

The City of Edinburgh Council

10.00am, Tuesday 30 June 2020

Appointments to Committees and Proposed Changes to Outside Bodies

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|---------------------|-----|
| Item number | |
| Executive/routine | |
| Wards | All |
| Council Commitments | |

1. Recommendation

- 1.1 To appoint a Liberal Democrat Group member to the Governance, Risk and Best Value Committee.
- 1.2 To agree the draft Articles of Associations for Changeworks and to note that this will mean that the Council is no longer a member of Changeworks.
- 1.3 To agree to remove the member from the Council from the Royal Blind Asylum and School.

Andrew Kerr

Chief Executive

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Appointments to Committees and Proposed Changes to Outside Bodies

2. Executive Summary

- 2.1 Councillor Gloyer has tendered her resignation as a member of the Governance, Risk and Best Value Committee.
- 2.2 Council is asked to appoint a replacement Liberal Democrat Group member to the Governance, Risk and Best Value Committee.
- 2.3 Changeworks and the Royal Blind Asylum and School (Royal Blind) have written to the Council seeking to modernise their governance arrangements which would result in the Council ceasing to be a member of Changeworks and removing its representative on the Boards of both Changeworks and the Royal Blind.

3. Main report

- 3.1 The appointment of committees, joint committees and joint boards is a reserved matter for full Council.
- 3.2 On 23 April 2020 the Leadership Advisory Panel agreed interim political management arrangements to carry out Council business for the period 1 May 2020 to 1 September 2020 and Interim Standing Orders to cover that period.
- 3.3 Part of the interim political management arrangements was to agree that the functions reserved to Council in the Committee Terms of Reference and Delegated Functions would be carried out by the Policy and Sustainability Committee.
- 3.4 At its meeting on 28 May 2020, in terms of Interim Standing Order 1.2, the Policy and Sustainability Committee agreed the political balance on the Council's committees.
- 3.5 Appointments to the Council's committees were also made at the Policy and Sustainability Committee meeting on 28 May 2020.
- 3.6 Council is invited to appoint a Liberal Democrat Group member to the Governance, Risk and Best Value Committee.

- 3.7 The City of Edinburgh Council is a member of Changeworks which is a registered charity. Changeworks has written to the Council to inform them that it wishes to modernise its governance arrangements moving to a single tier governance structure. This would mean that directors and members which are currently separate would be the same. The aim of this is to have a more streamlined decision-making process which is supported by modern governance principles.
- 3.8 The Council has a contractual/grant relationship with Changeworks and it is likely that Changeworks will continue to tender for other Council contracts or apply for grants. Subsequently, there is an inherent conflict of interest in any contractual relationship the Council has when it is also a member of that organisation. The modernisation of its governance arrangements would result in a clear relationship with the Council, with no conflict and give the Council confidence that one of its suppliers of services had a more robust decision -making structure. As a result, it is recommended that the Council agrees Changeworks' draft Articles of Association (Appendix one) and ceases to be a member of this organisation. Councillor Bird is the current member of the Council on the Changeworks Board. Councillor Perry is also on the board but as an individual rather than a councillor.
- 3.9 The Royal Blind has written to the Council advising of plans to modernise their governance arrangements. The charity was established in 1793 and was incorporated by Royal Charter in 1898. The original Charter was revised in minor ways by a Supplementary Charter in 1977 but there have been no revisions since then. The current Board of the Royal Blind consists of 19 members, 7 of who are nominated from organisations including the City of Edinburgh Council. The Royal Blind believe that this structure is too unwieldy and restricts the freedom of the Board to control a substantial proportion of its own membership and to an extent compromises its ability to establish and maintain a Board that fully reflects Scotland's diversity or allows for an appropriate blend of professional skills and lived experience of visual impairment. As a result, the Royal Blind have asked if the Council is prepared to agree to the removal of its nominated member (currently Councillor Howie) and relinquish its right to appoint a Board member in perpetuity.

4. Next Steps

- 4.1 Any member appointed will be expected to contribute to the workplan of the Governance, Risk and Best Value Committee, starting at its next meeting on 7 July 2020.
- 4.2 The Council will write to Changeworks and the Royal Blind informing them of its decision.

5. Financial impact

- 5.1 None.

6. Stakeholder/Community Impact

6.1 None.

7. Background reading/external references

7.1 Minute of the Policy and Sustainability Committee of 28 May 2020 [P&S Minute of 28 May 2020](#)

8. Appendices

8.1 Changeworks Draft Articles of Association

Date: 12.02.2020
Draft: 5



THE COMPANIES ACT 2006

**COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL**

ARTICLES OF ASSOCIATION

of

CHANGeworks Resources for Life

(as adopted by special resolution passed on [●])

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Constitution of company

- 1 The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this company.

