

Subject:	Regenerate Pennine Lancashire Limited – Articles of Association	Status:	For Publication
Report to:	Council	Date:	25 th February 2015
Report of:	Health, Housing and Regeneration Manager	Portfolio Holder:	Regeneration, Tourism and Leisure
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Members approve the revised Articles of Association for Regenerate Pennine Lancashire Limited.
1.2	That Members approve an annual contribution to Regenerate Pennine Lancashire of £22,993.
1.3	All future negotiations and minor amendments to be delegated to the Director of Business in consultation with the Portfolio Holder.

2. PURPOSE OF REPORT

- 2.1 To seek approval for the revised Articles of Association for Regenerate Pennine Lancashire Limited.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- Priority 1: Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
- Priority 2: Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below.
- Indemnity and liability as it applies to members of the Company is covered in sections 25 and 26 of the Articles of Association.
 - Ensure Articles of Association reflect the up to date company position.

5. BACKGROUND AND OPTIONS

- 5.1 Regenerate Pennine Lancashire is a Limited Company in the ownership of Burnley, Blackburn with Darwen, Hyndburn, Pendle and Rossendale Councils and Lancashire County Council. The governing body is made up of the leaders from each of the councils and the board is mostly made up of the councils' chief executives and representatives from the private sector.
- 5.2 Regenerate Pennine Lancashire is an economic development company and works to increase opportunities for people living and working in Pennine Lancashire. Regenerate also aim to attract others to work, live or visit in this area of the North West. The Company works directly with local businesses to help them grow and compete on a national and international level, offering professional guidance, funding, business events and other beneficial services. They offer support to many people, including those who want to start up a new enterprise or business, adopt new technology within their business and bring new products to the market. They also assist companies who want to expand their premises or relocate to East Lancashire. Their services are available to business organisations across Lancashire, including those in Preston, Lancaster and Blackpool.
- 5.3 To date Regenerate has assisted over 3,727 businesses, creating and securing over 5,500 local jobs attracting over £120million public and private sector funding into Pennine Lancashire.
- 5.4 The Articles of Association included as Appendix 1 have been updated to reflect changes in the Company over the past 12 months and as a formal member of the Company, the Council is asked to endorse the revised articles.
- 5.5 The changes reflect the bringing together of the Board and Governing Body to streamline the decision making process. This also reduces the number of meetings to just 4 a year and allows the private sector board members to feel that they are actually part of shaping the direction of the company. However, there are still a number of matters reserved to the Members of the company, so the protection is in place, but the new articles are more proportionate to the size of the company.
- 5.6 During 2014 the Regenerate Pennine Lancashire Board considered its future funding requirements.
- 5.7 Since 2010 Regenerate has used residual HMR and LEGI funds to underpin core budgets and use as clean match funding to maximise income streams in order to deliver best outcomes for the residents and businesses of Pennine Lancashire. RPL is now in the last year of this legacy revenue funding. The company also receives funding from a number of external sources to deliver a range of programmes; most of these are due to end either this financial year or in the first quarter of 2015-16. The nature of external funding means that not all costs can be charged back to projects. During 2014/2015 Regenerate expect to turnover c£13m, this includes approximately £10m of capital grants. Regenerate carried forward a reserve balance of £229,000 into 2014-15. The estimated revenue outturn for 2014-15 is to breakeven.
- 5.8 A number of funding scenarios have been considered and the Company is currently undergoing a downsizing exercise. However, in order to maintain an appropriate level of core funding for the Company given the size of turnover and complexity of grant schemes a pro-rata annual contribution has been requested. The amount requested from Rossendale is £22,993 based on population size. Contributions agreed from other districts are:-

District	Pop	%age	funding
Burnley	87059	26.7686877	£29,446
Hyndburn	80734	24.8238922	£27,306
Pendle	89452	27.5044815	£30,255
Rossendale	67982	20.9029386	£22,993
Total	325227	100	110000

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Financial matters are noted within the report and the Articles of Association.

7. MONITORING OFFICER

7.1 Legal implications have been included with the report.

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 Consultation with the Director of Business, Portfolio Holder.

8.2 Continues support / involvement in Regenerate Pennine Lancashire which is key to the Council's 'Regenerating Rossendale' priority to be realised.

8.3 This report is not proposing new service, policies, strategies or plans (or significant changes to, or reviews, of them). It does not propose decisions about budget cuts or service changes/reductions that will affect specific protected equality groups. It is determined therefore, that this report is unlikely to have any adverse impacts under the Council's Equality Policy or associated equality duties, and has not been assessed for equalities impacts.

9. CONCLUSION

9.1 Regenerate Pennine Lancashire provides support, funding and advice to businesses both in Rossendale and across Lancashire. The Company has performed well in its ability to attract funding into the area and is well placed to take advantage of current national business support and economic development schemes.

