaining Forum Members present and voting on the grounds that:
- 5.11.1 they have committed a serious breach of the code of conduct; or
  - 5.11.2 they have acted in a manner detrimental to the interests of the Society; and
  - 5.11.3 the Forum considers that it is not in the best interests of the Society for them to continue as a Forum Member.

### **Vacancies**

- 5.12 Where a vacancy arises on the Forum for any reason other than expiry of term of office, the following provisions will apply.
- 5.13 Where the vacancy arises amongst the appointed Forum Members, the Secretary shall request that the Appointing Organisation appoints a replacement to hold office for the remainder of the term of office.
- 5.14 Where the vacancy arises amongst the elected Forum Members, the Forum shall be at liberty either:
- 5.14.1 to call an election within three months to fill the seat for the remainder of that term of office; or

- 5.14.2 to invite the next highest polling candidate for that seat at the most recent election, who is willing to take office, to fill the seat until the next annual election, at which time the seat will fall vacant and subject to election for any unexpired period of the term of office; or
- 5.14.3 if the unexpired period of the term of office is less than 9 months, to leave the seat vacant until the next elections are held.

### **Forum Meetings**

- 5.15 Forum Meetings will be held no less than twice in each year.
- 5.16 The Chair of the Society shall preside at Forum Meetings. In their absence, or if the Chair of the Society has a conflict of interest in relation to the business being discussed, the Deputy Chair of the Forum shall act as chair.
- 5.17 Forum Meetings will not normally be open to members of the public unless the Forum decides otherwise. If admitted, members of the public may be excluded from a meeting if they are interfering with or preventing the proper conduct of the meeting or for other special reasons.
- 5.18 Forum Meetings may be called by the Secretary, or by the Chair, or by five Forum Members (including at least two Community Forum Members and one Staff Forum Member) who give written notice to the Secretary specifying the business to be carried out. The Secretary shall send a written notice to all Forum Members as soon as possible after receipt of such a request. The Secretary shall call a meeting on at least fourteen but not more than twenty-eight days' notice to discuss the specified business. If the Secretary fails to call such a meeting then the Chair or six Forum Members, whichever is the case, shall call such a meeting.
- 5.19 Six Forum Members including not less than two Community Forum Members and not less than one Staff Forum Member shall form a quorum.
- 5.20 The Forum may invite the Chief Executive or any other member or members of the Board of Directors, or a representative of the Auditor or other advisors to attend a Forum Meeting.
- 5.21 The Forum may agree that its members can participate in its meetings by telephone, video or computer link. Participation in a meeting in this manner shall be deemed to constitute presence in person at the meeting.
- 5.22 Unless the Rules provide otherwise, questions arising at a Forum Meeting shall be decided by a majority of votes. In case of an equality of votes the person presiding at or chairing the meeting shall have a casting vote.

- 5.23 The Forum may not delegate any of its powers to a committee or sub-committee, but it may appoint committees consisting of its members, Directors, and other persons to assist the Forum in carrying out its functions. The Forum may, through the Secretary, request that advisors assist them or any committee they appoint in carrying out its duties.
- 5.24 All decisions taken in good faith at a meeting of the Forum or of any committee shall be valid even if it is discovered subsequently that there was a defect in the calling of the meeting, or the appointment of the Forum Members attending the meeting.

