

**Appendix A - Articles of Association**

The Companies Act 2006

Community Interest Company Limited by Guarantee

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**Articles of Association**

**of**

**Dorset Local Enterprise Partnership C.I.C**

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## **Articles of Association**

**of**

### **Dorset Local Enterprise Partnership C.I.C**

#### **INTERPRETATION**

##### **1. Defined Terms**

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

#### **COMMUNITY INTEREST COMPANY AND ASSET LOCK**

##### **2. Community Interest Company**

The Company is to be a community interest company.

##### **3. Asset Lock**

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

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

3.2.1 the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and

3.2.2 the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

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

3.4 If:

3.4.1 the Company is wound up under the Insolvency Act 1986; and

3.4.2 all its liabilities have been satisfied

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

##### **4. Not for profit**

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

## **OBJECTS, POWERS AND LIMITATION OF LIABILITY**

### **5. Objects**

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to drive economic and employment growth in Dorset, through the support of a strongly performing, productive and sustainable economy, characterised by a greater incidence of higher paid and skilled jobs, in a manner that, in so far as possible, harnesses and protects Dorset's unique environmental assets.

### **6. Powers**

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

### **7. Liability of members**

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

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

## **DIRECTORS**

### **DIRECTORS' POWERS AND RESPONSIBILITIES**

### **8. Directors' general authority**

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

### **9. Members' reserve power**

- 9.1 The members may, by special resolution, direct the Directors to take, or refrain from taking, specific action.
- 9.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

### **10. Chair**

- 10.1 The Directors may appoint one of the Private Sector Directors to be the Chair of the Directors and may at any time remove him or her from office. The Chair will hold office for a period of three years. He or she may be re-appointed for further term of three years.

10.2 The Directors may appoint one of their number to be the vice-Chair of the Directors and may at any time remove him or her from office. The vice-Chair will hold office for a period of three years. He or she may be re-appointed for a further term of three years.

## **11. Directors may delegate**

11.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:

- 11.1.1 to such person or committee;
- 11.1.2 by such means (including by power of attorney);
- 11.1.3 to such an extent;
- 11.1.4 in relation to such matters or territories; and
- 11.1.5 on such terms and conditions,

as they think fit.

11.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

11.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **12. Committees**

12.1 The Directors may delegate under written terms of reference to committees and/or working groups. Those powers shall be exercised in accordance with any written instructions given by the Board.

12.2 Every committee shall include one Director. The Board will appoint the chair of any committee and shall specify the quorum.

12.3 To the extent that terms of reference made under Article 12.1 do not deal with any issue, the committees and/or working groups must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

## **DECISION-MAKING BY DIRECTORS**

### **13. Directors to take decisions collectively**

Any decision of the Directors must be either a majority decision at a meeting, although the Directors recognise that unanimity is ideal, or a decision taken in accordance with Article 18.

### **14. Calling a Directors' meeting**

14.1 Outside the regular schedule of Directors' meetings, five or more Directors or the Chair may (and the Secretary, if any, must at the request of five or more of the total number of Directors or the Chair) call a Directors' meeting.

- 14.2 A Directors' meeting must be called by at least seven Clear Days' notice unless either:
- 14.2.1 all the Directors agree; or
  - 14.2.2 urgent circumstances require shorter notice.
- 14.3 Notice of Directors' meetings must be given to each Director.
- 14.4 Every notice calling a Directors' meeting must specify:
- 14.4.1 the place, day and time of the meeting; and
  - 14.4.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 14.5 Notice of Directors' meetings need not be in Writing.
- 14.6 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.

## **15. Participation in Directors' meetings**

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:
- 15.1.1 the meeting has been called and takes place in accordance with the Articles; and
  - 15.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **16. Quorum for Directors' meetings**

- 16.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 16.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, and unless otherwise fixed it is eight, provided that the Private Sector Directors must form a majority of those present at the meeting and there are at least 2 non-Private Sector Directors present.
- 16.3 If there are not sufficient Directors to satisfy the quorum requirement under Article 16.2, the Directors must not take any decision other than a decision to appoint or invite the appointment of further Directors.