Background Papers

Document	Place of Inspection
Regenerate Pennine Lancashire Limited – Articles of Association	Appendix 1

Company 05310616

Articles of Association of Regenerate Pennine Lancashire
Limited

Incorporated 10 December 2004

Adopted by special/written resolution passed on [date to be added as
appropriate 15th October 2014]

CONTENTS

Article	Page
1	PRELIMINARY 1
2	OPERATIVE CLAUSES 1
3	MEMBERS AND THE BOARD 5
4	GENERAL MEETINGS 5
5	NOTICE OF GENERAL MEETINGS 6
6	PROCEEDINGS AT GENERAL MEETINGS 6
7	VOTES OF MEMBERS 8
8	NUMBER OF DIRECTORS..... 8
9	APPOINTMENT OF DIRECTORS 89
10	ALTERNATE DIRECTORS 9
11	POWERS OF DIRECTORS 910
12	PROCEEDINGS OF THE DIRECTORS 10
13	DISQUALIFICATION AND REMOVAL OF DIRECTORS 15
14	MANAGING DIRECTOR.....16
15	BUSINESS PLAN AND BUDGET SETTING.....16
16	ACCOUNTS.....17
17	PROCUREMENT STANDING ORDERS AND FINANCIAL REGULATIONS.....17
18	FUNDING.....17
19	SECRETARY 1819
20	REMUNERATION AND EXPENSES 1819
21	THE SEAL 1819
22	MINUTES 1920
23	NOTICES 1920
24	WINDING UP..... 2021
25	INDEMNITY..... 2021
26	ADDITIONAL PROVISIONS AND LIABILITY OF MEMBERS 2122

THE COMPANIES ACTS 1985 AND 2006 (as amended)
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION
OF
REGENERATE PENNINE LANCASHIRE LIMITED (“the Company”)

1. PRELIMINARY

The regulations contained in Table C in the Schedule to the Companies (Tables A to F) Regulations 1985 and the model articles of association for private companies limited by guarantee contained in Schedule 2 to The Companies (Model Articles) Regulations 2008) in force at the time of adoption of these Articles shall not apply to the Company and these Articles alone shall constitute the regulations of the Company.

2. OPERATIVE CLAUSES

2.1 In these Articles the following expressions have the following meanings unless inconsistent with the context:

“Area” shall have the meaning given to it in **Article 26.2**;

“these Articles” the Articles of Association of the Company adopted from time to time;

“Bank” the bank of the Company from time to time as appointed by the Board;

“Blackburn with Darwen” Blackburn with Darwen Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative borough of Blackburn with Darwen;

“Board” the board of Directors of the Company from time to time;

“Board Chair”	the chairperson of the Board from time to time, as such person is appointed pursuant to these Articles;
“Business”	the business of the Company which shall be to implement and deliver such economic development and housing renewal strategies as are agreed from time to time by the Public Sector Directors by unanimous consent;
“Burnley”	Burnley Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative Borough of Burnley;
“Companies Act 2006”	the Companies Act 2006 (as amended from time to time);
“clear days”	in relation to the period of a notice means 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;
“company”	the word “company” , except where used in reference to the Company, shall be deemed to include any partnership or other body of persons, whether incorporated or unincorporated and whether domiciled in the United Kingdom or elsewhere;
“the directors”	the directors from time to time of the Company or (as the context shall require) any of them acting as the Board of the Company;
“District Council”	a district council within the County of Lancashire as constituted on the date of adoption of these Articles and any other body, authority or corporation to which the functions

of such District Council may from time to time have transferred.

“Electronic Address”	any address or number used for the purposes of sending or receiving documents or information by electronic means;
“Electronic Form” and “Electronic Means”	have the meaning given in Section 1168 of the Companies Act 2006;
“executed”	includes any mode of execution;
“Hard Copy Form”	has the meaning given in Section 1168 Companies Act 2006;
“Hyndburn”	Hyndburn Borough Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative borough of Hyndburn;
“Lancashire”	Lancashire County Council as constituted on the date of incorporation of the Company or any other successor body, authority or corporation responsible for the provision of services to the administrative county of Lancashire;
“members”	each of Blackburn with Darwen, Burnley, Hyndburn, Lancashire, Pendle and Rossendale and any members subsequently admitted in accordance with Article 3.1 (or any of them as the context may require);
“Memorandum of Association”	the memorandum of association of the Company;
“Objects”	shall have the meaning given to it in Article 26.2 ;
“office”	the registered office of the Company;
“Pendle”	Pendle Borough Council as constituted on the date of incorporation of the Company or any

other successor body, authority or corporation responsible for the provision of services to the administrative Borough of Pendle;

“Private Sector Directors” those directors other than Public Sector Directors, and reference to “Private Sector Directors” shall be to any of them;

“Public Sector Director” a director appointed by a member in accordance with **Article 9.2** and reference to **“Public Sector Directors”** shall be to any of them;

“Qualified Majority” No more than two members objecting;

“Relevant Agreement” any agreement entered into by the members from time to time regulating their involvement in the Company in addition to these Articles;

“Rossendale” Rossendale Borough Council as constituted on the date of incorporation of the Company or any other successor body authority or corporation responsible for the provision of services to the administrative Borough of Rossendale;

“seal” the common seal of the Company (if any);

“secretary” the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary;

“Statutes” the Companies Acts as defined in section 2 of the Companies Act 2006 and every other statute, order, regulation, instrument or other subordinate legislation for the time being in force relating to companies and affecting the Company; and

“the United Kingdom” Great Britain and Northern Ireland.

