

Report to Cabinet

Subject: Request from Gedling Homes to amend its Articles of Association to dispense with the formality of an AGM

Date: 8 August 2013

Author: Council Solicitor and Monitoring Officer

Wards Affected

Not applicable.

Purpose

To seek Members views on the request from Gedling Homes to dispense with the formality of an Annual General Meeting.

Key Decision

This is not a Key Decision

Background

- 1.1 The Council transferred its housing stock to Gedling Homes in November 2008 and remains involved in the Company both at Board level and as a Member.
- 1.2 The New Charter Group (parent company of Gedling Homes) has recently been considering proposals to dispense with Annual General Meetings, which is now allowed under the Companies Act 2006. The business conducted at an AGM is as follows:
 - To receive the Directors' Annual Report and Accounts;
 - To appoint auditors;
 - To elect independent board members; and
 - To confirm the election of any tenant board members.

Gedling Homes proposes to dispense with AGM's on the basis that:

- the work and cost involved in arranging an AGM far outweighs the return;
- business will be conducted in a more efficient way; and

- it demonstrates the company's commitment to ensure Value for Money is delivered.
- 1.3 Gedling Homes is of the view that the items normally considered at an AGM can be passed by written resolution or the Members can call a General Meeting at any time during the year to consider those issues which are not able to be passed by written resolution (namely removal of a director or auditor before the expiration of his term of office). Gedling Homes indicates that the terms of office/retirements by rotation of board members, usually considered at the AGM in September, be revised to tie in with the financial year end.
- 1.4 This change can only take effect by amending Gedling Homes' Articles of Association. The proposed changes are set out in the draft Special Written Resolution attached at Appendix 1. The written resolution also contains a couple of additional minor changes to reflect the addition of another company to the Group and updates references to legislation and names of organisations.
- 1.5 In order to amend the Articles of Association, approval is required from:
- New Charter (as parent company)
 - The Board (comprising 4 Borough Council Board Members, 4 Tenant Board Members, the Parent Board Member and 3 Independent Board Members)
 - The Members (comprising the Council, Tenant Members, Independent Members and the Parent)

The first 2 approvals have been given and the Council is being asked to approve the changes in its role as the Local Authority Member of the Company. Instead of calling a meeting of the Members, the approval process is being dealt with by way of written resolution, which is specifically permitted in the Articles of Association as follows:

"A written resolution signed by or on behalf of each Member who would have been entitled to vote on the resolution if it had been proposed at a meeting, shall be deemed to have been passed at a general meeting and may consist of several documents in like form, each signed by or on behalf on or more Member."

- 1.6 In the event that the Council (as Local Authority Member) or another Member refuses to agree to the proposed changes, they cannot be implemented at the present time.

Proposal

- 2 It is proposed that Cabinet approves the request from Gedling Homes to amend the Articles of Association as set out in Appendix 1 in order to dispense with the AGM.

Alternative Options

- 3 Not to agree to the request to amend the Articles of Association and allow Gedling Homes to dispense with an AGM.

Financial Implications

- 4 None arising from this report.

Appendices

- 5 Appendix 1 – Draft Special Written Resolution.

Background Papers

- 6 Gedling Homes Articles of Association.

Recommendation(s)

THAT Cabinet:

- I. Approves the amendments to the Gedling Homes Articles of Association as set out in the draft Special Written Resolution which has the effect of dispensing with an AGM: and
- II. Authorises the Council Solicitor and Monitoring Officer to sign the Written Resolution on behalf of the Council

Reasons for Recommendations

- 7.1 As a Member of Gedling Homes, the Council has voting rights and should exercise those rights.
- 7.2 To enable Gedling Homes to conduct its business in a more efficient way and ensure Value for Money.