

The Companies Act 2006

Community Interest Company Limited by Guarantee

Articles of Association
of
HEART OF THE SOUTH WEST LEP C.I.C.

As amended by special resolutions:
(1)-dated 11th August 2015 and registered by Companies House on 29th October
2015
(+)(2) **dated XX and registered by Companies House on X**

The Companies Act 2006
Articles of Association
of
HEART OF THE SOUTH WEST LEP C.I.C.

INTERPRETATION

1. Defined Terms

The interpretation of these Articles is governed by the provisions set out in the Schedule at end of the Articles.

COMMUNITY AND INTEREST COMPANY AND ASSET LOCK

2. Community Interest Company

The Company is to be a community interest company.

3. Asset Lock

3.1 The Company shall not transfer any of its assets other than for full consideration.

3.2 Provided the conditions in Article 3.3 are satisfied, Article 3.1 shall not apply to:

- (i) the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and
- (ii) the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

3.3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum and Articles of the Company.

3.4 If:

- i. the Company is wound up under the Insolvency Act 1986; and
- ii. all its liabilities have been satisfied

any residual assets shall be given or transferred to an asset-locked body specified by the Directors.

4. Not for profit

The Company is not established or conducted for private gain: any surplus or assets are used principally for the benefit of the community.

OBJECTS, POWERS AND LIMITATION OF LIABILITY

5. Objects

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) which contribute to the economic growth and increased prosperity of Devon, Somerset, Plymouth and Torbay with a view in particular (without limitation) to creating better and more sustainable jobs.

6. Powers

To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

7. Liability of members

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he or she is a member or within one year after he or she ceases to be a member, for:

- 7.1 payment of the Company's debts and liabilities contracted before he or she ceases to be a member;
- 7.2 payment of the costs, charges and expenses of winding up; and
- 7.3 adjustment of the rights of the contributories among themselves.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

8. Directors' general authority

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

9. Directors may delegate

- 9.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:
 - i. to the CEO and / or the Chair in accordance with their respective job descriptions; or
 - ii. to such person or committee;
 - iii. by such means (including by power of attorney);
 - iv. to such an extent;

- v. in relation to such matters or territories; and
- vi. on such terms and conditions;

as they think fit.

- 9.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 9.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

10. Committees

- 10.1 The Directors must make rules of procedure for all or any committees to which they delegate powers under Article 9 to include details on membership, remit, governance and conflicts of interest.
- 10.2 To the extent that rules made under Article 10.1 do not deal with any point, committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.
- 10.3 To the extent that rules made under Article 10.1 are not consistent with the provisions of the Articles which govern the taking of decisions by Directors, the rules prevail.

DECISION-MAKING BY DIRECTORS

11. Directors to take decisions collectively

Any decision of the Directors must be either a majority decision at a meeting, although the Directors recognise that unanimity is ideal, or a decision taken in accordance with Article 17.

12. Calling a Directors' meeting

- 12.1 Outside the regular schedule of Directors' meetings 25% or more of the total number of Directors or the CEO may (and the Secretary, if any, must at the request of 25% or more of the total number of Directors or the CEO) call a Directors' meeting.
- 12.2 A Directors' meeting must be called by at least seven Clear Days' notice unless either:
 - i. all the Directors agree; or
 - ii. urgent circumstances require shorter notice.
- 12.3 Notice of Directors' meetings must be given to each Director.
- 12.4 Every notice calling a Directors' meeting must specify:
 - i. the place, day and time of the meeting; and

- ii. if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

12.5 Notice of Directors' meetings need not be in Writing.

12.6 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.

13. Participation in Directors' meetings

13.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

- i. the meeting has been called and takes place in accordance with the Articles; and
- ii. they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

13.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

13.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

14. Quorum for Directors' meetings

14.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

14.2 The quorum for Directors' meetings is a majority of the total number of Directors for the time being.

14.3 If there are not sufficient Directors to satisfy the quorum requirement under Article 14.2, the Directors must not take any decision other than a decision to appoint or invite the appointment of further Directors.

15. Appointment of Vice-Chair and the chairing of Directors' meetings

15.1 The Directors ~~must~~ may appoint one of the Private Sector Directors to be the Vice-Chair of the Directors for a ~~three year term of office, such term of office as they determine and may at any time remove him or her from that office.~~

Commented [AR31]: This term is specified in the new National Assurance Framework.

15.2 The Vice-Chair will cease to hold office prior to the expiry of the term specified in accordance with Article 15.1 in the event that:-

- i. s/he is removed from the office of Vice-Chair by the Directors (in which case s/he will continue as a Private Sector Director); or
- ii. s/he ceases to be a Director in accordance with Article 28.