- 2.2 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Statutes but excluding any statutory modification thereof not in force when these Articles become binding on the Company.
- 2.3 The word "address" where it appears in these Articles includes postal address and electronic address and "registered address" shall be construed accordingly.
- 2.4 The expressions "holding company" and "subsidiary" shall have the meanings given to them respectively by section 1159 of the Companies Act 2006.
- 2.5 Wherever in these Articles any notice, resolution or other document is required to be signed by any person, the reproduction of the signature of such person by means of telex, printout, or facsimile copy shall be fully sufficient, provided that such notice, resolution or document shall within 14 days be confirmed to the recipient by writing signed in manuscript by such person.

3. **MEMBERS**

- 3.1 The subscribers to the Memorandum of Association and such other persons as are admitted to membership in accordance with these Articles shall be members of the Company. No person shall be admitted as a member of the Company unless by the unanimous approval of the Public Sector Directors save that where a member shall cease to exist its statutory successor shall (on providing its confirmation to the Company that it wishes to do so) automatically become a member of the Company. Every person who wishes to become a member shall deliver to the Company an application for membership in such form as the directors require to be executed by him agreeing to be bound by these Articles and any Relevant Agreement and upon being so admitted his name shall be entered in the register of members of the Company.
- 3.2 In accordance with the terms of any Relevant Agreement, a member of the Company shall cease to be a member in the event of such member's resignation, by the giving of written notice to the Company. [The notice period for a retiring member of the Company shall be determined by Qualified Majority of the Public Sector Directors.

4. **GENERAL MEETINGS**

- 4.1 The Company may in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it. An annual general meeting shall be held at such time and place as the Board shall appoint.

4.2 The directors and/or not less than three members may require the secretary to convene a General Meeting and, at such time, shall confirm to the secretary the nature of the business to be considered at such General Meeting.

5. **NOTICE OF GENERAL MEETINGS**

5.1 Subject to the provisions of the Companies Act 2006 all General Meetings shall be called by at least fourteen clear days' notice but may also be called by shorter notice if it is so agreed in accordance with section 307(4) of the Companies Act 2006. The notice shall specify the time and place of the meeting and the general nature of the business to be transacted.

5.2 Notwithstanding that the Company does not have a share capital every notice convening a general meeting shall comply with the provisions of section 325(1) of the Companies Act 2006 as to giving information to members in regard to their rights to appoint proxies and in regard to notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to the directors and to the auditors for the time being of the Company. Notice shall be given in accordance with the Companies Act 2006 that is, in Hard Copy Form, Electronic Form or by means of a website.

5.3 The Company may send a notice of meeting by making it available on a website or by sending it in Electronic Form and if notice is sent in either way it will be valid provided it complies with the relevant provisions of the Companies Act 2006.

6. **PROCEEDINGS AT GENERAL MEETINGS**

6.1 Subject to **Article 6.3** no business shall be transacted at any general meeting unless a quorum is present. A quorum shall be four members present in person or by duly authorised representative (where appointed).

6.2 Each member shall give written notice from time to time to the secretary of the identity of such member's duly authorised representative(s) for the purpose of General Meetings. Each member shall procure that where a duly authorised representative of such member is present at a General Meeting such duly authorised representative has the requisite authority to attend, vote and speak at such General Meeting on all matters before such General Meeting. For the avoidance of doubt, although each member shall be entitled to appoint more than one duly authorised representative from time to time, only one duly authorised representative shall be entitled to attend any General Meeting on behalf of such member.

6.3 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other

time and place as the members may determine and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed the member or members present in person or by duly authorised representative (where appropriate) entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

6.4 The Members may appoint a Chair by Qualified Majority, and may remove him by Qualified Majority from that office.

6.5 If the Chair is not present at any General Meeting, the members present shall choose one of the members present in person or by duly authorised representative to be chair of the meeting.

6.6 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any General Meeting.

6.7 The Chair may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place.

6.8 Subject to The Statutes and **Article 7**, at any General Meeting, a resolution put to the vote of the meeting shall (save where expressly stated otherwise in these Articles and/or any Relevant Agreement) be carried only on a majority vote in favour and shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Companies Act 2006, a poll may be demanded:

6.8.1 by the General Meeting Chair;

6.8.2 by at least 2 members having the right to vote at the meeting; or

6.8.3 by a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting,

and a demand by a person as a duly authorised representative for a member shall be the same as a demand by the member.

