

Incorporation

Resident consultation - Frequently Asked Questions

Would my rents or other charges be affected by this change?

No, the current policies on rents and charges would not be affected by incorporation.

Would it have any impact on my lease or tenancy agreement or my statutory rights?

No, the rights and responsibilities in your lease or tenancy agreement and your statutory rights would not be affected by incorporation apart from the change in landlord.

Are you going to change my tenancy agreement?

No, the form of tenancy agreement that you have currently would not change as a result of incorporation.

Wouldn't you be better off spending this money on residents?

This work is being funded by JRF and would not have any impact on the JRHT budget.

If my landlord is changing, would I need to change the way I pay my rent?

If we need to open a new bank account, we would try to make sure any direct debit instructions are automatically updated, and would contact you in good time to enable you to change any payment details.

If I have agreements with JRHT in addition to my tenancy agreement or lease, would they be affected by the change?

JRHT would continue to be bound by those agreements but they would be transferred to the new charity automatically by the Charity Commission.

Would you be making any changes to the services that I receive?

No changes would be made as a result of incorporation. The change in landlord is a technical one and we don't think you would notice any difference.

What are you going to do with the responses to the consultation?

The results of the consultation and feedback will be reported to the JRHT Board and JRHT Trustees prior to the trustees giving final approval to apply for registration of the new charity.

Are you planning on having any meetings with residents?

The change is a technical one that would not have any impact on the way that services are provided or the people that you deal with. There would be no changes to your rights that are set out in your tenancy agreement or lease or your statutory rights.

Therefore, we do not plan to hold any meetings, but we will keep this under review, depending on the responses that we get.

Will you be prepared to change anything as a result of the consultation?

We are genuinely interested in hearing what you have to say, but it is not possible to say at this stage whether anything would change, without knowing what issues will be raised by residents.

How will I find out about the results and impact of the consultation?

We will feedback to residents after the results have been reported to trustees. This will either be through the Newsletter, on the website or direct mail, depending on the nature of the responses.

Why are you doing this?

The reasons are set out in the letter that went to all tenants and leaseholders. The current structure is very outdated and unusual for a large and complex charity. We are looking to modernise this structure so it is more familiar to people and organisations that we deal with, would provide us with more flexibility for the future, and would be less complicated to operate.

You mentioned making efficiency savings in the letter. Can you be more specific?

The benefits would be from a number of regular small changes rather than one or two large changes. For example:

- The current legal form is unusual and we spend a lot of time explaining it to people, including lawyers, when we work with them for the first time. As well as staff time, this results in higher legal fees.
- The process of selling property by JRHT would be more straightforward and would save legal and valuers' fees.
- We would have fewer committees in the governance structure which would save staff time and reduce duplication, which is currently a problem.

In the letter, you made reference to the new structure being better understood by third parties. Why hasn't this been a problem to date?

It hasn't stopped us doing things we wanted to, but over the years it's become more out-of-date and increasingly expensive and time consuming. We spend a lot of time explaining it to people, including lawyers, when we work with them for the first time. As well as staff time, this results in higher legal fees. We also want to make sure this doesn't deter organisations we want to engage with.

You mention that the new structure provides more flexibility. What plans do you have in mind?

There are no immediate plans, but the new structure would make it easier to add new organisations into the group, if that is something that we need to do. For example, many housing associations have development subsidiaries, which JRHT does not have at the moment.

What would be the name of this new organisation?

We intend to continue being called Joseph Rowntree Housing Trust.

If it is a corporate body wouldn't it have Limited in the name?

Usually corporate bodies, such as companies, do have Limited in their name. But this is not necessary where the organisation is charitable.

If JRHT becomes a community benefit society, would it have shareholders who would demand a dividend payment?

There would be shareholders, but they would be the Board members and JRF as the parent body. Charities (like JRHT) are legally not able to make dividend payments to shareholders. The assets, and any surpluses it makes, can only be used to benefit the community.

Can residents become shareholders?