#### **Disclosure of Interests**

- 5.25 Forum Members shall disclose to the Forum any material interests (as defined below) held by them, their spouse or partner, which shall be recorded in the register of interests of Forum Members.
- 5.26 Subject to the exceptions below a material interest is:
- 5.26.1 any Directorship of a company;
  - 5.26.2 any interest or position in any firm, company, business or organisation (including any charitable or voluntary organisation) which has or is likely to have a trading or commercial relationship with the Society;
  - 5.26.3 any connection with any organisation, entity or company considering entering into a financial arrangement with the Society including but not limited to lenders or banks;
  - 5.26.4 any connection with any organisation which carries on a business the same as or similar to the business of the Society or any part of it.
- 5.27 The exceptions which shall not be treated as interests or material interests for the purposes of these provisions are as follows:
- 5.27.1 shares not exceeding 2% of the total shares in issue held in any company whose shares are listed on any public exchange;
  - 5.27.2 an employment contract with the Society held by a Staff Forum Member;
  - 5.27.3 an employment contract with or other position of authority within an Appointing Organisation held by an appointed Forum Member.
- 5.28 Any Forum Member who has an interest in a matter to be considered by the Forum (whether because the matter involves a firm, company, business or organisation in

which they or their spouse or partner has a material interest or otherwise) shall declare such interest to the Forum and:

- 5.28.1 shall withdraw from the meeting and play no part in the relevant discussion or decision; and
  - 5.28.2 shall not vote on the issue (and if by inadvertence they do remain and vote, their vote shall not be counted).
- 5.29 Details of any such interest shall be recorded in the register of interests of Forum Members.
- 5.30 Any Forum Member who fails to disclose any interest or material interest required to be disclosed under these provisions must permanently vacate their office if required to do so by a majority of the remaining Forum Members.

## 6 BOARD OF DIRECTORS

### Composition of the Board

- 6.1 The Board of Directors comprises **Executive Directors** and **Non-executive Directors**, as follows:
- 6.1.1 there will be a minimum of three Directors;
  - 6.1.2 subject to the Rules, a majority of the Directors shall be **Non-executive Directors**, one of whom is to be Chair of the Society;
  - 6.1.3 one of the **Executive Directors** is to be the Chief Executive.
- 6.2 If for any reason there is not a majority of **Non-executive Directors** at any time, a Forum meeting will be called as soon as possible and in any event within a period of two months for the purpose of appointing one or more additional **Non-executive Directors** so that there is a majority of **Non-executive Directors**.

### Provisions affecting membership of the Board of Directors

- 6.3 No person may become or continue to be a Director if they:
- 6.3.1 are under eighteen years of age;
  - 6.3.2 are a Forum Member;
  - 6.3.3 are a spouse, partner, parent or child of another Director or of a Forum Member of the Society;
  - 6.3.4 are the subject of a disqualification order made under the Company Directors Disqualification Act 1986;
  - 6.3.5 are disqualified from being a **charity trustee** under the Charities Act 1993;



- 6.3.6 become bankrupt or make any arrangement or composition with creditors;
- 6.3.7 have refused without reasonable cause to fulfil any training requirement established by the Board of Directors;
- 6.3.8 have refused to sign and deliver to the Secretary a statement in the form required by the Board of Directors confirming acceptance of the code of conduct for Directors.

#### **Appointments and removals**

- 6.4 The Forum shall appoint or remove the Chair and the other ***Non-executive Directors***.
- 6.5 Removal of the Chair or another ***Non-executive Director*** shall require the approval of a three-quarters majority of the Forum Members voting at a Forum Meeting.
- 6.6 The ***Non-executive Directors*** shall appoint or remove the Chief Executive, appointment being subject to the approval of the Forum.
- 6.7 A committee comprising the ***Non-executive Directors*** and the Chief Executive shall appoint or remove any other ***Executive Director***.
- 6.8 The Board of Directors shall appoint one of the ***Non-executive Directors*** to be Vice-chair of the Society.
- 6.9 Subject to the Rules, a ***Non-executive Director*** shall serve for a period concluding at the end of the third Annual Members Meeting after they took office. After that, they are eligible to be re-appointed.

#### **Board Meetings**

- 6.10 The Board of Directors shall hold such meetings as it considers appropriate to discharge its roles and responsibilities.
- 6.11 The Chair shall chair Board meetings. In their absence, the Vice-chair, or their absence any other ***Non-executive Director*** present shall chair a meeting.
- 6.12 No decision may be made by a meeting of the Directors unless a quorum is present at the time the decision is purported to be made. The quorum shall be three Directors, including at least one ***Non-executive Director***.
- 6.13 Subject to the Rules, every question at Board meetings shall be decided by a majority of votes on the following basis.
  - 6.13.1 Each Director shall have one vote, and in the event of a tied vote, the chair of the meeting shall have a second or casting vote.