6.9 Unless a poll is duly demanded a declaration by the General Meeting Chair that a resolution has been carried or not carried by a majority (or otherwise as the case may be) and an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- 6.10 In the case of an equality of votes, whether on a show of hands or on a poll, the General Meeting Chair shall not be entitled to a casting vote.
- 6.11 A resolution in writing, executed by the requisite number of members required to pass a resolution by simple majority, Qualified Majority or unanimously (as the case may be and as required by the Statutes, these Articles and/or any Relevant Agreement) shall be valid and take effect as if it had been passed at a meeting duly convened and held. Any such resolution shall be circulated in writing or by Electronic Form by the secretary to all members and shall be accompanied by a statement informing members how to signify agreement to such resolution. A resolution in writing may consist of several instruments in the like form each executed by or on behalf of one or more members. In the event that the requisite number of executed resolutions required for the resolution to be passed are not returned within 28 days from the date that the resolution was sent to all members, the resolution shall be deemed not to have been passed by the members.

7. VOTES OF MEMBERS

On a show of hands every member (being an individual) present in person or present by a duly authorised representative shall have one vote and on a poll every member present in person or by a duly authorised representative (as the case may be) shall have one vote.

8. NUMBER OF DIRECTORS

Unless and until otherwise unanimously agreed by the Board the number of directors shall be not less than 2 and not more than 13.

9. APPOINTMENT OF DIRECTORS

- 9.1 The first directors of the Company shall be those persons named in the statement delivered pursuant to section 12(1) of the Companies Act 2006 who shall be deemed to have been appointed under these Articles. Future directors shall be appointed as provided subsequently in these Articles.
- 9.2 Each of the members shall be entitled from time to time by notice in writing to appoint one person to be a Public Sector Director. Each such director appointed shall hold office as a director and may at any time be removed from office by notice in writing by the member which appointed that director.
- 9.3 Private Sector Directors will be appointed following notice in writing to the Board by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors.

9.4 Subject always to the Members right to require the removal of an Private Sector Director as set out in **Article 13.1.5**, each Private Sector Director shall retire from office as director on the third anniversary of his/her appointment as a director of the Company unless the Board, by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors, extends such director's term of appointment provided that:

9.4.1 any such extension shall be for such period as the Board deems appropriate. For the avoidance of doubt, there shall be no limit on the number of times the Board shall be entitled to extend any such appointment; and

9.4.2 any such extension shall be determined by a Majority vote of the Board and a Qualified Majority vote of Public Sector directors

9.5 The Public Sector Directors, shall not be subject to retirement by rotation.

10. **ALTERNATE DIRECTORS**

10.1 In exceptional circumstances any Public Sector Director may appoint any person willing to act to be an alternate director and may remove from office any alternate director at any time.

10.2 Directors who are not Public Sector Directors shall not be entitled to appoint alternate directors.

10.3 An alternate director appointed pursuant to **Article 10.1** shall be entitled to receive notices of all meetings of directors and of all meetings of committees of directors of which his/her appointer is a member, to attend and vote at any such meeting at which his/her appointer is not present, and generally to perform all the functions of his/her appointer as a director in his/her absence but shall not be entitled to receive any remuneration from the Company for his/her services as an alternate director.

10.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the Public Sector Director making or revoking the appointment or in any other manner approved by the directors.

11. **POWERS OF DIRECTORS**

11.1 Subject to the provisions of the Statutes, any Relevant Agreement, these Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of these Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this **Article 11.1** shall not be limited by any special power given to the directors by

these Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.

- 11.2 The Board may delegate any of its powers to committees or sub-committees consisting of such director or directors as the Board thinks fit.
- 11.3 Each director sitting on a committee constituted under **Article 11.2** shall be entitled to one vote.
- 11.4 Any decision by a committee constituted under **Article 11.2** shall only be taken where a simple majority of the directors sitting on that committee have voted in favour of such decision.
- 11.5 Subject to this **Article 11**, the meetings and proceedings of such committee or sub-committee shall be governed by the provisions of these Articles for regulating the meetings and proceedings of the Board. Insofar as such power is so delegated, any reference in these Articles to the exercise by the directors of such power shall be read and construed as if it were a reference to such committee or sub-committee.

12. **PROCEEDINGS OF THE DIRECTORS**

- 12.1 The Board may meet together for the despatch of business, adjourn and, regulate their meetings as they think fit providing always that the Board shall meet no less than four times in each financial year of the Company (save where otherwise agreed by a resolution of the Board). The Board Chair or not less than three directors may require the secretary to convene a Board meeting and, at such time, shall confirm to the secretary the nature of the business to be considered at such Board meeting. Save where otherwise required by these Articles and/or by any Relevant Agreement, questions arising at any meeting shall be decided by a majority of votes and each director shall have one vote. In case of any equality of votes, the Board Chair shall have a second or casting vote.
- 12.2 Subject to **Articles 12.5** and **12.6**:
 - 12.2.1 no business shall be transacted at any Board meeting unless a quorum is present; and
 - 12.2.2 a quorum shall be 3 Public Sector Directors or their alternates appointed in accordance with article 10. `
- 12.3 Continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, they may act only for the purpose of calling a general meeting.