Defined terms

- 2 In these articles of association, unless the context requires otherwise:
 - 2.1 “Act” means the Companies Act 2006;
 - 2.2 “charity” means a body which is either a “Scottish charity” within the meaning of section 13 of the Charities and Trustee Investment (Scotland) Act 2005 or a “charity” within the meaning of section 1 of the Charities Act 2011, providing (in either case) that its objects are limited to charitable purposes;
 - 2.3 “charitable purpose” means a charitable purpose under section 7 of the Charities and Trustee Investment (Scotland) Act 2005 which is also regarded as a charitable purpose in relation to the application of the Taxes Acts;
 - 2.4 “conflict of interest” includes a conflict of interest and duty, and a conflict of duty;
 - 2.5 “Conflict Situation” means any situation or matter (other than one which cannot reasonably be regarded as likely to give rise to a conflict of interest) in which any director has or could have a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the company including (without limitation) any such situation or matter which relates to the exploitation of any property, information or opportunity (irrespective of whether the company could take advantage of the property, information or opportunity);
 - 2.6 “electronic form” has the meaning given in section 1168 of the Act;
 - 2.7 “OSCR” means the Office of the Scottish Charity Regulator;
 - 2.8 “property” means any property, heritable or moveable, real or personal, wherever situated; and
 - 2.9 “subsidiary” has the meaning given in section 1159 of the Act.
- 3 Any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.

Objects

- 4 The company's objects are:-
 - 4.1 to support a sustainable, low carbon lifestyle;
 - 4.2 to advance environmental protection by developing and delivering high impact solutions that make low carbon life a sustainable positive reality for everyone including support to improve energy efficiency, adopt low carbon technologies and travel, implement the circular economy, and embed low carbon behaviours;
 - 4.3 to prevent and relieve poverty and reduce inequalities, with particular emphasis on fuel poverty;
 - 4.4 to advance citizenship and community development through education and engagement inspiring behavioural change, developing community ownership of assets and implementing solutions which deliver sustainable, positive low carbon living; and
 - 4.5 to advance the health and well-being of citizens by enabling and supporting the adoption of a low carbon life.
- 5 The company's objects are restricted to those set out in article 4 (but subject to article 6).
- 6 The company may (subject to first obtaining the consent of OSCR) add to, remove or alter the statement of the company's objects in article 4; on any occasion when it does so, it must give notice to the registrar of companies and the amendment will not be effective until that notice is registered on the register of companies.

Powers

- 7 In pursuance of the objects listed in article 4 (but not otherwise), the company shall have the following powers:-
 - 7.1 To organise, promote, manage and conduct exhibitions, conferences, workshops and community activities and establish resource and advice centres.
 - 7.2 To lobby, advocate and otherwise seek to influence decision-makers and the wider society.
 - 7.3 To set up, co-ordinate and promote research, educational demonstrations and practical projects and services directed towards reducing carbon emissions, relieving poverty, implementing the circular economy, reducing pollution,

encouraging environmental improvements, increasing quality of life or persons in a state of poverty, advancing the health of citizens and/or stimulating other initiatives and developments in associated areas.

- 7.4 To provide support, training and advice to projects of a nature referred to in paragraph 7.3, audit performance and results in respect of such projects, provide for participants in such projects access to appropriate expertise, serve as a conduit for funding in relation to such projects and represent the network of projects of that nature to outside bodies.
- 7.5 To carry on any other activities which further any of the above objects.
- 7.6 To acquire and take over the whole or any part of the undertaking and liabilities of any body holding property or rights which are suitable for the company's activities.
- 7.7 To purchase, take on lease or under a licence, hire, or otherwise acquire, any property, assets or rights which are suitable for the company's activities.
- 7.8 To improve, manage, develop, or otherwise deal with, all or any part of the property and rights of the company.
- 7.9 To sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the company.
- 7.10 To lend money and give credit (with or without security) and to grant guarantees and issue indemnities.
- 7.11 To borrow money, and to give security in support of any such borrowings by the company, in support of any obligations undertaken by the company or in support of any guarantee issued by the company.
- 7.12 To employ such staff as are considered appropriate for the proper conduct of the company's activities, and to make reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants.
- 7.13 To engage such consultants and advisers as are considered appropriate from time to time.
- 7.14 To effect insurance of all kinds (which may include officers' liability insurance).
- 7.15 To invest any funds which are not immediately required for the company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments).