We have adopted the Model Rules agreed between the National Housing Federation and the Financial Conduct Authority. In these rules the shareholders are the parent (JRF in our case) and the Board members.

We think there are more effective ways of engaging with residents and giving them influence over services provided. The Resident Engagement Strategy will be reviewed in 2019 and you will have the chance to give feedback on that strategy.

How is the community defined?

Under the law, the community can be the community at large and is not limited to a specific geographical area. The activities undertaken by the Community Benefit

Society must be wholly for community benefit. We intend to continue working in the communities we already work in.

Who would be on the board of JRHT?

We propose that we would continue to recruit board members on the basis of skills needed as we do now.

How will residents be engaged?

It is crucially important that we hear the views of residents and are currently reviewing our Resident Engagement Strategy this year. We will let you know the outcome of that later in the year.

Would JRHT regain the top rating for Governance after these changes?

There can be no guarantee this would happen, but the Regulator of Social Housing should find the new structure more familiar than the current arrangements, and the chances of getting back from G2 to G1 should hopefully be improved.

If it is registered with the Financial Conduct Authority, does that mean JRHT would no longer be regulated by the Regulator of Social Housing?

No, JRHT would continue to be regulated by the Regulator of Social Housing, who must consent to the creation of the new charitable housing association. This means that things such as the Consumer Standards would continue to apply.

If JRHT is no longer regulated by the Charity Commission does this mean it is no longer a charity?

JRHT would continue to be a charity, but it would not have a Charity Commission registered number. It would continue to have to comply with charity law and would continue to be regulated by the Regulator of Social Housing and the Care Quality Commission in addition to being registered with the Financial Conduct Authority.

Why do you have to create a new organisation and change the landlord?

Unfortunately, the law doesn't allow us simply to incorporate an existing organisation. We are required to create a new charity, although we can have the same name and the service provision would be unchanged.

Why is JRHT going to be a subsidiary of JRF?

JRF and JRHT are currently linked because they are required to have the same trustees. We want to maintain that link and the best way to do this is to have a group structure.

This requires a parent body and we think it make sense for JRF, which holds the endowment, to be that parent.

Are you making any changes to the committee structure within JRHT?

We would be reducing the number of committees in the governance structure by combining the JRHT Trustees and the JRHT Board into one. This body would have legal responsibility for JRHT, it would have oversight of JRHT's operations, and it would hold the Executive to account for providing high-quality services and delivering the strategic plan.

When are these changes going to come into effect?

Assuming trustees give final approval in June, the application to form the new incorporated charity would be submitted then. How soon registration is confirmed will depend on how long it takes for the application to be considered. We hope this would be completed in August or September.

If we move forward with the proposals, then the new charities would start to operate from the beginning of 2020.

If the new charities are established in the summer, why wait until next year to start to operate?

It makes sense to do the switch from 'old JRHT' to 'new JRHT' at the beginning of a new financial year, which for JRHT is 1 January 2020.

This timetable also allows for some slippage which may occur due to events outside our control.

Why does it take so long?

There are many different parts to the process which all have to come together at the right time. The bulk of the work should take place in the first seven or eight months of 2019, but we have to allow for some deadline slippage, and link the change to our financial year-end.

What happens if you miss this deadline?

We have enough room in our timetable that we are confident this would not happen. If it does, we could delay the formal transfer to the following year end, or we could look at having a one-off change to the financial year-end.

Additional questions

You have set out the reasons for the proposal, but what are the disadvantages?

The main disadvantage is to do with resources, because of the time and cost that is involved. In terms of costs, which are primarily legal fees, this work is being funded by JRF and not JRHT and so it will not have an impact on the JRHT budget.

Staff time will be spent on the project but we are trying to minimise this by having a dedicated resource which again is being funded by JRF.

Despite this, the process, including the consultation with residents, will involve some JRHT staff but this is not at a level that should have a negative impact on day to day services.

There are risks, including to the timetable, but we believe that these can be mitigated by detailed planning, good professional advice and an early start to the work.