- 12.4 Meetings of the Board and any committee or sub-committee thereof shall be summoned by not less than seven days' notice served on the directors and in the case of any committee or sub-committee meetings, on the members of such committee or sub-committee (save where a majority of the Public Sector Directors confirm to the secretary their agreement to the calling of a meeting on shorter notice). Any such notice must include an agenda circulated by the secretary of the matters to be discussed at any such meeting. A director who is absent from the United Kingdom shall not be entitled to notice of a meeting.
- 12.5 If a quorum is not present within half an hour from the time appointed for a meeting of the Board, the meeting of the Board shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine.
- 12.6 Any director (including an alternate director) may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Statutes, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Board Chair of the meeting then is.
- 12.7 Subject to the provisions of the Statutes, and provided that he has disclosed to the directors the nature and extent of any interest of his, a director notwithstanding his office:
- 12.7.1 may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
 - 12.7.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
 - 12.7.3 may or any firm or company of which he is a member or director may act in a professional capacity for the Company or any body corporate in which the Company is in any way interested; and
 - 12.7.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

12.8 For the purposes of **Article 12.7**:

- 12.8.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- 12.8.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- 12.8.3 an interest of a person who is for any purpose of the Statutes (excluding any statutory modification not in force when the Company was incorporated) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

12.9 Whenever a director has an interest in a matter to be discussed at a meeting of the directors (or a committee of the directors) the director concerned shall subject to any rules or policies of the Company or the terms of any authorisation given by the directors under **Article 12.10**:

- 12.9.1 unless the directors resolve otherwise, the director shall not be:
 - 12.9.1.1 entitled to remain present at the meeting for that item;
 - 12.9.1.2 counted in the quorum for that part of the meeting;
 - 12.9.1.3 entitled to vote on the matter;

and for the avoidance of doubt where the director is a Public Sector Director and his interest is in a matter relating to his member appointor, he shall automatically be entitled to the rights at **Articles 12.9.1.1 to 12.9.1.3** (inclusive) notwithstanding a resolution of the Board to the contrary. In these circumstances the Public Sector Director will still be entitled to remain present, count towards the quorum and vote on the matter.

12.10 The directors may, at any time authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company ("a conflict of interest") provided that:

- 12.10.1 in the case of a proposed appointment of a person as a director, the directors will authorise the conflict of interest before or at the time the director is appointed to office;
- 12.10.2 in the case of any director the directors authorise the conflict of interest at the time the conflict is declared to them;
- 12.10.3 the director subject to the conflict of interest or any other interested director shall not vote and shall not be counted in the quorum in respect of the authorisation given under this **Article 12.10** and if he or any other interested director does vote, those votes shall not be counted;
- 12.10.4 the directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit and in doing so the directors will act in good faith in such a way that they consider will be most likely to promote the success of the Company;
- 12.10.5 a director will not be in breach of his duty under sections 172, 174 and 175 of the Companies Act 2006 or the authorisation given by this **Article 12.10** by reason only that he received confidential information from a third party relating to the conflict of interest which has been authorised by this **Article 12.10** and either fails to disclose it to the directors or fails to use it in relation to the Company's affairs and neither will he be in breach of his duty under the said section 175 for anything done or omitted to be done by him in accordance with the provisions of **Articles 12.8** and **12.9**; and
- 12.10.6 where approval to a transaction which falls within Chapter 4 of Part 10 of the Companies Act 2006 is given by members in accordance with that Chapter further authorisation for that transaction by the Directors under this **Article 12.10** is not necessary.
- 12.10.7 for the purposes of **Article 12.10**, "conflict of interest" includes a conflict of interest and a conflict of duty and a conflict of duties.
- 12.10.8 for the avoidance of doubt where a conflict of interest of a Public Sector Director relates to:
- 12.10.8.1 any matter relating to his member appointor;
- 12.10.8.2 a contract or arrangement with any member or a District Council or any authority body or undertaking in the County of Lancashire merely by reason that he or his spouse is a member, officer or employee of any member,

or any District Council or is a resident or charge payer in the County of Lancashire;

any such conflict of interest shall be approved by the directors, or by a resolution of his member appointor. Any refusal or delay by the Board to authorise such a conflict of interest will not in any way affect the validity of the resolution of the relevant member appointor to authorise such conflict of interest.

12.11 The Company shall maintain a register of conflicts declared in accordance with this **Article 12**.

12.12 The Board may, by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors appoint any director to be the Board Chair and may remove him, by a Majority vote of the Board and by a Qualified Majority vote of Public Sector Directors, from that office from time to time. Unless he is unwilling to do so, the Board Chair so appointed shall preside at every meeting of the directors at which he is present.

12.13 Subject always to the Boards right to appoint and remove the Board Chair from time to time in accordance with **Article 12.12**, the Board Chair shall retire from office on the third anniversary of his/her appointment as Board Chair unless the Board extends the Board Chair's term of appointment provided that:

12.13.1 any such extension shall be for such period as the Board deems appropriate. For the avoidance of doubt there shall be no limit on the number of times the Board shall be entitled to extend such appointment; and

12.13.2 any such extension shall be determined by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors.

12.14 A resolution in writing, signed by:

12.14.1 a majority of the Board, and a Qualified Majority vote of Public Sector Directors; or

12.14.2 a majority vote of a committee constituted pursuant to **Article 11**; (as the case may be)

shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) such a committee duly convened and held and may consist of several documents in the like form each signed by one or more directors or members of the committee (as the case may be).