- 7.16 To liaise with other voluntary sector bodies, local authorities, central governments and agencies, and other bodies, all with a view to furthering the company's objects.
- 7.17 To take such steps as may be deemed appropriate for the purpose of raising funds for the company's activities.
- 7.18 To accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them).
- 7.19 To oppose, or object to, any application or proceedings which may prejudice the company's interests.
- 7.20 To enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of the activities of the company, and to enter into any arrangement for co-operation or mutual assistance with any charity.
- 7.21 To do anything which may be incidental or conducive to the furtherance of any of the company's objects.

Restrictions on use of the company's assets

- 8 The income and property of the company shall be applied solely towards promoting the company's objects.
- 9 No part of the income or property of the company shall be paid or transferred (directly or indirectly) to the members of the company, whether by way of dividend, bonus or otherwise.
- 10 No director of the company shall be appointed as a paid employee of the company; no director shall hold any office under the company for which a salary or fee is payable.
- 11 No benefit (whether in money or in kind) shall be given by the company to any director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (outwith the ordinary duties of a director) actually rendered to the company.

Liability of members

- 12 The liability of the members is limited.
- 13 Every member of the company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up while they are a member or within one year after they cease to be a member, for payment of

the company's debts and liabilities contracted before they cease to be a member, and of the costs, charges and expenses of winding up; and for the adjustment of the rights of the contributories among themselves.

General structure

- 14 The structure of the company consists of:-
- 14.1 the MEMBERS - who have the right to attend general meetings and have important powers under the articles of association and the Act; in particular, the members take decisions in relation to changes to the articles themselves
 - 14.2 the DIRECTORS - who hold regular meetings, and generally control and supervise the activities of the company; in particular, the directors are responsible for monitoring the financial position of the company.

Qualification for membership

- 15 Membership shall (subject to article 16) be open to any individual who is a director of the company.
- 16 No employee of the company may become a member; a person admitted to membership shall automatically cease to be a member if they become an employee of the company.
- 17 Any individual or body who/which is a member of the company as at the time when the resolution adopting these articles of association is passed shall automatically cease to be a member immediately upon admission of two directors of the company to membership under articles 18 and 19.

Application for membership

- 18 Any director who wishes to become a member must sign, and lodge with the company, a written application for membership (in such form as the directors may reasonably prescribe).
- 19 Any individual eligible for membership under article 15 shall become a member of the company immediately upon receipt by the company of a duly signed application for membership in accordance with article 18.

Register of members

- 20 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which they were admitted to membership, and the date on which any individual ceased to be a member.

Withdrawal from membership

- 21 If any individual wishes to withdraw from membership, they shall sign, and lodge with the company, a written notice to that effect; on receipt of the notice by the company, they shall cease to be a member.

Termination/transfer

- 22 Membership shall cease on the member ceasing (for any reason) to be a director of the company.
- 23 A member may not transfer their membership to any other individual or to any body.

General meetings (meetings of members)

- 24 Subject to article 25, the directors may convene a general meeting at any time.
- 25 The directors must convene a general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).
- 26 For the avoidance of doubt, the directors are under no obligation to convene annual general meetings.

Notice of general meetings

- 27 At least 14 clear days' notice of each general meeting must be given to the members, to all the directors, and (if auditors are in office at the time) to the auditors.
- 28 The reference to "clear days" in article 27 shall be taken to mean that, in calculating the period of notice, the day after the notice is posted, (or, in the case of a notice sent by electronic means, the day after it was sent), and also the day of the meeting, should be excluded.
- 29 A notice calling a meeting shall specify the time, date and place of the meeting; it shall:
- 29.1 indicate the general nature of the business to be dealt with at the meeting;
 - 29.2 if a special resolution or a resolution requiring special notice under the Act is to be proposed, state that fact, giving the exact terms of the resolution; and
 - 29.3 contain a statement informing each member of their right to appoint a proxy.
- 30 Notice of every general meeting shall be given to all the members and directors, and (if auditors are in office at the time) to the auditors:

- 30.1 in hard copy form; or
- 30.2 in writing or (where the individual to whom notice is given has notified the company of an address to be used for the purpose of electronic communication) in electronic form; or
- 30.3 (subject to the company notifying members of the presence of the notice on the website, and complying with the other requirements of section 309 of the Act) by means of a website.