15.3 An individual is eligible to put her/himself forward for re-appointment as the Vice-Chair in accordance with Article 15.1 provided that, subject to Article 15.4, no individual may serve as Vice-Chair for more than six years, consecutively or otherwise.

15.4 The Directors may re-appoint, in accordance with Article 15.1, an individual who has already served as the Vice-Chair for six years if the Directors are satisfied that exceptional circumstances exist to justify it.

~~15.2~~ 15.5 The Chair or, in his or her absence or in the event that he or she is unwilling, the Vice-Chair, or when both are absent or unwilling, another Director nominated by the Directors present shall preside as chair of each Directors' meeting.

16. Decision making at a meeting

16.1 Questions arising at a Directors' meeting shall be decided by a majority of votes.

16.2 In all proceedings of Directors each Director must not have more than one vote.

16.3 In case of an equality of votes, the Chair shall have a second or casting vote.

17. Decisions without a meeting

17.1 The Directors may take a unanimous decision without a Directors' meeting by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision may, but need not, take the form of a resolution in Writing, copies of which have been signed by each Director or to which each Director has otherwise indicated agreement in Writing.

17.2 A decision which is made in accordance with Article 17.1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

- i. approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;
- ii. following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 17.2;
- iii. the date of the decision shall be the date of the communication from the Recipient confirming formal approval;
- iv. the Recipient must prepare a minute of the decision in accordance with Article 52.

18. Conflicts of interest

Commented [AR32]: This reflects the requirements in the National Assurance Framework (see para 133), although the Framework is rather unclear as to whether the LEP must provide for the possibility of a third 3 year term. We can discuss this point further if required.

Commented [AR33]: Articles 18, 19 and 20 comply with the requirements of the National Assurance Framework but the LEP must review and update its conflicts of interest policy and procedures to ensure full compliance.

- 18.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.
- 18.2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.
- 18.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 17 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 19, he or she must:
- i. remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;
 - ii. not be counted in the quorum for that part of the meeting; and
 - iii. withdraw during the vote and have no vote on the matter.
- 18.4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.

19. Directors' power to authorise a conflict of interest

- 19.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:
- i. in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 18.3;
 - ii. in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum; and
 - iii. the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation.
- 19.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 19.1 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- 19.3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 19.1 (subject to any limits or conditions to which such approval was subject).

20. Register of Directors' interests

The Directors shall cause a register of Directors' interests to be kept. A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.

APPOINTMENT AND RETIREMENT OF DIRECTORS

21. Appointment of Directors

21.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.

21.2 Following incorporation the Company shall have the following Directors:

- i. up to six Public Sector Directors appointed in accordance with Article 22;
- ii. up to two HE Directors appointed in accordance with Article 23;
- iii. up to one FE Director appointed in accordance with Article 24;
- iv. ~~such number of up to ten~~ Private Sector Directors appointed in accordance with Article 25 so as to ensure that the total number of Private Sector Directors, together with the HE Directors, the FE Director and the Chair is at least two thirds of greater than the total number of all ~~other the~~ Directors; and
- v. the Chair appointed in accordance with Article 26; and
- ~~v.~~ vi. up to five Directors co-opted by the Directors in accordance with Article 27.

Commented [AR34]: On the basis that these three Directors count as private sector directors then the make up of the board meets the requirement for a maximum of twenty (excluding the co-opted directors), with a 2/3s majority of private sector directors.

22. Public Sector Directors

22.1 Each of Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council and, as determined by the Directors, a District Council from Somerset and a District Council from Devon (as determined by the Directors) have the right to appoint one elected member as a Public Sector Director. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.

Commented [AR35]: Assuming that (1) at least 4 Public Sector Directors are in post, (2) there are no more than 20 Directors in total, and (3) the LEP has a 'business relationship' with its accountable body, then the LEP will be a 'local authority influenced company' in accordance with Part V, Local Government and Housing Act 1989.

22.2 Subject to Article 22.3 and Article 28 a Public Sector Director is to hold office indefinitely.

22.3 The Council which appointed an individual as a Public Sector Director in accordance with Article 22.1 is entitled to remove him or her at any time in the same way as it appointed him or her.

22.4 In the event that a District Council determined by the Directors under Article 22.1 does not exercise its right of appointment under Article 22.1, the Directors may appoint an

individual who is an elected member of a District Council to serve as a Public Sector Director and may remove such an individual from office at any time.