- 6.13.2 No decision taken at a Board meeting shall be effective if all of the ***Non-executive Directors*** present vote against it.
- 6.14 A Director may be counted in the quorum, participate in and vote at a meeting of the Board by telephone, video or other electronic means as agreed by the Directors. For the purposes of the Rules, 'present' includes being present by such electronic means.
- 6.15 If either the Chair, (or in the absence of the Chair, the Vice-chair), or at least one third of the members of the Board, asks the Secretary to circulate a resolution to all Directors to be signed, and it is returned to the Secretary signed by at least three quarters of the Directors, then it shall have the same effect as a resolution validly passed at a meeting of the Board of Directors. Each Director may sign a separate copy of the resolution and send a signed copy to the Secretary by email or any other electronic means.
- 6.16 The Board of Directors may make standing orders for the conduct of its meetings.
- 6.17 The Board of Directors may appoint specialist advisors to advise on any issue and may invite them to attend and speak (but not vote) at meetings of the Board.

#### **Disclosure of Interests**

- 6.18 Directors shall disclose to the Board of Directors any material interests (as defined below) held by them, their spouse or partner, which shall be recorded in the register of interests of the Directors.
- 6.19 A material interest is:
- 6.19.1 any interest (excluding a holding of shares in a company whose shares are listed on any public exchange where the holding is less than 2% of the total shares in issue) or position held by a Director in any firm or organisation which has or is likely to have a trading or commercial relationship with the Society;
  - 6.19.2 any connection with any firm or organisation considering entering into a financial arrangement with the Society including but not limited to lenders or banks;
  - 6.19.3 any connection with any firm or organisation which carries on a business the same as or similar to the business of the Society or any part of it;
  - 6.19.4 any connection with any firm or organisation whose business includes providing goods and/or services to firms or organisations whose business is the same as or similar to that of the Society, or any part of it.

6.20 If it is possible that, in relation to a matter to be considered by the Board of Directors, a conflict of interest will arise between a Director's duty to act solely in the interests of the Society and any personal interest (including but not limited to any personal financial interest), the Director concerned shall declare such interest to the Board of Directors and:

6.20.1 shall withdraw from the meeting and play no part in the relevant discussion or decision; and

6.20.2 shall not be counted when considering whether a quorum is present when the matter is being discussed; and

6.20.3 shall not vote on the matter (and if by inadvertence they do remain and vote, their vote shall not be counted); and

6.20.4 details of any such interest shall be recorded in the register of interests of the Directors.

6.21 Any Director who fails to disclose any interest or material interest required to be disclosed under these provisions must permanently vacate their office if required to do so by a majority of the remaining Directors and (in the case of a **Non-executive Director**) by a majority of the Forum.

#### **Committees of the Board**

6.22 The Board of Directors shall establish

6.22.1 an Audit Committee comprising the **Non-executive Directors** to perform such monitoring, reviewing and other functions as are appropriate;

6.22.2 a Remuneration Committee comprising the **Non-executive Directors** to decide the remuneration and allowances and other terms and conditions of office of the **Executive Directors**.

## **7 REPORTING**

### **Preparation of Accounts**

7.1 In respect of each year of account, the Board of Directors shall cause to be prepared Annual Accounts which shall include:

7.1.1 a revenue account or revenue accounts which singly or together deal with the affairs of the Society as a whole for that year and which give a true and fair view of the income and expenditure of the Society for that year; and

7.1.2 a balance sheet giving a true and fair view as at the date thereof of the state of the affairs of the Society.