- 12.15 Where the Board considers such attendance worthwhile or necessary to the matters to be transacted at the relevant meeting of the Board, it shall be entitled to invite relevant third parties to attend any meeting of the Board as observers providing that the secretary has received reasonable prior notification of such attendance and that such third parties agree to be bound by obligations of confidentiality reasonably acceptable to the Company and such observer shall subject to the agreement of the Board be entitled to speak at that meeting of the Board.
- 12.16 For the avoidance of doubt, no observer shall count in the quorum or be entitled to vote at any meeting of the Board.
- 12.17 Any observer permitted to attend a meeting of Board will be entitled to make full disclosure to their appointing organisations of any information relating to the Company which may come into their possession as an observer. Such appointing organisation must only use such information in connection with their interest in the Company and shall not (unless it is under a legal or regulatory obligation and then only to the extent required) use that information in any way which is or may be detrimental to the Company.

13. **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- 13.1 The office of a director shall be vacated if:
- 13.1.1 he ceases to be a director by virtue of any provision of the Statutes or these Articles or he becomes prohibited by law from being a director; or
 - 13.1.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - 13.1.3 he is, or may be, suffering from mental disorder and either:
 - 13.1.3.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
 - 13.1.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
 - 13.1.4 such director resigns his office by notice to the Company; or

- 13.1.5 in the case of a Private Sector Director, the Members determine, by Qualified Majority, that such Private Sector Director shall be removed from office; or
- 13.1.6 such director is a Public Sector Director, and is removed from office by his member appointor in accordance with **Article 9.2**;
- 13.1.7 in the case of a director appointed for a fixed term, that fixed term expires (save where extended pursuant to **Article 9.4**); or
- 13.1.8 such director ceases to be a member, officer or employee of the member appointing him/her (as appropriate) or the entity nominating him/her (as appropriate) as a director.

14. **MANAGING DIRECTOR**

The Members shall be entitled to appoint and remove a managing director of the Company by qualified majority.

15. **BUSINESS PLAN AND BUDGET SETTING**

- 15.1 The Board and the Members shall procure that the Annual Business Plan is prepared, reviewed and updated in accordance with the provisions of this **clause 15.1** such that:
 - 15.1.1 the Managing Director and the Management Team shall in each Financial Year review and update the Annual Business Plan for the then current Financial Year in order to produce a draft Annual Business Plan for the following Financial Year and shall provide copies of such draft Business Plans to the Board;
 - 15.1.2 the Board shall (if it considers it appropriate to do so) provide comments on and/or approve the relevant draft Annual Business Plan having, where applicable consulted with any funder to the Company;
 - 15.1.3 the Managing Director and the Management Team shall present an amended draft of the relevant Annual Business Plan to the Board;
 - 15.1.4 the Board by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors shall (if it considers it appropriate to do so) approve such relevant draft Annual Business Plan for the next Financial Year
- 15.2 The Managing Director and the Management Team shall provide to the Board reports of the Company's progress against the Annual Business Plan not less than three times in each Financial Year or at such other times as are agreed between the Managing Director, the Management Team and the Board (as

applicable), The Board has the power to amend the Annual Business Plan, within any Financial Year, if it is deemed appropriate to do so.

15.3 For such period as an updated Annual Business Plan is not approved and adopted by the Company in accordance with this Agreement, the relevant existing Annual Business Plan shall continue to be the Annual Business Plan of the Company.

15.4 The Annual Business Plan shall include a revenue and capital expenditure budget, cash flow projections and such other item or items as the Public Sector Directors may from time to time specify together with a summary of the assumptions on which they are based.

16. **ACCOUNTS**

16.1 Unless otherwise agreed by the Members (acting by Qualified Majority):

16.1.1 the Management Team will prepare or procure the preparation of draft audited accounts in respect of each Financial Year ("**Draft Accounts**") and shall deliver such Draft Accounts to the Board within 3 months of the end of such Accounting Year;

16.1.2 the Board will approve final Accounts by a majority vote of the Board and a Qualified Majority vote of Public Sector Directors within 5 months of the end of such Accounting Year.

16.2 The Accounts shall be prepared in accordance with the Statutes and all generally accepted accounting policies and principles in the United Kingdom.

17. **PROCUREMENT STANDING ORDERS AND FINANCIAL REGULATIONS**

17.1 The Company shall adhere to the standing orders and financial rules, regulations and policies of such Member(s) as the Public Sector Directors shall determine by Qualified Majority from time to time.

17.2 At such time as the Public Sector Directors determine by Qualified Majority the Company shall, and the Members shall procure (insofar as lies within their powers):

17.2.1 that the Company shall adopt standing orders to regulate the letting of contracts and the selection and evaluation of contractors consistent with the obligations imposed on the Members in relation to procurement ("Procurement Standing Orders") and that the Company's procurement of works, suppliers and services complies with all laws which relate to the EU public procurement framework; and

17.2.2 that the Company shall adopt financial rules, regulations and policies to which the Company will be subject in a form approved by the Public

Sector Directors (acting by Qualified Majority) setting out the financial authorisation processes and authorised expenditure limits (the "**Financial Regulations**") of the Company (including an operating manual and code of conduct).