23. HE Directors

23.1 The Higher Education Sector Organisations have the right to collectively appoint up to two individuals as HE Directors. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.

23.2 Subject to Article 23.3 and Article 28, an HE Director is to hold office for a maximum period of six years and may only be reappointed in accordance with Article 23.1 in the event that s/he has served for less than six years consecutively or otherwise.

Commented [AR36]: Is six years still considered an appropriate term of office for an HE Director?

23.3 The Higher Education Sector Organisations are entitled to collectively remove a HE Director in the same way as they appointed him or her.

23.4 In the event that the Higher Education Sector Organisations do not (or are unable to agree as to how to) exercise their right of appointment under Article 23.1 the Directors may appoint an individual who, in their reasonable opinion, is suitably qualified or experienced to serve as an HE Director such that, at any time, there are no more than two HE Directors.

24. FE Director

24.1 The Further Education Colleges have the right to collectively appoint one individual as an FE Director. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.

24.2 Subject to Article 24.3 and Article 28 the FE Director is to hold office for a maximum period of six years and may only be reappointed in accordance with Article 24.1 in the event that s/he has served for less than six years consecutively or otherwise.

Commented [AR37]: Is six years still considered an appropriate term of office for an FE Director?

24.3 The Further Education Colleges are entitled to collectively remove the FE Director in the same way as they appointed him or her.

24.4 In the event that the Further Education Colleges do not (or are unable to agree on how to) exercise their right of appointment under Article 24.1 the Directors may appoint an individual who, in their reasonable opinion, is suitably qualified or experienced to serve as the FE Director.

25. Private Sector Directors

25.1 Following an open recruitment procedure in line with the Nolan Principles, and subject to Article 25.2, the Directors shall appoint up to ten individuals as Private Sector Directors, ~~so as to ensure that, at all times, the total number of Private Sector Directors and the Chair together is greater than the total number of all other Directors.~~

Commented [AR38]: The detail of the recruitment procedure can be included in a policy document.

Commented [AR39]: Definition of 'Nolan Principles' added to Schedule.

25.2 When considering individuals for appointment as Private Sector Directors, the Directors shall:-

i. ~~take account of the need for the Private Sector Directors to be representative of the community served by the Company; and~~

ii. ~~ensure that the individuals so appointed are from the Private Sector.~~

Commented [AR310]: As required by the Government's guidance from July 2018 – see definition in Schedule.

~~25.3 Subject to Article 25.4 and Article 28 and, unless the Directors decide otherwise at the time of appointment, a Private Sector Director is to hold office for a maximum period of six years, and may only be reappointed in accordance with Article 25.1 in the event that s/he has served for less than six years consecutively or otherwise.~~

Commented [AR311]: Is six years still considered an appropriate term of office for a Private Sector Director?

~~25.4 An individual may only be reappointed as a Private Sector Director in accordance with Article 25.1 if:-~~

i. ~~s/he has served for less than six years, consecutively or otherwise, or;~~

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~~25.2ii. despite the fact that s/he has already served for six years, the Directors are of the opinion that exceptional circumstances exist to justify her/his reappointment for a longer period up to a maximum of nine years.~~

Commented [AR312]: Is suggest that this clause is necessary to fit with the possibility of an individual being reappointed as Vice-chair for a third 3 year term in accordance with Article 15.4

26. Chair

~~26.1 Following an open recruitment procedure in line with the Nolan Principles, the Directors shall appoint an individual as the Chair for a three year term of office; #For the avoidance of doubt, an individual so appointed shall also be a Director.~~

~~26.2 Before the expiry of the Chair's term of office in accordance with Article 26.1, the Directors may decide to extend his term of office for a further three years. Subject to Article 26.3, an individual must not serve as the Chair for more than six years, consecutively or otherwise. Subject to Article 28 and, unless the Directors decide otherwise at the time of appointment, the Chair is to hold office for a maximum period of six years and may only be reappointed in accordance with Article 26.1 in the event that s/he has served for less than six years consecutively or otherwise.~~

~~26.3 The Directors may decide to extend the term of office of the Chair to a total of nine years, but only if they are satisfied that exceptional circumstances exist to justify it.~~

Commented [AR313]: This reflects the requirements of the new National Assurance Framework, although the Framework is rather unclear as to whether the LEP must provide for the possibility of a third 3 year term. We can discuss this point further if required.

~~26.2~~

27. ~~Alternate Directors~~ Co-opted Directors

Commented [AR314]: As things stand under the Articles, a Co-opted Director would automatically become a Company Member in accordance with Article 30.6.