- 7.2 The Board of Directors has the power to prepare in addition a revenue account or revenue accounts for less than one year of account and a balance sheet at the end of the period covered by such revenue account or revenue accounts.

### **Auditors and Accounts**

- 7.3 The Society shall in accordance with the law appoint in each year a qualified Auditor or Auditors to be the Auditors, and the following provisions shall apply to them.
- 7.3.1 The accounts of the Society for that year shall be submitted to them for audit as required by the law.
  - 7.3.2 They shall have all the rights and duties in relation to notice of, and attendance and right of audience at Members Meetings, access to books, the supply of information, reporting on accounts and otherwise, as are provided by the law.
  - 7.3.3 Except where provided in the Rules, they are appointed by the Forum, and the provisions of the law shall apply to the re-appointment and removal and to any resolution removing, or appointing another person in their place.
  - 7.3.4 Their remuneration shall be fixed by the Forum or in a way that the Forum decides.
- 7.4 The Board of Directors may fill any casual vacancy in the office of Auditor until the next following Members Meeting.

### **Presentation of Accounts**

- 7.5 The Board of Directors shall present reports of the business and affairs of the Society to the Annual Members Meetings.
- 7.6 The Board of Directors shall lay the Annual Accounts before the Annual Members Meeting.

### **Publication of Accounts and Balance Sheets**

- 7.7 Subject to the law, the Board of Directors must not cause to be published any revenue account or balance sheet unless it has previously been audited by the Auditors. Every revenue account and balance sheet published must be signed by the Secretary and by two Directors acting on behalf of the Board.

### **Copy of Balance Sheet to be Displayed**

- 7.8 The Society must keep a copy of the last balance sheet for the time being, together with the report of the Auditors, always displayed in a conspicuous place at its registered office.

### **Annual Return to be sent to The Financial Conduct Authority**

7.9 The Society must, within the time allowed by legislation in each year, send to **The Financial Conduct Authority** a general statement in the prescribed form, called the annual return, relating to its affairs during the period covered by the return, together with a copy of:

7.9.1 the Society's financial statements for the period included in the return; and

7.9.2 the report of the Auditors thereon

and the most recent annual return of the Society shall be made available to any Member by the Secretary on request in writing free of charge.

### **Remuneration**

7.10 Forum Members are not entitled to receive any remuneration for their services but are entitled to be reimbursed reasonable expenses incurred when acting on behalf of the Society in accordance with the Rules.

7.11 No Director may receive remuneration or any other financial benefit from the Society except as follows:

7.11.1 A Director may receive from the Society reimbursement, in accordance with the Rules, of reasonable expenses incurred when acting on behalf of the Society.

7.11.2 A Director may benefit from trustee indemnity insurance purchased at the Society's expense in accordance with, and subject to the conditions in, section 73F of the Charities Act 1993.

7.11.3 A Director may receive an indemnity from the Society where it is provided in the Rules.

7.11.4 An **Executive Director** may receive reasonable and proper remuneration under a contract of employment.

7.11.5 A Director may take part in the normal trading and fundraising activities of the Society on the same terms as members of the public.

7.11.6 Any **Non-executive Director** who is a solicitor, accountant or engaged in any profession may charge and be paid all normal and reasonable charges for business done by them or their firm when instructed by the other Directors to act in a professional capacity on behalf of the Society. However, at no time may more than two of the **Non-executive Directors** benefit under

this provision and a Director must withdraw from any meeting of the Directors at which their own instruction or remuneration or performance, or that of their firm, is under discussion.

- 7.12 Directors and Forum Members are entitled to reimbursement of reasonable expenses in accordance with any policy approved by the Forum (in relation to Directors' expenses) and by a Members Meeting (in relation to Forum Members' expenses). A summary of such expenses is to be published in the Annual Accounts.