## **17. Decision making at a meeting**

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

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

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

## **18. Decisions without a meeting**

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

18.2 A decision which is made in accordance with Article 18.1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

18.2.1 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;

18.2.2 following receipt of responses from a majority of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 18.2;

18.2.3 the date of the decision shall be the date of the communication from the Recipient confirming formal approval; and

18.2.4 the Recipient must prepare a minute of the decision in accordance with Article **Error! Reference source not found.**

## **19. Conflicts of interest**

19.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors.

19.2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.

19.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 18 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 20, he or she must:

19.3.1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;

19.3.2 not be counted in the quorum for that part of the meeting; and

19.3.3 withdraw during the vote and have no vote on the matter.

19.4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by

withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.

## **20. Directors' power to authorise a conflict of interest**

- 20.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:
- 20.1.1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 19.3;
  - 20.1.2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum; and
  - 20.1.3 the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation.
- 20.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 20.1 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.
- 20.3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 20.1 (subject to any limits or conditions to which such approval was subject).

## **21. Register of Directors' interests**

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

### **APPOINTMENT AND RETIREMENT OF DIRECTORS**

## **22. Appointment of Directors**

- 22.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.
- 22.2 Following incorporation the Company shall have the following Directors:
- 22.2.1 up to four Public Sector Directors appointed in accordance with Article 23;
  - 22.2.2 one HE Director appointed in accordance with Article 24;
  - 22.2.3 one FE Director appointed in accordance with Article 25; and

- 22.2.4 up to eleven Private Sector Directors appointed in accordance with Article 26, so as to ensure that the total number of Private Sector Directors is greater than the total number of all other Directors.
- 22.3 The terms of office of the first Directors of the Company shall be calculated by reference to the date they were originally appointed.

### **23. Public Sector Directors**

- 23.1 Each of Bournemouth Borough Council, Dorset County Council, Poole Borough Council and (collectively) the District Councils have the right to appoint one elected member as a Public Sector Director. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.
- 23.2 Subject to Article 23.3 and Article 28:
- 23.2.1 a Public Sector Director is to hold office during their term of office as an elected member of the relevant Council; and
- 23.2.2 the District Councils must exercise their right to appoint one Public Sector Director collectively. Such appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.
- 23.3 The Council which appointed an individual as a Public Sector Director in accordance with Article 23.1 is entitled to remove him or her at any time in the same way as it appointed him or her.

### **24. HE Directors**

- 24.1 The Higher Education Sector Organisations have the right to collectively appoint one HE Director. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.
- 24.2 Subject to Article 24.3 and Article 28, a HE Director is to hold office for a period of three years. He or she may be re-appointed for further terms of three years.
- 24.3 The Higher Education Sector Organisations are entitled to collectively remove a HE Director in the same way as they appointed him or her.
- 24.4 In the event that the Higher Education Sector Organisations do not (or are unable to agree as to how to) exercise their right of appointment under Article 24.1 the Directors may appoint an individual who, in their reasonable opinion, is suitably qualified or experienced to serve as the HE Director.

### **25. FE Director**

- 25.1 The Further Education Colleges have the right to collectively appoint one FE Director. Such an appointment is to take effect when notified to the Company in writing and delivered to the Registered Office, a Directors' meeting or the Secretary in person.
- 25.2 Subject to Article 25.3 and Article 28 the FE Director is to hold office for a period of three years. He or she may be re-appointed for further terms of three years.

- 25.3 The Further Education Colleges are entitled to collectively remove the FE Director in the same way as they appointed him or her.
- 25.4 In the event that the Further Education Colleges do not (or are unable to agree on how to) exercise their right of appointment under Article 25.1 the Directors may appoint an individual who, in their reasonable opinion, is suitably qualified or experienced to serve as the FE Director.

## **26. Private Sector Directors**

- 26.1 Following an open recruitment procedure the Directors shall appoint individuals as Private Sector Directors so as to ensure that, at all times, the total number of Private Sector Directors is greater than the total number of all other Directors.
- 26.2 Subject to Article 28 and, unless the Directors decide otherwise at the time of appointment, a Private Sector Director is to hold office for an initial period of three years. He or she may be re-appointed in accordance with Article 26.1 for a further two terms of three years.