~~27.1 The Directors may co-opt up to five Private Sector individuals who have specialist knowledge that, in the reasonable opinion of the Directors, will benefit the Company, as Co-opted Directors for a fixed term of one year.~~

~~27.2 An individual may not be re-appointed as a Co-opted Director.~~

Commented [AR315]: Is this appropriate?

~~27.1 A Public Sector Director, HE Director or FE Director ("the Appointer") may appoint an individual who, unless the Directors decide otherwise, is an employee, elected member or officer of the same organisation as the Appointer, and who is approved by the Directors to:-~~

- ~~i. exercise his / her powers including, for the avoidance of doubt, his right to vote; and~~
- ~~ii. carry out his / her responsibilities,~~

~~in relation to the taking of decisions by the Directors in the Appointer's absence.~~

~~27.2 Any appointment or removal of an Alternate Director must be effected by notice in writing to the Company signed by the Appointer, or in any other manner approved by the Directors.~~

~~27.3 An Alternate Director:~~

- ~~i. shall be entitled to receive notice of all Directors' meetings and of all meetings of committees of which his or her Appointer is a member;~~
- ~~ii. may be counted as participating for the purposes of determining whether a quorum is present (but only if that individual's Appointer is not present);~~
- ~~iii. may not attend a Directors' meeting as an observer at which his or her Appointer is present unless the Directors decide otherwise.~~

~~27.4 The appointment of an Alternate Director terminates:-~~

- ~~i. when his or her Appointer revokes the appointment in accordance with Article 27.2;~~
- ~~ii. on the occurrence of any event which, if it occurred in relation to his or her Appointer, would result in the termination of the Appointer's appointment as a director;~~
- ~~iii. when his or her Appointer ceases to be a director for any reason.~~

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28. Termination of Director's appointment

A person ceases to be a Director as soon as:

- (i) that person ceases to be a Director by virtue of any provision of the Companies Acts, or is prohibited from being a Director by law;
- (ii) being a Public Sector Director that person is removed from office in accordance with Articles 22.3 or 22.4;
- (iii) being an HE Director that person comes to the end of his / her term of office under Article 23.2 or is removed from office in accordance with Article 23.3 or has served for a total of [six years], consecutively or otherwise;
- (iv) being an FE Director that person comes to the end of his / her term of office under Article 24.2 or is removed from office in accordance with Article 24.3 or has served for a total of [six years], consecutively or otherwise;

- (v) being a Private Sector Director that person comes to the end of his / her term of office under Article 25.3~~2~~ or has served for a total of [six years] consecutively or otherwise, unless his / her term of office has been extended in accordance with Article 25.4;
- (vi) being a Private Sector Director whose term of office has been extended in accordance with Article 25.4, that person comes to the end of his term of office or has served for a total of nine years, consecutively or otherwise;
- ~~(vi)~~(vii) _____ being the Chair that person comes to the end of his / her term of office under Article 26.1, 26.2,~~2~~ or ~~has served for a total of six years 26.3 consecutively or otherwise~~ or ceases to be employed by the Company in the capacity of Chair;
- (viii) being a Co-opted Director that person comes to the end of his / her term of office under Article 27.1;
- ~~(vii)~~(ix) _____ a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
- ~~(viii)~~(x) _____ a composition is made with that person's creditors generally in satisfaction of that person's debts;
- ~~(ix)~~(xi) the Directors reasonably believe he or she is suffering from mental disorder and incapable of acting and they resolve that he or she be removed from office;
- ~~(x)~~(xii) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms (but only if at least two Directors will remain in office when such resignation has taken effect);
- ~~(xi)~~(xiii) _____ the Director ~~(or where permitted in accordance with Article 27 his or her Alternate Director)~~ fails to attend two thirds of all Directors' meetings within a 12 month period or three consecutive Directors' meetings without good cause and the Directors resolve that the Director be removed for this reason; or
- ~~(xii)~~(xiv) _____ at a Directors' meeting, a resolution is passed that the Director be removed from office, provided the meeting has invited the views of the Director concerned and considered the matter in the light of such views.

29. **Directors' remuneration and expenses**

- 29.1 Subject to Article 29.3, Directors may undertake any services for the Company that the Directors decide.
- 29.2 The Chair, as an employee of the Company, is entitled to such remuneration as the Directors determine.
- 29.3 Subject to Article 29.2, a Director is only entitled to remuneration and / or the reimbursement of reasonable expenses to the extent permitted:-
- (i) in the **Remuneration and Expenses Policy**; or

Commented [AR316]: As drafted, this Article permits, in theory, the LEP to pay a director for acting as a director or for other services provided to the LEP, assuming that this is in accord with the terms of the Remuneration and Expenses Policy.