## 8 CHANGE

### Alterations to Rules

- 8.1 No new rule shall be made, nor shall any of the Rules be amended, unless it is approved by a two-thirds majority of the votes cast at a Special Members Meeting.
- 8.2 No new rule shall be made, nor shall any of the Rules be amended which varies the particular rights of Community Members, or Staff Members, or Funding Members unless it has also been approved by a two-thirds majority of the votes cast at a Special Meeting of Community Members, or Staff Members, or Funding Members (as the case may be).
- 8.3 Notice of such a Special Members Meeting shall specify the rules to be amended, and set out the terms of all amendments or new rules proposed.
- 8.4 No amendment to any of the Rules and no new rule shall be valid until registered. When submitting rule amendments to **The Financial Conduct Authority** for registration the Secretary may, at the Secretary's sole discretion, accept any alterations required or suggested by **The Financial Conduct Authority** without reference back to a further Special Members Meeting of the Society.
- 8.5 No alteration or addition shall be made to the Rules which would have the effect that the Society would cease to be a **charity**.
- 8.6 The Board may change the address of the Society's website, and the situation of the Society's registered office. The Society will send notice of any change in the Society's registered office to **The Financial Conduct Authority**.

### Transfers of Engagements

- 8.7 The Society may, by special resolution passed at a Special Members Meeting in accordance with the Rules and in the way required by the law, amalgamate with or transfer its engagements to any **society** or convert itself into a **company**. No such amalgamation, transfer of engagements or conversion shall take place save with or into a **charity**.

### Dissolution

8.8 The Society may be dissolved by winding up in the way required by the law. If on the solvent dissolution or winding up of the Society there remain, after the satisfaction of all its debts and liabilities and the repayment of the paid-up share capital, any assets whatsoever, such assets shall be applied in one or more of the following ways:

8.8.1 by transfer to one or more **societies** which are **charities** whose objects are within, the same as or similar to the Charitable Objects set out in the Rules;

8.8.2 directly for the Charitable Objects or charitable purposes set out in the Rules; and

in each case as chosen by the Members at a Members Meeting.

## 9 SHARE CAPITAL

9.1 The Society has membership shares of 1p each.

9.2 Every member holds one membership share, and no member may hold more than one membership share.

9.3 One membership share will be allotted to each member upon admission to membership. Payment shall not be due unless the Society requests it.

9.4 Membership shares are not transferable or withdrawable, and no interest is payable.

9.5 Where a Member is removed or expelled from membership under the Rules, their membership share shall be cancelled.

9.6 In order to fund its business, the Society may issue Capital Funding Shares.

9.7 Capital Funding Shares may be issued in such denomination and upon such terms as the Board of Directors shall decide, subject to the Rules, and in particular the following provisions.

9.7.1 Capital Funding Shares may be transferable, but may not be withdrawable.

9.7.2 Capital Funding Shares may be repayable by the Society upon specified dates, and may be issued from time to time as term shares, with different issues of shares repayable on different dates.

9.7.3 Interest may be paid to holders of Capital Funding Shares as compensation for the use of such funds, but the rate of interest shall be no higher than the Board of Directors considers to be necessary to attract the funding needed for the business of the Society, but may not exceed two per cent above the base rate of the Co-operative Bank from time to time. The rate may be

zero; it may vary between different issues of shares, to reflect different repayment terms or dates.

9.7.4 Capital Funding Shares may be issued to Members or (subject to the absolute discretion of the Board of Directors in relation to each applicant) to people or corporations who are not Members.

9.7.5 On the solvent dissolution or winding up of the Society, holders of capital funding shares shall have no entitlement other than to payment of outstanding interest and repayment of paid-up share capital.