18. **FUNDING**

18.1 Any expenditure by the Company in any form (electronic or otherwise) must be made in accordance with the Financial Regulations (to be adopted by the Company pursuant to **clause 17.2.2** of this Agreement) and must only relate to matters covered by the Annual Business Plan. For such time as the Company shall not have adopted the Financial Regulations any expenditure made by the Company shall require the prior approval of the Public Sector Directors (acting by Qualified Majority).

18.2 No new accounts will be opened by the Company, or amendments made to the mandate under which the Company operates its account with the Bank or any other account or facility opened with the Bank or any other bank or financial institution without the prior written consent of the Public Sector Directors by Qualified Majority.

19. **SECRETARY**

Subject to the provisions of the Companies Act 2006, the secretary shall be appointed by the members (acting unanimously) for such term, such remuneration and upon such conditions as they think fit, and any secretary so appointed may be removed by the members by Qualified Majority, provided always that no director may hold office as secretary where such office is remunerated.

20. **REMUNERATION AND EXPENSES**

20.1 The Company may, in accordance with any scheme adopted by the Board, reimburse any director for reasonable and proper out of pocket expenses incurred by any such director in connection with the performance of his or her duties as a director of the Company, save that the Company shall not reimburse expenses which may be recoverable from a member by a Public Sector Director.

20.2 The Company shall pay such remuneration to the managing director of the Company from time to time and to the Board Chair as is determined and approved by the Board.

21. **THE SEAL**

If the Company has a seal it shall be used only with the authority of the directors or of a committee of the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined,

every instrument to which the seal is affixed shall be signed by one director whose signature shall be attested in the presence of a witness or by one director and the secretary or another director.

22. **MINUTES**

22.1 The directors shall cause minutes to be made and kept for the purposes of:

22.1.1 recording the names and addresses of all the members;

22.1.2 all appointments of officers made by the directors; and

22.1.3 all proceedings at meetings of the Company and of the directors and of committees constituted pursuant to **Article 11.2** including the names of directors and members present at each such meeting.

23. **NOTICES**

23.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing or Electronic Form.

23.2 The Company may give notice to any person pursuant to these Articles either personally, by sending it by first class post in a pre paid envelope addressed to that person at his registered address or by leaving it at that address or (if he has no registered address in the United Kingdom) to or at that address, if any, within the United Kingdom supplied by him to the Company for the giving of notices to him, or in Electronic Form to an email address supplied by him to the Company for the giving of notices to him, but otherwise no such person shall be entitled to receive any notice from the Company.

23.3 Where a notice is sent by first class post, proof of the notice having been posted in a properly addressed, prepaid envelope shall be conclusive evidence that the notice was given and shall be deemed to have been given at the expiration of 24 hours after the envelope containing the same is posted. Where a notice is sent in Electronic Form, the notice shall be deemed to have been given at the expiration of 24 hours after the time of transmission.

23.4 Where the Statutes permit the Company to send documents or notices to its members and directors in Electronic Form such documents and notices will be validly sent provided the Company complies with the requirements of the Statutes. Subject to any requirements of the Statutes, documents and notices may be sent to the Company in Electronic Form to the address specified by the Company for that purpose and such documents or notices sent to the Company are sufficiently authenticated if the identity of the sender is confirmed in the way the Company has specified.

24. **WINDING UP**

- 24.1 The making of any petition or resolution to wind up the Company or any petition for an administration order or any order having similar effect in a different jurisdiction in relation to the Company (unless in any case the Company is at the relevant time insolvent and the Directors reasonably consider (taking into account their fiduciary duties) that it ought to be wound up) shall require the approval of the members by unanimous consent.
- 24.2 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 such party is a member or within one year after such party ceases to be a member, for payment of the Company's debts and liabilities contracted before such party ceases 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.
- 24.3 If at the conclusion of the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property or operating surplus whatsoever, the same shall:
- 24.3.1 be paid to the members of the Company pro rata to the funding and other support (cash or otherwise) which, when aggregated together, they have each made available and advanced to the Company; or
- 24.3.2 be paid as the members of the Company shall otherwise unanimously determine in writing.

25. **INDEMNITY**

- 25.1 Subject to the provisions of, and so far as may be permitted by, the Statutes but without prejudice to any indemnity to which the person concerned may be otherwise entitled, the Company may indemnify every director, alternate director, secretary or other officer of the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the lawful execution of the duties, powers or office or otherwise in relation thereto, [including any liability which may attach to him or be incurred by him in respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director, secretary or other officer of the Company. For the avoidance of doubt every director, alternate director, secretary or other officer of the Company is not indemnified by the Company for any unlawful or illegal acts, at any time.
- 25.2 The directors shall have power to purchase and maintain insurance for any director, alternate director, secretary, auditor or other officer of the Company or

any associated company (as defined in section 256 of the Companies Act 2006) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company) including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a director, alternate director, auditor, secretary or other officer of the Company (or associated company).