Commented [AR317]: I understand that this policy does not currently exist. It's really important that a clear policy is drawn up and adopted.

- (ii) by a majority vote in favour of the Directors at which at least two from amongst the Public Sector Directors, the FE Directors and the HE Director vote in favour.
- 29.4 The Remuneration and Expenses Policy may only be amended by a majority vote in favour of the Directors at which at least two from amongst the Public Sector Directors, the FE Directors and the HE Director vote in favour.

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

30. **Becoming a member**

- 30.1 The subscribers to the Memorandum are the first members of the Company.
- 30.2 Such other persons as are admitted to membership in accordance with the Articles shall be members of the Company.
- 30.3 ~~Subject to Articles 30.4 and 30.6, No~~ person shall be admitted a member of the Company unless he or she is approved by the Directors.

30.4 Subject to Article 30.5, **Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council** shall each be admitted as a member of the Company.

30.5 Every person who wishes to become a member shall deliver to the Company an application for membership in such form (and containing such information) as the Directors require and executed by him, her or it.

30.6 Subject to Article 30.5, **each Director, except for the Public Sector Directors appointed by each of Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council** in accordance with Article 22.1, shall be a member.

30.7 **Each of Devon County Council, Plymouth City Council, Somerset County Council and Torbay Council** shall be deemed to have authorised the individual appointed by them as a Public Sector Director in accordance with Article 22.1 to act as their respective authorised representative at General Meetings until such time as the individual ceases to be a Public Sector Director in accordance with Article 28.

31. **Termination of membership**

- 31.1 Membership is not transferable to anyone else.
- 31.2 Membership is terminated if:
- i. the member dies or ceases to exist;
 - ii. otherwise in accordance with the Articles;
 - iii. **in the case of a member who is also a Director that individual ceases to be a Director;** or

Commented [AR318]: As drafted, the Board of the LEP has the ability to admit other individuals / corporate bodies as company members in the future if this is deemed appropriate.

Commented [AR319]: Each of these four Councils are company members of the LEP in their corporate capacity.

Commented [AR320]: Each Director of the LEP, except for the 4 Public Sector Directors mentioned here, are also company members of the LEP.

Commented [AR321]: The Public Sector Directors appointed by these 4 Councils are entitled to act as the authorised representatives of the 4 Councils in their capacity as corporate company members of the LEP.

Commented [AR322]: An individual will automatically cease to be a company member of the LEP in the event that s/he ceases to be a director.

- iv. at a meeting of the Directors a resolution is passed resolving that the member be expelled on the ground that his or her continued membership is harmful to or is likely to become harmful to the interests of the Company. Such a resolution may not be passed unless the member has been given at least 14 Clear Days' notice that the resolution is to be proposed, specifying the circumstances alleged to justify expulsion, and has been afforded a reasonable opportunity of being heard by or of making written representations to the Directors.

STAKEHOLDERS

32. Stakeholders

- 32.1 An individual or a corporate entity interested in and / or affected by the work of the Company may apply to the Directors, in such form as they require, to become a Stakeholder.
- 32.2 The Directors shall, at their discretion, admit individuals or corporate entities which have applied in accordance with Article 32.1 to become Stakeholders and shall maintain a record of all the Stakeholders and, in the case of a Stakeholder which is a corporate entity, the individual who is authorised to act on its behalf.
- 32.3 For the avoidance of doubt, a Stakeholder is not a member of the Company.
- 32.4 The Directors may decide to remove an individual or corporate entity from the list of Stakeholders if, in their reasonable opinion, it is in the best interests of the Company to do so.

Commented [AR323]: The ability for individuals or corporate entities to apply to become stakeholders of the LEP is retained.

Commented [AR324]: Please note.

ORGANISATION OF GENERAL MEETINGS

33. General meetings

- 33.1 ~~The Company shall hold an annual general meeting (AGM) at least once every calendar year and such meeting shall be open to the public. The Directors may call a general meeting at any time and at least once each calendar year.~~
- 33.2 At a general meeting, ~~held no less frequently than once each calendar year~~ the Directors shall provide a report to the Stakeholders on the performance and strategy of the Company and shall, subject to Article 40.3, permit the Stakeholders the opportunity to speak in connection with the report.
- 33.3 The Directors ~~may call a general meeting at any time and~~ must call a general meeting if required to do so by the members under the Companies Acts.