Procedure at general meetings

- 31 No business shall be dealt with at any general meeting unless a quorum is present; the quorum for a general meeting shall be as follows:
 - 31.1 if the number of members at the time is 6 or 7, the quorum shall be 5 members present in person or represented by proxy;
 - 31.2 if the number of members at the time is 8 or above, the quorum shall be 6 members present in person or represented by proxy.
- 32 If a quorum is not present within 15 minutes after the time at which a general meeting was due to commence - or if, during a meeting, a quorum ceases to be present - the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 33 The chair of the company shall (if present and willing to act as chairperson) preside as chairperson of each general meeting; if the chair is not present and willing to act as chairperson within 15 minutes after the time at which the meeting was due to commence, the directors present at the meeting shall elect from among themselves the person who will act as chairperson of that meeting.
- 34 The chairperson of a general meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairperson may determine.

Votes of members

- 35 Every member shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy.
- 36 Any member who wishes to appoint a proxy to vote on their behalf at any meeting (or adjourned meeting):
 - 36.1 shall lodge with the company, at the company's registered office, a written instrument of proxy (in such form as the directors require), signed by them; or

36.2 shall send by electronic means to the company, at such electronic address as may have been notified to the members by the company for that purpose, an instrument of proxy (in such form as the directors reasonably require);

providing (in either case), the instrument of proxy is received by the company at the relevant address not less than 48 hours before the time for holding the meeting (or, as the case may be, adjourned meeting); for the avoidance of doubt, in calculating the 48-hour period referred to in the preceding provisions of this article 36, no account shall be taken of any part of a day that is not a working day.

37 An instrument of proxy which does not conform with the provisions of article 36, or which is not lodged or sent in accordance with such provisions, shall be invalid.

38 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.

39 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who appointed them to speak at the meeting and need not be a member of the company.

40 A vote given, or ballot demanded, by proxy shall be valid notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot, unless notice of such termination was received by the company at the company's registered office (or, where sent by electronic means, was received by the company at the address notified by the company to the members for the purpose of electronic communications) before the commencement of the meeting or adjourned meeting at which the vote was given or the ballot demanded.

41 If there are an equal number of votes for and against any resolution, whether on a show of hands or on a ballot, the chairperson of the meeting shall be entitled to a casting vote.

42 A resolution put to the vote at a general meeting shall be decided on a show of hands unless a secret ballot is demanded by the chairperson (or by at least two persons present in person at the meeting and entitled to vote, whether as members or proxies for members); a secret ballot may be demanded either before the show of hands takes place, or immediately after the result of the show of hands is declared.

43 If a secret ballot is demanded, it shall be taken at the meeting and shall be conducted in such manner as the chairperson may direct; the result of the ballot shall be declared at the meeting at which the ballot was demanded.

Special resolutions and ordinary resolutions

- 44 For the purposes of these articles, a “special resolution” means a resolution passed by 75% or more of the votes cast on the resolution at a general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 27 to 30; for the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the total number of votes cast in relation to the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.
- 45 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the company, by special resolution,
- 45.1 to alter its name; or
- 45.2 to alter any provision of these articles or adopt new articles of association.
- 46 For the purposes of these articles, an “ordinary resolution” means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against), at a general meeting, providing proper notice of the meeting has been given in accordance with articles 27 to 30.

Written resolutions

- 47 A written resolution can be passed by the members of the company (having been proposed by either the members or the directors in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act) and will have effect as if passed by the members of the company in general meeting; a written resolution is passed when the required majority of eligible members have signified their agreement to it by sending to the company (in hard copy or electronic form) an authenticated document which identifies the resolution to which it relates and which indicates the member’s agreement to it (which agreement cannot thereafter be revoked).
- 48 For the purposes of the preceding article:
- 48.1 the reference to “eligible members” is to those members who would have been entitled to vote on the resolution on the circulation date of the resolution (which is either (a) the date on which copies of the written resolution are sent or submitted to the members in accordance with the procedures detailed in Chapter 2 of Part 13 of the Act; or (b) if copies are sent or submitted to members on different days, the first of those dates);
- 48.2 the reference to “required majority” is to the majority required to pass an ordinary or a special resolution under the Act, as follows:

48.2.1. in order to pass an ordinary resolution by way of written resolution, it must be passed (in accordance with article 47) by members representing a simple majority of the total voting rights of eligible members;

48.2.2. in order to pass a special resolution by way of written resolution, it must be passed (in accordance with article 47) by members representing not less than 75% of the total voting rights of eligible members and the resolution must specifically state that it was proposed as a special resolution.

