

# Proposed changes to how we are managed

## Response to tenant questions

V2: (Jan 2025)

Thank you to everyone that has sent in a question or query about the proposed changes to how Two Rivers Housing is managed. We've written to those people who sent us queries and answered their questions directly, but here is a summary of the questions and answers we've had so far.

### **Q: Why have you given such a short period of time for tenants to feedback on the changes?**

A: We want to be open and transparent with our tenants about the decisions we make. There are lots of things we needed to do and check to make sure that the proposals were right for our organisation before we shared them with tenants.

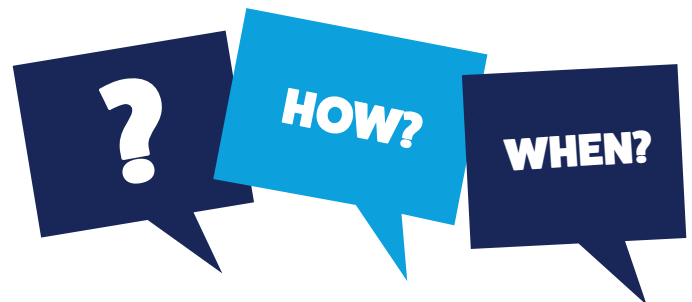
As soon as we were able to, we wrote to all tenants to let them know about the proposed changes. We want to share tenant feedback with our Board at their meeting in January.

As there is no change of landlord or to the management of our homes, there is no legal or regulatory requirement for us to consult with tenants on the conversion. However, we wanted to make sure that tenants had the opportunity to ask questions and share their thoughts with the Board.

### **Q: Why do you want to make the changes so quickly? Is this related to changes coming from the government's October budget?**

A: No. The timescales are not related to government's budget. We've been working on the proposed changes for a number of months as we wanted to complete the conversion in the New Year.

We were keen to share our proposals with tenants and wrote to all tenants as soon as we could.



As there is no change of landlord or to the management of our homes, there is no legal or regulatory requirement for us to consult with tenants on the conversion. However, we wanted to make sure that tenants had the opportunity to ask questions and share their thoughts with the Board.

### **Q: Who will be the members of the charitable Community Benefit Society, and will they receive financial benefits from their shareholding?**

A: Only Board Members can become 'Shareholders' of the organisation. The current Board Members will stay in post and will become Shareholders.

We will remain a not-for-profit, charitable organisation. Our new rules will state that each share has the nominal value of £1 and that profits cannot be shared with Shareholders.

The Shares held by Board Members carry no right of interest, dividend or bonus and cannot be withdrawn. This means that any profits made by Two Rivers Housing must be used to support our charitable purpose – to provide social housing and services that support our

tenants and communities.

We are currently recruiting three new Board Members, but this is not connected to the proposed conversion to a charitable Community Benefit Society and is part of our normal Board recruitment process.

**Q: If you are not working to the rules of the Charity Commission, how will you be managed?**

A: We will adopt a new set of rules that have been created for not-for-profit organisations with a charitable purpose. These will be based on the National Housing Federation's (NHF) Model Rules.

Most other registered providers, which are charitable organisations like Two Rivers Housing, were either set up as a charitable Community Benefit Society (CBS) or adopted the NHF Model Rules when they converted to a CBS.

We will also still be regulated by the Regulator of Social Housing (RSH) and the Financial Conduct Authority (FCA).

The Model Rules are the charity social housing sector's industry standard rules and have been pre-approved by the Charity Commission, the Regulator for Social Housing and the Financial Conduct Authority (FCA).

Under the proposed changes, the new Rules would be registered with the FCA who would then ensure that we act in line with them.

**Q: Does changing to a charitable Community Benefit Society mean you can spend any profits however you like?**

A: No. As a charitable Community Benefit Society (CBS), we can only use profits to support our charitable purpose – providing social housing and services that support our tenants and communities.



**Q: What do you mean by community, who does this include?**

A: When we talk about community, we mean our tenants and those living in the communities where we have homes. As a community-based housing provider we understand that we have a key role to play in working with our partners to support wider community initiatives that improve the lives of our tenants living in the area.

**Q: As a charitable Community Benefit Society, can you donate sums of money to the community as you see fit?**

Converting to a charitable Community Benefit Society, we will be subject to the same constraints on how we use our income as we are now. We will only be able to undertake activity that directly supports our charitable objectives – providing social housing and services that support our tenants and communities.

**Q: Will the proposed changes impact how rent increases are calculated?**

A: No. We are still regulated by the Regulator for Social Housing (RSH). They set out how much we can increase rent by in the Rent Standard. The same rules will apply whether we are a registered charity or a charitable Community Benefit Society.

**Q: Will the benefit of the changes offset any additional costs from completing the conversion?**

A: Although there are some costs involved in the conversion process, these will not impact tenants. There is no change to how rent is calculated, and we believe that the benefits of converting to a Community Benefit Society will outweigh these initial costs.