25.3 The commencement and/or defending of criminal or civil proceedings will be determined by Qualified Majority vote of the Public Sector Directors.

25.4 Subject to the provisions of, and so far as may be permitted by the Statutes, the Company shall be entitled to fund the expenditure of every director, or other officer of the Company incurred or to be incurred:

25.4.1 in defending any criminal or civil proceedings; or

25.4.2 in connection with any application under sections 661(3), 661(4) or 1157 of the Companies Act 2006.

26. **ADDITIONAL PROVISIONS AND LIABILITY OF MEMBERS**

26.1 The Company's registered office is to be situated in England and Wales.

26.2 The Company's objects ("Objects") are to work within the Pennine Lancashire area ("the Area" being the administrative areas covered by Blackburn with Darwen Borough Council, Burnley Borough Council, Hyndburn Borough Council, Pendle Borough Council, and Rossendale Borough Council) and also in other areas outside the Area in accordance with the annual business plan of the Company approved as specified in Article 15 and with partners for the benefit of the wider region and beyond, in order to develop, implement and deliver economic development and housing renewal strategies and other strategies as may be agreed from time to time by the Company's members.

26.3 In furtherance of the Objects but not further or otherwise the Company shall have all the powers of a general commercial company.

26.4 None of the Objects shall be restrictively construed but the widest interpretation shall be given to each such Object and none of such Objects shall, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from any other Object or Objects (as applicable) or by reference to or inference from the name of the Company.

26.5 None of the Objects shall be deemed subsidiary or ancillary to any of the Objects and the Company shall have as full a power to exercise each and every one of the Objects as though each such sub-clause contained the Objects of a separate company.

- 26.6 Any decisions to amend, vary and/or supplement the Objectives of the Company or alter the nature/scope of the Business shall require approval of the members by unanimous consent. "Business" not defined – perhaps add the definition from the members agreement
- 26.7 The liability of the members is limited.
- 26.8 The income and property of the Company shall be applied solely towards the promotion of the Objects of the Company. No portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit to members of the Company.
- 26.9 Nothing in these Articles shall prevent any payment in good faith by the Company:
- 26.9.1 of reasonable and proper remuneration to any member, officer or servant of the Company for any services rendered to the Company;
 - 26.9.2 of interest or capital in respect of money lent to the Company by any member of the Company or director of the Company;
 - 26.9.3 of reasonable and proper rent or licence fee for any premises demised, let or licensed to the Company by any member of the Company or director of the Company;
 - 26.9.4 of fees remuneration or other benefit in money or monies worth to a company of which a member of the Company or a director may be a member; or
 - 26.9.5 to any director of reasonable out of pocket expenses properly incurred in connection with the business or undertaking of the Company.
- 26.10 The Members shall exercise all voting rights and the powers of control available to them so as to procure (so far as each Member is legally able) that:
- 26.10.1 the Company shall transact all its business on arm's length terms (including, for the avoidance of doubt, any business it transacts with the Members or any of them);
 - 26.10.2 the Company shall maintain, with a well-established and reputable insurer, adequate insurance against all risks usually insured against by companies carrying on the same or a similar business and (without prejudice to the generality of the foregoing) for the full replacement or reinstatement value of all its assets of an insurable nature;

- 26.10.3 the Company shall keep proper books of account and therein make true and complete entries of all its dealings and transactions and in relation to its business and financial affairs;
- 26.10.4 following a request from a Member with adequate notice, the Company shall provide such Member with unaudited management accounts and cash flow forecast for the subsequent 3 month period in a form acceptable to the Member by 2 days prior to each board meeting of the Company and in any event no less than once every 3 months;
- 26.10.5 the Members, their duly authorised employees and/or any duly authorised employee of a Governmental body shall each be entitled to examine the separate books and accounts to be kept by the Company and be supplied with all relevant information, including management accounts (as referred to in **clause 26.10.4**) and operating statistics and such other trading and financial information in such form as they may reasonably require to keep each of them properly informed about the Business and the affairs of the Company.

SCHEDULE OF MATTERS RESERVED TO PUBLIC SECTOR DIRECTORS

Item	Article	Voting
Admission of a New Member		Unanimous
Member Resignation Notice Period		Qualified Majority
Chair of General Meetings appointment and removal		Qualified Majority
Removal of a Private Sector Director		Qualified Majority
Appointment and removal of Managing Director		Qualified Majority
Changing how the accounts are prepared and delivered to the Board		Qualified Majority
Adopting and adhering to standing orders regulations for finance/procurement		Qualified Majority
If no financial regulations are in place approval of any spend agreed by the Company.		Qualified Majority
The opening of new bank accounts		Qualified Majority
Appointment of Secretary		Unanimous Consent
Removal of Secretary		Qualified Majority
Winding Up		Unanimous Consent
In the event of winding up determining any surplus paid to local authorities other than on a pro-rotta basis		Unanimous Consent
Commencement / defending of proceedings		Qualified Majority
Amending, varying, supplementing the objectives of the Company		Unanimous Consent