49 A resolution to remove a director (under section 168 of the Act) or a resolution to remove an auditor (under section 510 of the Act) cannot be proposed as a written resolution.

50 For the purposes of article 47, a proposed written resolution will lapse if it is not passed before the end of a period of 28 days beginning with the circulation date (as defined in article 48), and the agreement of any member to a written resolution will be ineffective if signified after the expiry of that period.

Maximum and minimum number of directors

51 The maximum number of directors shall (subject to article 62) be 10.

52 The minimum number of directors shall be 6.

Eligibility

53 An individual shall not be eligible to hold office as a director if they are an employee of the company.

Appointment of directors

54 The directors may at any time appoint as a director any individual who they consider to have an interest in the company's objects and a commitment to the environmental sector (providing they are willing to act).

55 In exercising their powers under article 54, the directors shall:

55.1 seek to ensure (so far as reasonably practicable) that that there is an appropriate blend of skills on the board;

55.2 seek to ensure (so far as reasonably practicable) that at least one of the directors is an individual with substantial background and/or experience in the environmental sector;

- 55.3 be guided by the Nominations Committee (as defined in article 107) in relation to the selection of appropriate individuals for appointment (or, as the case may be, re-appointment) as directors; and
- 55.4 have regard to the benefit of equality and diversity on the board.
- 56 At each Accounts Sign-off Board Meeting (as defined in paragraph 57.1) those directors who have held office for three years since they were appointed (or last re-appointed) shall retire from office; but a director retiring from office shall (subject to article 59) be eligible for re-appointment.
- 57 For the purposes of these articles:
- 57.1 an “Accounts Sign-off Board Meeting” shall mean the meeting of directors at which the final accounts of the company for a given financial year are approved by the directors;
- 57.2 the period between the date of appointment of a director and the Accounts Sign-off Board Meeting which next follows shall be taken to be a period of one year, unless it is of less than six months' duration (in which case it shall be disregarded);
- 57.3 the period between one Accounts Sign-off Board Meeting and the next shall be taken to be a period of one year;
- 57.4 if an individual ceases to be a director and is then re-appointed as a director within a period of six months, they shall be deemed to have continued in office as a director without break;
- 57.5 subject to articles 60 and 62, any period in office as a director prior to the adoption of these articles shall be included in calculating the three-year period.
- 58 For the avoidance of doubt, a director who is due to retire at an Accounts Sign-off Board Meeting shall remain in office as a director throughout that Accounts Sign-off Board Meeting; they shall, however, unless re-appointed under article 56, automatically vacate office at the conclusion of that Accounts Sign-off Board Meeting.
- 59 A director who, as at the Accounts Sign-off Board Meeting when they retire from office as a director under article 56, has held office for a period of nine years or more shall not (subject to article 60) be eligible for re-appointment.

Transitional arrangements

- 60 Notwithstanding any other provisions of these articles, an individual who has held office for a period of nine years or more as at the date of adoption of these articles shall (subject to the provisions of articles 61, 62 and 63) be deemed to be re-appointed as a director for a period of 24 months from that date (the “**Transition Period**”).
- 61 The Chair may, at any time during the Transition Period, remove from office as a director any individual who was deemed to have been re-appointed as a director under article 60.
- 62 The maximum number of directors during the Transition Period shall be 11.

Termination of office

- 63 A director shall automatically vacate office if:
- 63.1 they cease to be a director by virtue of any provision of the Act or become prohibited by law from being a director or a charity trustee (within the meaning of the Charities and Trustee Investment (Scotland) Act 2005);
 - 63.2 they are sequestrated;
 - 63.3 they become incapable for medical reasons of fulfilling the duties of their office and such incapacity has continued or is expected to continue for a period of more than six months;
 - 63.4 they become an employee of the company;
 - 63.5 they resign office by notice to the company;
 - 63.6 they are absent (without permission of the directors) from more than three meetings of the directors within any twelve month period, and the directors resolve to remove them from office;
 - 63.7 they are removed from office by resolution of the directors on the grounds that they are considered to have committed a material breach of the code of conduct or conflict of interest rules for directors in force from time to time (as referred to in article 81);
 - 63.8 they are removed from office by resolution of the directors on the grounds that they are considered to have been in serious or persistent breach of their duties under sections 66(1) or (2) of the Charities and Trustee Investment (Scotland) Act 2005; or

63.9 they are removed from office by ordinary resolution (special notice having been given) in pursuance of section 168 of the Act.