34. Length of notice

All general meetings ~~(including the AGM)~~ must be called by either:

- 34.1 at least 14 Clear Days' notice; or

34.2 shorter notice if it is so agreed by a majority of the members having a right to attend and vote at that meeting. Any such majority must together represent at least 90% of the total voting rights at that meeting of all the members.

Commented [AR325]: In theory, it is possible for the LEP to call an AGM at short notice. However, you may decide that it would not be appropriate to do so given the expectation that the AGM must be well advertised and open to stakeholders and other members of the public to attend. If you wish to amend this Article so that the AGM cannot be held on short notice, then please let me know.

35. Contents of notice

35.1 Every notice calling a general meeting must specify the place, day and time of the meeting, whether it is a general or an annual general meeting, and the agenda for the meeting.

35.2 If a special resolution is to be proposed, the notice must include the proposed resolution and specify that it is proposed as a special resolution.

35.3 In every notice calling a meeting of the Company there must appear with reasonable prominence a statement informing the member of his or her rights to appoint another person as his or her proxy at a general meeting.

Commented [AR326]: Please note.

36. Service of notice

Notice of general meetings must be given to every member, to the Directors, to each Stakeholder and to the auditors of the Company.

Commented [AR327]: Please note this requirement (ie. not just for the AGM).

37. Attendance and speaking at general meetings

37.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

37.2 A person is able to exercise the right to vote at a general meeting when:

- i. that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- ii. that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

37.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

37.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

37.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

38. Quorum for general meetings

38.1 No business (other than the appointment of the chair of the meeting) may be transacted at any general meeting unless a quorum is present.

38.2 The quorum for a general meeting is a majority of the total membership. A member may be present in person or by proxy or by authorised representative.

Commented [AR328]: Are you happy to retain this quorum requirement for general meetings?

38.3 If a quorum is not present within half an hour from the time appointed for 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 Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting those present and entitled to vote shall be a quorum.

39. Chairing general meetings

39.1 The Chair, or in his or her absence or if s/he is unwilling the Vice-Chair, or when both are absent or unwilling, another Director nominated by the Directors present shall preside as chair of every general meeting.

39.2 If neither the Chair nor the Vice-Chair nor such other Director nominated in accordance with Article 39.1 is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to chair the meeting and, if there is only one Director present and willing to act, he or she shall be chair of the meeting.

39.3 If no Director is willing to act as chair of the meeting, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present in person or by proxy or by authorised representative and entitled to vote must choose one of their number to be chair of the meeting, save that a proxy holder who is not a member entitled to vote nor an authorised representative shall not be entitled to be appointed chair of the meeting.

40. Attendance and speaking by Stakeholders and other non-members

40.1 Subject to Article 40.3 a Stakeholder may attend and, with the permission of the chair of the meeting, may speak at any general meeting.

Commented [AR329]: Please note this provision (ie. not just at the AGM).

40.2 The chair of the meeting ~~must may~~ permit other persons who are not members of the Company to attend and, with the permission of the chair of the meeting, to speak at the AGM and may do so for others general meetings.

40.3 The chair of the meeting has the right to exclude a person who is not a member (including all or any Stakeholder) from any part of a general meeting when, in his or her reasonable opinion, it is in the best interest of the Company to do so.

41. Adjournment

41.1 The chair of the meeting may adjourn a general meeting at which a quorum is present if:

- i. the meeting consents to an adjournment; or
- ii. it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

- 41.2 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 41.3 When adjourning a general meeting, the chair of the meeting must:
- i. either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
 - ii. have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 41.4 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least seven Clear Days' notice of it:
- i. to the same persons to whom notice of the Company's general meetings is required to be given; and
 - ii. containing the same information which such notice is required to contain.
- 41.5 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

42. Voting: general

- 42.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.
- 42.2 A person who is not a member of the Company shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debenture.
- 42.3 Article 42.2 shall not prevent a person who is a proxy for a member or who is the authorised representative of a member from voting at a general meeting of the Company.

43. Votes

- 43.1 On a vote on a resolution on a show of hands at a meeting every person present in person or by proxy or by authorised representative and entitled to vote shall have a maximum of one vote.
- 43.2 On a vote on a resolution on a poll at a meeting every member present in person or by proxy or by authorised representative shall have one vote.
- 43.3 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting shall be entitled to a casting vote in addition to any other vote he or she may have.

43.4 No member shall be entitled to vote at any general meeting unless all monies presently payable by him, her or it to the Company have been paid.