## 10 ADMINISTRATIVE

### **Purpose, objects and powers**

10.1 The Society's Purpose is to pursue its Charitable Objects for the benefit of the community.

10.2 The Charitable Objects of the Society are, in accordance with its Purpose:

10.2.1 to promote community participation in healthy recreation and physical activity, in particular by the provision of sports centres, recreation grounds, playing fields, swimming pools and similar facilities;

10.2.2 to advance health by educating the public about healthy living;

10.2.3 to promote community capacity building in socially and economically disadvantaged communities in Salford by

10.2.3.1 teaching people new skills and competencies

10.2.3.2 promoting people's self-confidence;

10.2.3.3 encouraging and promoting self-development;

10.2.3.4 encouraging people to become involved in their community and wider society by promoting citizenship and social responsibility;

10.2.4 to advance education, including in particular by the provision or operation for the benefit of the public of:

10.2.4.1 libraries, museums, art galleries and sites of historical interest; and

10.2.4.2 the study of music and other arts.

10.3 The Society may do anything which appears to it to be necessary or desirable for the purposes of or in connection with its Charitable Objects. In particular, subject to



compliance with any statutory restrictions, it may either itself or through a subsidiary company or society acting under its legal control:

- 10.3.1 acquire and dispose of property;
  - 10.3.2 enter into contracts;
  - 10.3.3 accept gifts of property;
  - 10.3.4 employ staff;
  - 10.3.5 work with members of the community including residents, workers and employers, local and public authorities, health and educational bodies and voluntary organisations;
  - 10.3.6 engage, as principals or agents, in any other business, trade, industry or activity which seems to the society directly or indirectly conducive to carrying out the above objects but the Society may not engage in **taxable trading**;
  - 10.3.7 award pensions, allowances and bonuses to past and present employees (including their dependants and people connected with them) of:
    - 10.3.7.1 the Society;
    - 10.3.7.2 any predecessor of the Society; and
    - 10.3.7.3 any subsidiary company or society of the Society;
  - 10.3.8 set up and maintain itself or with others trusts funds or schemes (whether contributory or non-contributory) intended to provide pension or other benefits for the people referred to above.
- 10.4 Any power of the Society to pay remuneration and allowances to any person includes the power to make arrangements for providing, or securing the provision of pensions or gratuities (including those payable by way of compensation for loss of employment or loss or reduction of pay).

### **Borrowing**

- 10.5 Subject to the approval of the Board, the Society may borrow money for the purposes of or in connection with its functions, subject to a limit of £2,000,000 (two million pounds).

### **Investments**

- 10.6 Subject to any restriction imposed by resolution of any Members Meeting, the Board of Directors may invest any part of the capital and funds of the Society in any manner which the Board may from time to time determine.

### **Books of Account**

10.7 The Board of Directors shall cause to be kept proper books of account with respect to the transactions of the Society, its assets and liabilities, and shall establish and maintain a satisfactory system of control of the books of account, the cash holdings and all receipts and remittances of the Society in accordance with the Act.

### **Settlement of Disputes**

10.8 Any dispute, between the Society or an officer of the Society on the one hand and a Member or a person who has for not more than six months ceased to be a Member on the other hand, as to the interpretation of or arising out of the Rules shall (except as otherwise provided in the Rules) be referred, in default of agreement between the parties to the dispute, to a person appointed by the President of the Chartered Institute of Arbitrators, on application by any of the parties. The person so appointed shall act as sole arbitrator in accordance with the Arbitration Act 1996 and such person's decision shall (including any decision as to the costs of the arbitration) be final.

### **Secretary**

10.9 The Board of Directors appoints and may remove the Secretary.

10.10 The Secretary

10.10.1 has the functions set out in the Rules and any other functions which the Board of Directors assigns;

10.10.2 acts as secretary to Committees of the Board of Directors, and subject to its approval, may appoint another person for those purposes;

10.10.3 acts as Returning Officer at and is responsible for the conduct of all elections described in the Rules;

10.10.4 has absolute discretion to decide any issue or question which the Rules require the Secretary to decide.