## **27. Alternate Directors**

- 27.1 A Public Sector Director or HE Director ("the Appointer") may appoint an individual who, unless the Directors decide otherwise, is an employee, elected member or officer of the same organisation as the Appointer, and who is approved by the Directors to:-
- 27.1.1 exercise his/her powers including, for the avoidance of doubt, his right to vote; and
  - 27.1.2 carry out his/her responsibilities,
- in relation to the taking of decisions by the Directors in the Appointer's absence.
- 27.2 Any appointment or removal of an Alternate Director must be effected by notice in writing to the Company signed by the Appointer, or in any other manner approved by the Directors.
- 27.3 An Alternate Director must be an elected member or a representative of the Public Sector Director mandated to make decisions as if he or she was the Public Sector Director.
- 27.4 An Alternate Director:
- 27.4.1 shall be entitled to receive notice of all Directors' meetings and of all meetings of committees of which his or her Appointer is a member;
  - 27.4.2 may be counted as participating for the purposes of determining whether a quorum is present (but only if that individual's Appointer is not present); and
  - 27.4.3 may not attend a Directors' meeting as an observer at which his or her Appointer is present unless the Directors decide otherwise.
- 27.5 The appointment of an Alternate Director terminates:-
- 27.5.1 when his or her Appointer revokes the appointment in accordance with Article 27.2;

27.5.2 on the occurrence of any event which, if it occurred in relation to his or her Appointer, would result in the termination of the Appointer's appointment as a director; or

27.5.3 when his or her Appointer ceases to be a director for any reason.

## **28. Co-opted Directors**

The Directors may from time to time co-opt up to three persons to the Board and the Board may at any time revoke such co-option. Co-opted Directors shall be entitled to vote and shall be counted in the quorum for Directors' meetings.

## **29. Observers**

The Board may from time to time appoint observers to attend Directors' Meetings. Observers shall not be entitled to vote but may be invited to speak at the meeting on specific matters. The Board may exclude observers from any part of a Directors' Meeting.

## **30. Termination of Director's appointment**

A person ceases to be a Director or Co-opted Director as soon as:

30.1 that person ceases to be a Director or Co-opted Director by virtue of any provision of the Companies Acts, or is prohibited from being a Director or Co-opted Director by law;

30.2 being a Public Sector Director that person comes to the end of his/her term of office as specified in Article 23.2.1 and is not re-appointed, or is removed from office in accordance with Article 23.3;

30.3 being an HE Director that person comes to the end of his/her term of office under Article 24.2 and is not re-appointed, or is removed from office in accordance with Article 24.3;

30.4 being an FE Director that person comes to the end of his/her term of office under Article 24.2 and is not re-appointed, or is removed from office in accordance with Article 24.3;

30.5 being a Private Sector Director that person comes to the end of his/her term of office under Article 26.2 and is not re-appointed to the Board;

30.6 a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

30.7 a composition is made with that person's creditors generally in satisfaction of that person's debts;

30.8 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director or Co-opted Director and may remain so for more than three months;

30.9 notification is received by the Company from the Director or Co-opted Director that they are resigning from office, and such resignation has taken effect in

accordance with its terms (but only if at least two Directors will remain in office when such resignation has taken effect);

30.10 the Director or Co-opted Director (or where permitted in accordance with Article 27 his or her Alternate Director) fails to attend three quarters of all Directors' meetings within a 12 month period and three quarters of the Directors present vote to remove the Director or Co-opted Director;

30.11 they are a Co-Opted Director and are removed by the Board in accordance with Article 28; or

30.12 at a Directors' meeting, a resolution is passed by three quarters of the Directors present to remove the Director from office, provided the meeting has invited the views of the Director concerned and considered the matter in the light of such views.

### **31. Directors' remuneration**

31.1 Directors may undertake any services for the Company that the Directors decide.

31.2 Directors are entitled to such remuneration as the Directors determine:

31.2.1 for their services to the Company as Directors; and

31.2.2 for any other service which they undertake for the Company.

31.3 Subject to the Articles, a Director's remuneration may:

31.3.1 take any form; and

31.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

31.4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

31.5 Unless the Directors decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

### **32. Directors' expenses**

The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

32.1 meetings of Directors or committees;

32.2 general meetings; or

32.3 separate meetings of any class of members or of the holders of any debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