44. Poll votes

44.1 A poll on a resolution may be demanded:

- i. in advance of the general meeting where it is to be put to the vote; or
- ii. at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

44.2 A poll may be demanded by:

- i. the chair of the meeting;
- ii. the Directors;
- iii. two or more persons having the right to vote on the resolution;
- iv. any person, who, by virtue of being appointed proxy for one or more members having the right to vote at the meeting, holds two or more votes; or
- v. a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

44.3 A demand for a poll may be withdrawn if:

- i. the poll has not yet been taken; and
- ii. the chair of the meeting consents to the withdrawal.

44.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

45. Errors and disputes

45.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

45.2 Any such objection must be referred to the chair of the meeting whose decision is final.

46. Content of proxy notices

46.1 Proxies may only validly be appointed by a notice in writing (a "Proxy Notice") which:

- (i) states the name and address of the member appointing the proxy;
- (ii) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

- (iii) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Directors may determine; and
 - (iv) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 46.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 46.3 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 46.4 Unless a Proxy Notice indicates otherwise, it must be treated as:
- (i) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - (ii) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

47. Delivery of proxy notices

- 47.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.
- 47.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 47.3 A notice revoking the appointment of a proxy only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

48. Amendments to resolutions

- 48.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
- i. notice of the proposed amendment is given to the Company in Writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine); and
 - ii. the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 48.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- i. the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

- ii. the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

48.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

WRITTEN RESOLUTIONS

49. Written resolutions

49.1 Subject to Article 49.3, a written resolution of the Company passed in accordance with this Article 49 shall have effect as if passed by the Company in general meeting:

- i. A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible members.
- ii. A written resolution is passed as a special resolution if it is passed by members representing not less than 75% of the total voting rights of eligible members. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.

49.2 In relation to a resolution proposed as a written resolution of the Company the eligible members are the members who would have been entitled to vote on the resolution on the circulation date of the resolution.

49.3 A members' resolution under the Companies Acts removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.

49.4 A copy of the written resolution must be sent to every member together with a statement informing the member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.

49.5 A member signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.

- i. If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the member's signature.
- ii. If the Document is sent to the Company by Electronic Means, it is authenticated if it is from an email Address notified by the member to the Company for the purposes of receiving Documents or information by Electronic Means.

49.6 A written resolution is passed when the required majority of eligible members have signified their agreement to it.

- 49.7 A proposed written resolution lapses if it is not passed within 28 days beginning with the circulation date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

50. Means of communication to be used

- 50.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 50.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 50.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within an agreed time of their being sent, and for the agreed time to be less than 48 hours.

51. Irregularities

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it.

52. Minutes

- 52.1 The Directors must cause minutes to be made in books kept for the purpose:
- i. of all appointments of officers made by the Directors;
 - ii. of all resolutions of the Company and of the Directors; and
 - iii. of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

- 52.2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision.

53. Records and accounts

The Directors shall comply with the requirements of the Companies Acts as to maintaining a members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of:

- 53.1 annual reports;
- 53.2 annual returns; and
- 53.3 annual statements of account.

54. Indemnity

54.1 Subject to Article 54.2, a relevant Director of the Company or an associated company may be indemnified out of the Company's assets against:

- (i) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;
- (ii) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and
- (iii) any other liability incurred by that Director as an officer of the Company or an associated company.

54.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

54.3 In this Article:

- (i) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (ii) a "relevant Director" means any Director or former Director of the Company or an associated company.

55. Insurance

55.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

55.2 In this Article:

- (i) a "relevant Director" means any Director or former Director of the Company or an associated company;
- (ii) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the company or associated company; and

- (iii) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

56. Exclusion of model articles

The relevant model articles for a company limited by guarantee are hereby expressly excluded.

**SCHEDULE
INTERPRETATION**

Defined terms

1. In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

Term	Meaning
1.1 “Address”	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means;
1.2 “Alternate Director”	means an individual appointed by a Director in accordance with Article 27;
1.31.2 “Articles”	means the Company’s articles of association;
1.41.3 “asset-locked body”	means (i) a community interest company, a charity or a Permitted Industrial and Provident Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;
1.51.4 “bankruptcy”	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;
1.61.5 “CEO”	means the chief executive officer of the Company who is appointed by the Directors;
1.71.6 “Chair”	means the individual appointed as the Chair of the Company in accordance with Article 26;
1.81.7 “chairman of the meeting”	has the meaning given in Article 39;
1.91.8 “Circulation Date”	in relation to a written resolution, has the meaning given to it in the Companies Acts;
1.101.9 “Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
1.111.10 “community”	is to be construed in accordance with accordance with Section 35(5) of the Company’s (Audit) Investigations and Community Enterprise) Act 2004;