64 A resolution under paragraph 63.7 or 63.8 shall be valid only if:

64.1 the director who is the subject of the resolution is given reasonable prior written notice by the directors of the grounds upon which the resolution for their removal is to be proposed;

64.2 the director concerned is given the opportunity to address the meeting of directors at which the resolution is proposed, prior to the resolution being put to the vote; and

64.3 at least two thirds (to the nearest round number) of the directors then in office vote in favour of the resolution.

Register of directors

65 The directors shall maintain a register of directors, setting out full details of each director, including the date on which they became a director, and also specifying the date on which any person ceased to hold office as a director.

Appointment of the chief executive

66 The directors may appoint any individual to the post of chief executive of the company.

Office bearers

67 The directors shall elect from among themselves a Chair and a Vice-Chair, and such other office bearers (if any) as they consider appropriate.

68 At the conclusion of the second Accounts Sign-off Board Meeting (as defined in paragraph 56.1) which follows the appointment or re-appointment of any individual to an office under article 67, they shall retire from office, but (subject to article 69) shall then be eligible for re-appointment to that office under article 67 (providing they are willing to act).

69 A director who, as at the Accounts Sign-off Board Meeting when they retire from office under article 68, has held office as Chair for a period of six years or more shall not be eligible for re-election.

70 For the avoidance of doubt, there is no limit on the number of times a director appointed to any other office under article 67 can be re-appointed.

71 For the purposes of article 69:

- 71.1 the period between the date of appointment of any director to the office of chair and the Accounts Sign-off Board Meeting which follows shall be deemed to be a period of one year, unless it is of less than six months' duration (in which case it shall be disregarded);
- 71.2 the period between one Accounts Sign-off Board Meeting and the next shall be deemed to be a period of one year;
- 71.3 if a director ceases to hold office as Chair but is re-appointed to that office within a period of six months, they shall be deemed to have held that office without interruption;
- 71.4 any period in office as Chair prior to the date of adoption of these articles of association shall be counted for the purposes of article 69.
- 72 A person elected to any office shall cease to hold that office if they cease to be a director (whether by way of retirement as a director under article 56, where they are not re-appointed as a director; or for any other reason) or if they resign from that office by written notice to that effect.
- 73 If the appointment of a director to any office terminates, the directors shall appoint another director to hold the office in their place.

Personal interests

- 74 Subject to the provisions of the Act and of articles 8 to 11 and provided that they have disclosed to the directors the nature and extent of any personal interest which they have (unless immaterial) and has complied with the code of conduct (as referred to in article 81), a director (notwithstanding their office):
- 74.1 may be a party to, or have some other personal interest in, any transaction or arrangement with the company or any associated company;
- 74.2 may be a party to, or have some other personal interest in, any transaction or arrangement in which the company or any associated company has an interest;
- 74.3 may be a director or secretary of, or employed by, or have some other personal interest in, any associated company; and
- 74.4 shall not, because of their office, be accountable to the company for any benefit which they derive from any such office or employment or from any such transaction or arrangement or from any interest in any such company;
- and no such transaction or arrangement shall be liable to be treated as void on the ground of any such interest or benefit.

- 75 For the purposes of the preceding article, an interest of which a director has no knowledge and of which it is unreasonable to expect them to have knowledge shall not be treated as an interest of theirs; the references to “associated company” shall be interpreted as references to any subsidiary of the company or any other company in which the company has a direct or indirect interest.
- 76 The directors shall be entitled, for the purposes of section 175 of the Act, to authorise (by way of resolution to that effect) any Conflict Situation that may arise (such that the duty of the director concerned, under that section, to avoid conflicts of interest is not infringed) and to amend or vary any such authorisation; the directors may give such authorisation subject to such terms and conditions as they may consider appropriate and reasonable in the circumstances.
- 77 For the avoidance of doubt, article 76 shall not apply to a conflict of interest arising in relation to a transaction or arrangement with the company; any conflict of interest of that nature shall be governed by the provisions of articles 74, 75 and 99 and the code of conduct and conflict of interest rules referred to in article 81.
- 78 The directors shall procure that a register of directors’ interests is maintained in accordance with the provisions in this regard contained in the conflict of interest rules for directors referred to in article 81.

