

## SOS New Constitution – summary of changes in proposed new constitution.

### Notes:

1. There are four main areas which are of particular importance in the proposed new constitution, these are:
  - a. Supporters' Board issues.
  - b. Aims and objectives.
  - c. Operational matters.
  - d. Legal matters.

Each of these is discussed in turn below.

2. The legislation under which SOS was originally formed has been replaced by new legislation, namely the Co-operative and Community Benefit Societies Act 2014 (the **Act**). The constitution has been amended to take this into account.
3. The proposed new constitution is based on a precedent supplied to SOS by Co-operatives UK Limited; that precedent was approved by the Financial Conduct Authority (the **FCA**). If the proposed new SOS constitution is adopted, then it will need to be delivered to the FCA; the new constitution will only come into force once registered by the FCA.
4. Supporters' Board issues. See Rules 74 and 75.
  - a. Rules 73 and 74 emphasise the powers and duties of the Management Committee, in particular regarding the relationship between SOS and LFC and the Supporters' Board, the operation of the Supporters' Board, the nomination of persons who shall sit on the Supporters' Board and how persons on the Supporters' Board should vote on the Supporters' Board. The Management Committee will decide which of the Directors on the Management Committee will sit on the Supporters Board.
5. Aims and objectives. See Rules 4 and 5.
  - a. The new objects go into greater detail as to the objects of SOS and expand SOS' objects. The new objects contain more clarity and focus in relation to the work that SOS does and aims to do, including more detail on SOS' vision, values, constant aims, short terms aims, medium term aims and long term aims.
  - b. The new constitution refers to the Shankly values as underpinning everything that SOS does and acting as a reference point for all SOS' decisions.
  - c. In addition, the new objects refer to the internationally recognised Co-operative Values and Principles of co-operative identity, as defined by the International Co-operative Alliance.
6. Operational matters.
  - a. Rule 16 creates a new category of member. Under SOS' current constitution, a member's membership of SOS is terminated automatically if the membership fee is not

paid within 3 months of it being due. In addition to the right of the Management Committee to terminate membership if the fee is not paid on time (see below), the Management Committee of SOS will have a new right which is to convert the membership (of the member who has not paid) into a non-voting membership (these non-voting members are called SOS Supporters). SOS Supporters get the same benefits as all other members, but the Management Committee can decide that SOS Supporters do not get certain benefits, as the Management Committee decide. Also, the SOS Supporter can be converted back into a full voting member if the fee is paid.

- b. Rule 36 states that in addition to meetings of members being convened by the Management Committee, meetings of members can be convened by a written notice signed by 25% of the members (subject to a minimum of 3 members); in the current constitution 3 members or 10% of the members (whichever is the greater) can convene a meeting.
- c. Rule 42 states that the quorum for members' meetings is 50 members who can vote. In the current SOS constitution the quorum is one third or more of all members of SOS.
- d. Rule 63 states that the Management Committee will be at least 9 and not more than 15 directors. The current SOS constitution states at least 3 and not more than 15. Rule 63 also states that the Management Committee will specify the election process and the skills, experience etc required to be on the Management Committee.
- e. Rule 66 states that the chair of the Management Committee can hold office for 6 years before being required to retire and stand for re-election.
- f. Rules 67 and 68 allow the Management Committee to appoint up to 4 independent non-executive directors, each of which must be or become a member of SOS.
- g. Rule 69 allows the Management Committee to appoint directors to fill casual vacancies on the Management Committee; such persons so appointed hold office until the next AGM.
- h. Rule 71 allows the Management Committee to prepare and enforce a Code of Conduct for directors and to specify the roles and responsibilities of directors.
- i. Rule 91 states that the quorum for meetings of the Management Committee is the lower of (a) 50% of the directors then in office and (b) 7. Under the current SOS constitution the quorum is 50% of the directors.
- j. Rules 96 – 101 allow the Management Committee to suspend a director if a complaint has been made about that director or in the case of conduct which comes to the attention of the Management Committee, which in each case is detrimental to SOS. A fair process must be followed.
- k. Rule 103(c) allows the Management Committee to by 75% vote and after following a fair procedure to remove someone from the Management Committee, for example for conduct detrimental to SOS or failure to perform duties.
- l. Rule 104 gives more details about the roles on the Management Committee and the skills and experience required to be appointed to a job function.

7. Legal matters.

- a. Rule 3 clarifies the majority required to pass resolutions. Rule 3 states that an ordinary resolution requires a simple majority of the members who vote and that an extraordinary resolution requires a majority of not less than 75% the members who vote.
- b. In various places, the new constitution refers to relevant provisions of the Act, removing references to outdated legislation.

**End.**