

# **STRATA – JOINT EXECUTIVE COMMITTEE**

**DATE:** 3 February 2015

**REPORT OF:** Duncan Moors, Solicitor to Teignbridge District Council

**SUBJECT:** Appointment of Alternate Directors to the Strata Board

## **PART I**

### **RECOMMENDATIONS**

The Joint Executive Committee (JEC) is recommended to note this report regarding the appointment of alternate directors and request that the Chief Executives of each of the Councils appoint an alternate director.

#### **1. PURPOSE**

To advise the JEC of the need for the shareholding councils to appoint alternate directors to the Strata Board and to request that the Chief Executives of each of the Councils appoint an alternate director in line with the proposals set out in section 3 below.

#### **2. BACKGROUND**

2.1 Strata commenced operations on 1 November 2014. The Board of directors comprises three directors, each appointed by their respective Council.

2.2 The directors are:

- David Hodgson – Assistant Director Finance (and Section 151 Officer), Exeter;
- Simon Davey – Head of Finance (and Section 151 Officer), East Devon; and
- Stephen Hodder – Business Lead Corporate Services and Transformation, Teignbridge.

2.3 Strata's Articles of Association provide that the Councils can nominate alternate directors, who will act in place of a director, if the latter is absent from a meeting.

2.4 The Articles do not require meetings of the Board to be face-to-face. However the directors have agreed that all meetings should be face-to-face whilst

Strata finds its feet. It is likely that the need for face-to-face meetings of the Board will reduce over time especially where the volume of business decreases.

- 2.5 Appointing an alternate does not relieve the director making the appointment of his responsibilities as a director. An alternate director is personally responsible for all his actions as a director while performing the functions of his appointor.
- 2.6 Directors and alternate directors must comply with the following duties set out in the Companies Act 2006:
- Act within powers (section 171);
  - Promote the success of the company (section 172);
  - Exercise independent judgement (section 173);
  - Exercise reasonable skill, care and diligence (section 174);
  - Avoid conflicts of interest (section 175);
  - Not accept benefits from third parties (section 176); and
  - Declare interest in a proposed transaction or arrangement with the company (section 177).
- 2.7 The appointment of alternate directors is not a JEC function; it is for the Councils, as shareholders. The appointment of directors was delegated to the Chief Executives and the appointment of alternates falls within that delegation.
- 2.8 Alternates will have the same voting rights as the appointed directors and count towards the required quorum. It is important to note that for a meeting of the Board to be quorate, a director from each of the Councils must be present and that all decisions of the Board must be unanimous.

### **3. PROPOSAL**

- 3.1 The Board has proposed that the following officers are appointed as alternate directors:
- East Devon District Council – Karen Jenkins, Strategic Lead - Organisational Development and Transformation
  - Exeter City Council – Mark Parkinson, Deputy Chief Executive
  - Teignbridge District Council – Duncan Moors, Solicitor to the Council

### **4. GROUPS CONSULTED**

Consultation on the choice of alternate director is a matter for each Council.

### **5. TIME-SCALE**

Once an alternate is selected by each Council, that appointment is to have immediate effect.

**6. JUSTIFICATION**

The appointment of alternate directors will provide flexibility and enable decision making to take place if the appointed directors are unable to attend a Board meeting.

**7. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)**

10.00 a.m. on 10 February 2015.