10.11 The Secretary's role includes;

10.11.1 ensuring good information flows to the Board of Directors and the Forum;

10.11.2 through the Chair advising the Board of Directors and the Forum on governance matters; and

10.11.3 being accessible to all Directors and Forum Members to ensure that procedures are being complied with

### **Register of Members**

10.12 The Society shall keep at its registered office a register of Members as required by the law. Any Member wishing to inspect the register (or any part of it) shall provide the Society with not less than 14 days' prior notice given in writing (and any transmission of the notice by electronic mail or facsimile shall not satisfy the requirement that the notice be given in writing) to the Secretary at the Society's registered office.

#### **The Seal**

10.13 The Society shall have a seal. The seal shall only be used by the authority of the Board of Directors, under such procedures as the Board of Directors shall decide.

#### **Copies of Rules and Regulations**

10.14 The Secretary will provide a copy of the Rules to any person who demands it, and may charge a sum (not exceeding ten pence or the maximum allowed by the law) for providing such a copy.

10.15 The Secretary will provide a copy of any Regulations referred to in the Rules to any Member who requests it and may charge a reasonable sum for doing so.

#### **Directors' and Officers' Indemnity**

10.16 Forum Members, Directors and the Secretary who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this way will be met by the Society. The Society may provide indemnity insurance for the Directors in accordance with, and subject to the conditions in section 73F of the Charities Act 1993.

## APPENDIX

- 1 The Rules should be read and understood on the basis of what is set out below.
- 2 Words in the singular include the plural, and words in the plural include the singular.
- 3 Any reference to legislation includes any subsequent enactments, amendments and modifications, or any subordinate legislation.
- 4 The section, rule and paragraph headings are inserted for convenience only and shall not affect the interpretation of the Rules.
- 5 The following words and phrases have the special meaning set out below.

**“charity”** the meaning set out in section 1 (1) of the Charities Act 2006, which is “an institution which (a) is established for charitable purposes only, and (b) falls to be subject to the control of the High Court in the exercise of its jurisdiction with respect to charities”

**“charity trustees”** the meaning set out in Section 97 of the Charities Act 1993, which is “the persons having the general control and management of the administration of a charity”, or in any statutory re-enactment or modification of this provision

**“company”** a company registered with limited liability under the Companies Act 2006 or any previous Companies Act, or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability

**“corporation”** a **society**, a **company** or any other body corporate

**“Employee”** any person who is, or has been at any time in the last three years, a worker for the Society For the purposes of this provision, the definition of a worker is that set out in Section 230 of the Employment Rights Act 1996

**“Executive Director”** a person who is employed by the Society as a Director

**“The Financial Conduct Authority”** The Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS, Company Number 01920623

**“Leisure Swipe Card”** a card issued to users of the Society’s leisure facilities

**“Library Card”** a card issued to users of the Society’s libraries

**“Non-executive Director”** a person appointed by the Forum as a Director

**“society”** a society registered with limited liability under the Industrial and Provident Societies Act 1965 or under any law of the country where it is situate whereby it acquires the right of trading as a body corporate with limited liability

***“taxable trading”***

carrying on a trade or business on a continuing basis for the principal purpose of raising funds and not for the purpose of actually carrying out the Charitable Objects of the Society, and the profits of which are liable to tax

6 The following words or phrases are introduced in the rule specified in each case.

<b>Words or Phrases</b>	<b>Rule</b>
Annual Members Meeting	4.1
Appendix	1.8.1
Appointed Forum Member	5.1
Appointing Organisation	5.1
Auditor	7.3
Board of Directors	2.1
Capital Funding Share	9.6
Chair	6.1.1
Charitable Objects	10.2
Community Forum Member	5.1.1
Community Member	3.3.1
Forum	2.1
Elected Forum Member	5.1
Funding Forum Member	5.1.4
Funding Member	3.6.1
Forum Member	5.1
Member	2.1
Members Meeting	4
Membership Strategy	3.1.1
Register of Members	3.2
Rules	1.1
Secretary	2.1
Society	1.1
Special Members Meeting	4.2
Staff Forum Member	5.1.1
Staff Member	3.3.3