Conduct of directors

- 79 It is the duty of each director of the company to take decisions (and exercise their other powers and responsibilities as a director) in such a way as they consider, in good faith, will be most likely to promote the success of the company in achieving its objects (as set out in article 4) and will be in the interests of the company, and irrespective of any office, post, engagement or other connection which they may have with any other body which may have an interest in the matter in question.
- 80 Without prejudice to the principle set out in article 79, each of the directors shall have a duty, in exercising functions as a charity trustee, to act in the interests of the company; and, in particular, must:
- 80.1 seek, in good faith, to ensure that the company acts in a manner which is in accordance with its purposes;
 - 80.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person;
 - 80.3 in circumstances giving rise to the possibility of a conflict of interest between the company and any party responsible for the appointment of that director
 - 80.3.1. put the interests of the company before that of the other party;

80.3.2. where any other duty prevents them from doing so, disclose the conflicting interest to the company and refrain from participating in any deliberation or decision of the other directors with regard to the matter in question;

80.4 ensure that the company complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.

81 Each of the directors shall comply with the code of conduct and conflict of interest rules prescribed by the board of directors from time to time.

82 For the avoidance of doubt, the code of conduct and conflict of interest rules shall be supplemental to the provisions relating to the conduct of directors contained in these articles of association; and the relevant provisions of these articles shall be interpreted and applied in accordance with the provisions of the code of conduct and conflict of interest rules in force from time to time.

Directors' remuneration and expenses

83 No director may serve as an employee of the company, and no director may be given any remuneration by the company for carrying out their ordinary duties as a director or as Chair or as the holder of any other office under article 67.

84 The directors may be paid all travelling and other expenses properly incurred by them in connection with their attendance at meetings of directors, general meetings, meetings of committees of directors or otherwise in connection with the carrying-out of their duties.

Powers of directors

85 Subject to the provisions of the Act, and these articles, and subject to any directions given by special resolution, the company and its assets and undertaking shall be managed by the directors, who may exercise all the powers of the company.

86 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Procedure at directors' meetings

87 Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit.

88 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors.

- 89 Meetings of the directors shall be held at least four times each year.
- 90 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the chairperson of the meeting shall have a casting vote.
- 91 No business shall be dealt with at a meeting of the directors unless a quorum is present; the quorum for meetings of the directors shall be as follows:
- 91.1 if the number of directors in office at the time is 6 or 7, the quorum shall be 5;
- 91.2 if the number of directors in office at the time is 8 or above, the quorum shall be 6.
- 92 A director may participate in a meeting of the directors by means of a conference telephone, video conferencing facility or similar communications equipment whereby all the directors participating in the meeting can hear each other; a director participating in a meeting in this manner shall be deemed to be present in person at the meeting.
- 93 If at any time the number of directors falls below the quorum required under article 91, the remaining director(s) may act only for the purpose of filling vacancies or of calling a general meeting.
- 94 Unless they are unwilling to do so, the chair of the company shall preside as chairperson at every directors' meeting at which they are present; if the chair is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the directors present shall elect from among themselves the person who will act as chairperson of the meeting.
- 95 The directors may, at their discretion, allow any person who they reasonably consider appropriate, to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.
- 96 A person invited to attend a meeting of the directors under article 95 shall not be entitled to exercise any of the powers of a director, and shall not be deemed to constitute a director for the purposes of the Act or any provision of these articles.
- 97 All acts done by a meeting of directors or by a meeting of a committee of directors or by a person acting as a director shall, notwithstanding that it is afterwards discovered that there was a defect in the appointment of any director or that any of them was disqualified from holding office or had vacated office or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

- 98 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors, or (as the case may be) a committee of directors, duly convened and held; it may consist of several documents in the same form, each signed by one or more directors.
- 99 A director shall not vote at a directors' meeting (or at a meeting of a committee) on any resolution concerning a matter in which they have a personal interest which conflicts (or may conflict) with the interests of the company; they must withdraw from the meeting while an item of that nature is being dealt with.
- 100 For the purposes of article 99, a person shall be deemed to have a personal interest in a particular matter if any partner or other close relative of theirs or any firm of which they are a partner or any limited company of which they are a substantial shareholder or director or any limited liability partnership of which they are a member or any Scottish charitable incorporated organisation or charitable incorporated organisation of which they are a charity trustee or any registered society or unincorporated association of which they are a member of the governing organ has a personal interest in that matter.
- 101 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which they are not entitled to vote.
- 102 The directors may (subject to the Charities and Trustee Investment (Scotland) Act 2005), by way of a vote passed by at least two thirds (to the nearest round number) of the directors then in office, suspend or relax to any extent – either generally or in relation to any particular matter – the provisions of articles 99 to 101.
- 103 If a question arises at a meeting of directors or at a meeting of a committee of directors as to the right of a director to vote, the question may, before the conclusion of the meeting, be referred to the chairperson of the meeting; their ruling in relation to any director other than themselves shall be final and conclusive.