**Q: What does the council, Charity Commission and the Regulator make of these changes?**

A: As part of the initial work to move the proposals forward, we have contacted the Regulator, Charity Commission and the Forest of Dean District Council to let them know of the proposed changes.

Conversion to a charitable Community Benefit Society is common practice in the social housing sector. Most other registered providers, which are charitable organisations like Two Rivers Housing, were either set up as a charitable Community Benefit Society (CBS) or adopted the NHF Model Rules when they converted to a CBS.

The Charity Commission will review our application to convert to a CBS and we must have their approval before we can make the change. As part of this they will review our new rules to ensure that they serve our charitable purpose and must be satisfied that we are a not-for-profit organisation before they will give their consent.

**Q: How can tenants be sure that you will manage the finances of the organisation responsibly?**

A: We will still be registered with and regulated by the Regulator for Social Housing (RSH). The RSH exists to ensure that our tenants and the assets (homes) we manage are protected and we must remain compliant with its Consumer and Economic Standards. It will continue to seek assurance that we



are meeting the Standards, and this will not change.

The RSH requires us to certify in our Annual Report and Accounts that we have complied with its Governance and Viability Standard, which ensures that we run the organisation appropriately and look after its financial health. If we become a charitable Community Benefit Society our Board will still need to certify in our accounts that we have complied with its Standards and our charitable rules.

**Q: If you convert to a charitable Community Benefit Society, can you sell off older homes?**

A: No. As a charitable Community Benefit Society, we must have a statutory asset lock that is defined by charity law. However, we can sell properties that are no longer financially viable or through Preserved Right to Buy or Right to Acquire, in line with our Asset Strategy.

Our purpose is to provide affordable housing for the people living in our communities and we are committed to increasing the availability of affordable homes. We do not want to sell houses that could be a home for someone in need and make decisions to sell property very carefully.

**Q: Will becoming a charitable Community Benefit Society increase your profits?**

A: No. All charitable organisations, whether they are a registered charity (registered with

the Charity Commission) or a charitable Community Benefit Society (registered with the Financial Conduct Authority), describe profit as 'surpluses'. These surpluses are put back into the business to support the charitable activities it delivers.

The proposed conversion to a charitable Community Benefit Society will not directly impact any surplus we make. While we will no longer be registered with the Charity Commission, we will still have a charitable purpose and be governed by charitable rules.

We will be registered with the Financial Conduct Authority, who will hold us to account and check that we are acting within our charitable rules.

As a not-for-profit organisation, any surplus (profit) we generate is put back into the business to help us provide and improve services to our tenants.

**Q: What is the impact on tenants?**

A: There is no direct impact on tenants. The changes would not affect your tenancy status, or your rights or obligations and it will not change how your rent or services charges are calculated.

However, it will simplify the administration for the running of Two Rivers Housing from a company secretarial perspective. This means we can use the time and resources saved to deliver and improve services to tenants and investing in improvements to our homes.

**Q: What will be the purpose and aims of the Two Rivers Housing charitable Community Benefit Society?**

A: Our purpose and aims will remain unchanged. We exist to provide affordable housing for people living in our neighbourhoods and this will remain our purpose.



We will still have a charitable purpose and charitable rules and will still be registered and regulated by the Regulator for Social Housing (RSH). We will remain a charitable registered provider of social housing for charitable beneficiaries.

The Charity Commission will review our application to convert to a CBS and we must have their approval before we can make the change. As part of this they will review our new rules to ensure that they serve our charitable purpose and must be satisfied that we are a not-for-profit organisation before they will give their consent.

**Q: What changes will there be to your governance and how you are held to account?**

A: We will still be governed by a Board of Directors and the current Board Members will remain in post. They will still be charity 'trustees' and will still need to comply with our charitable rules and constitution.

We will still be regulated by the Regulator for Social Housing and will need to comply with their Consumer and Economic Standards. We will be registered with the Financial Conduct Authority rather than the Charity Commission.

The Charity Commission must approve the conversion to a charitable Community Benefit



Society, or we cannot proceed with the changes.

We are currently recruiting three new Board Members, but this is not connected to the proposed conversion to a charitable Community Benefit Society and is part of our normal Board recruitment process.

**Q: Will there be any changes to the management structure?**

A: No. The Board Members and executive team will remain the same.

We are currently recruiting three new Board Members, but this is not connected to the proposed conversion to a charitable Community Benefit Society and is part of our normal Board recruitment process.

**Who can be a Member or Shareholder of the charitable Community Benefit Society?**

A: Only Board Members can be Shareholders, and this is the current position.

As Shareholders, Board Members cannot receive a share of the profits we generate, nor will they get dividends or bonuses. They cannot sell or withdraw their shares either. Any profits made by Two Rivers Housing must be used to support our charitable purpose – to provide social housing and services that support our tenants and communities.

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