1.121.11	“Companies Acts”	means the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company;
1.131.12	“Company”	means the company intended to be regulated by these Articles;
1.141.13	“Conflict of Interest”	means any situation in which a Director's personal interests, or interests that they owe to another body, may (or may appear to) influence or affect their decision making any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or might conflict with the interests of the Company;
1.14	<u>“Co-opted Director”</u>	<u>means an individual co-opted as a Director in accordance with Article 27;</u>
1.15	“Devon County Council”	means the county council which administers the county of Devon and of which the principal office is located at County Hall, Topsham Road, Exeter, Devon, EX2 4QD and includes any successor body to its statutory functions;
1.16	“Director”	a director of the Company, and includes any person occupying the position of director, by whatever name called;
1.17	“District Council”	means a District Council or other second-tier local authority;
1.18	“Document”	includes, unless otherwise indicated, any Document sent or supplied in Electronic Form;
1.19	“Electronic Form” and “Electronic Means”	have the meanings respectively given to them in Section 1168 of the Companies Act 2006;
1.20	“FE Director”	means the individual appointed as a Director in accordance with Article 24;
1.21	“Further Education Colleges”	means all the colleges which are members of the Association of Colleges and which have their principal physical base in Devon or Somerset and “Further Education College” shall be construed accordingly;
1.22	“Hard Copy Form”	has the meaning given to it in the Companies Act 2006;
1.23	“HE Director”	means an individual appointed as a Director in accordance with Article 23;

Commented [AR330]: I have updated this definition so that it is in line with the definition included in the new National Assurance Framework (see Annex F).

1.24	“Higher Education Organisations”	Sector	means all the organisations which, in the reasonable opinion of the Board, work in Higher Education and have their principal physical base in Devon or Somerset and “Higher Education Sector Organisation” shall be construed accordingly;
1.25	“Memorandum”		the Company’s memorandum of association;
1.26	<u>“Nolan Principles”</u>		<u>means the seven principles of public life as set out by the Committee on Standards in Public Life (as amended from time to time);</u>
1.261.27	“paid”		means paid or credited as paid;
1.271.28	“participate”		in relation to a Directors’ meeting, has the meaning given in Article 13;
1.281.29	“Permitted Industrial and Provident Society”		an industrial and provident society which has a restriction on the use of its assets in accordance with Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 or Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006;
1.291.30	“Plymouth Council”	City	means the council which administers the city of Plymouth and of which the principal office is located at Ballard House, West Hoe Road, Plymouth, PL1 3BJ and includes any successor body to its statutory functions;
1.31	<u>“Private Sector individual”</u>		<u>means an individual who is or has been, employed by an organisation not included as central government, local government or a public corporation as defined for the UK National Accounts;</u>
1.301.32	“Private Director”	Sector	means an individual who is appointed as a director in accordance with Article 25;
1.311.33	“Proxy Notice”		has the meaning given in Article 46;
1.321.34	“Public Director”	Sector	means an individual who is appointed as a director in accordance with Article 22;
1.331.35	“Registered Office”		means the registered office of the Company;
1.341.36	“the Regulator”		means the Regulator of Community Interest Companies;

<u>1.351.37</u>	“Remuneration Expenses Policy”	and	means the policy which the Directors agree from time to time in relation to the remuneration of, and payment of expenses to, Directors;
<u>1.361.38</u>	“Secretary”		the secretary of the Company (if any);
<u>1.371.39</u>	"Somerset Council"	County	means the county council which administers the county of Somerset and of which the principal office is located at County Hall, Taunton, Somerset, TA1 4DY and includes any successor body to its statutory functions;
<u>1.381.40</u>	“specified”		means specified in the memorandum and articles of association of the Company for the purposes of this paragraph;
<u>1.391.41</u>	“Stakeholder”		means an individual or corporate entity which is admitted as a stakeholder in accordance with Article 32;
<u>1.401.42</u>	“subsidiary”		has the meaning given in section 1159 of the Companies Act 2006;
<u>1.411.43</u>	"Torbay Council"		means the council which administers the area of Torbay and of which the principal office is located at Town Hall, Castle Circus, Torquay, TA1 3DR and includes any successor body to its statutory functions;
<u>1.421.44</u>	“transfer”		includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property; and
<u>1.45</u>	<u>"UK National Accounts"</u>		<u>core accounts for the UK economy as a whole as published by the Office for National Statistics; and</u>
<u>1.431.46</u>	“Writing”		the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

2. Subject to clause 3 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.

3. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when the Articles become binding on the Company.