Delegation to sub-committees

- 104 The directors may delegate any of their powers to any sub-committee consisting of one or more directors and such other persons (if any) as the directors may determine; they may also delegate to the chair of the company (or the holder of any other office) such of their powers as they may consider appropriate.
- 105 Any delegation of powers under article 104 shall be made subject to such conditions as the directors may impose and may be revoked or altered.
- 106 The terms of reference and rules of procedure for each sub-committee shall be as prescribed in writing by the directors.

Nominations Committee

- 107 The directors shall establish a committee (referred to in these articles as the “**Nominations Committee**”) to guide the directors in relation to the selection of appropriate individuals for appointment (or, as the case may be, re-appointment) as directors.
- 108 The Nominations Committee shall consist of 2 directors and 1 non-director nominated by the board.
- 109 The proceedings of the Nominations Committee shall be governed by such standing orders as may be issued by the directors from time to time.
- 110 In carrying out its functions, the Nominations Committee shall carry out an open and transparent recruitment process reflecting best practice at the time and having regard to the principles set out in article 55.

Operation of bank accounts

- 111 The signatures of two out of the signatories appointed by the directors shall be required in relation to all operations (other than lodgement of funds) on the bank and building society accounts held by the company in line with the Authorities Matrix approved by the board from time to time.

Secretary

- 112 The directors may (notwithstanding the provisions of the Act) appoint a company secretary, and on the basis that the term of office, remuneration (if any), and other terms and conditions attaching to the appointment of the company secretary shall be as determined by the directors; the company secretary may be removed by the directors at any time.

Minutes

- 113 The directors shall ensure that minutes are made of all proceedings at general meetings, meetings of the directors and meetings of committees of directors; a minute of a meeting of directors or of a committee of directors shall include the names of the directors present, and the minutes of each meeting shall be signed by the chairperson of that meeting and shall be kept in an appropriate place and format for at least ten years from the date of the meeting.

Accounting records and annual accounts

- 114 Accounting records shall be kept in accordance with all applicable statutory requirements and such accounting records shall, in particular, contain entries from day to day of all sums of money received and expended by the company and the

matters in respect of which such receipt and expenditure take place and a record of the assets and liabilities of the company; such accounting records shall be open to inspection at all times by any director of the company.

- 115 The directors shall prepare annual accounts, complying with all relevant statutory requirements; if an audit is required (as opposed to an independent examination) under any statutory provisions, or if the directors consider that an audit would be appropriate for some other reason, the directors shall ensure that an audit of the accounts is carried out by a qualified auditor.

Notices

- 116 Any notice to be given in pursuance of these articles shall be in writing.
- 117 The company may give any notice to a member in pursuance of these articles either personally or by sending it by post in a pre-paid envelope addressed to the member at their registered address or by leaving it at that address; alternatively, in the case of a member who has notified the company of an electronic address to be used for this purpose, the company may give any notice to that member by electronic means.
- 118 Any notice, if sent by post, shall be deemed to have been given at the expiry of twenty four hours after posting; for the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 119 Any notice sent by electronic means shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any notice sent by electronic means was indeed sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.
- 120 A member may give any notice to the company either by sending it by post in a pre-paid envelope addressed to the company at its registered office or by leaving it, addressed to the company secretary, at the company's registered office.
- 121 A member present or represented at any meeting of the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

Winding-up

- 122 If on the winding-up of the company any property remains after satisfaction of all the company's debts and liabilities, such property shall be paid or transferred to some charity or charities with similar purposes to those of the company, as determined (prior to the winding up) by the members of the company.

- 123 To the extent that effect cannot be given to article 122, the relevant property shall be applied to some charitable purpose or purposes.

Indemnity

- 124 Every director or other officer or auditor of the company shall be indemnified (to the extent permitted by sections 232, 234, 235, 532 and 533 of the Act) out of the assets of the company against any loss or liability which they may sustain or incur in connection with the execution of the duties of their office including, without prejudice to that generality (but only to the extent permitted by those sections of the Act), any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the company.
- 125 For the avoidance of doubt, the company shall be entitled (subject to the provisions of section 68A of the Charities and Trustee Investment (Scotland) Act 2005) to purchase and maintain insurance against any loss or liability which any director or other officer of the company may sustain or incur in connection with the execution of the duties of their office; and such insurance may (subject to the provisions of section 68A of the Charities and Trustee Investment (Scotland) Act 2005) extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).