

CABINET COMMITTEE – GROUP COMPANY GOVERNANCE

16 JANUARY 2019

[Discussion Draft] Process for Appointment and resignation of Directors

Appointments of Directors

Certain Director Appointments (for example, appointments to the LGA, WM Fire & Rescue Authority, WMCA etc) are, currently, reserved to Full Council (page 42 Constitution). The intention is that such specific appointments should remain with Full Council for approval.

The proposal is that CC-GCG approves all other officer and elected member appointments to outside bodies.

Elected member appointments are currently ratified by Cabinet and the CC-GCG would need to consider whether this should continue to be the case and, if so, at what frequency.

Protocol for Appointment of Directors to Outside Bodies: -

- 1.) It is proposed that the Initial Stage of the appointment/nomination process is to be carried out by supporting officers of the CC-GCG (Finance and Legal) together with service area officers where appropriate.**

Information to be collated and points to consider by supporting officers at this initial stage include:

- a. Requesting party to provide information as to the Company/Organisation requesting the appointment and details of the vacancy arising including necessary skills, experience etc. which a director would be required to have;
- b. Determine whether the appointment requires an Elected Member or a Council officer to fill the role
- c. Consider whether the requesting party has requested a specific named individual or whether a new nomination needs to be found;
- d. Consider potential conflicts of interest;
- e. Establish whether the appointment requires a full director (and whether this would be Executive or Non-Executive) or whether an alternative might be considered as more appropriate e.g. an observer.
- f. If an Officer appointment is required and no name has been put forward, consideration may be given to making an appointment from the 'Director

Pool' (a list of suitably qualified individuals who have been trained and are willing to act in the position of Directors on an as and when basis.)

- g. If an Elected Member is required, a request for nominations is submitted to the Party Group. In all nominations, the Party Group would need to consider whether the appointment is political, should be proportional, relevant skills required; potential conflicts of interest; consent of individual member; suitability of individual to a particular body (e.g. WOC, Trust, Charity, BID)

2.) Process at CC-GCG – Officer Appointments

- a. A Nomination of Director Report to be presented to CC-GCG detailing:-
 - i. Company information and background including shareholder details and details of the vacancy arising
 - ii. the Name of the nominee(s) intended to be appointed and confirmation of their consent to act
 - iii. detail of the current board of directors or existing company governance,
 - iv. the term of appointment,
 - v. how the nominated individual would meet the skills requirements noting their other directorships and potential conflicts of interest,
 - vi. any other information supporting the nomination
- b. CC-GCG to consider the report and whether to approve the appointment or seek further information. *Committee may require a mechanism for reverting back for further information*
- c. Once appointment has been approved, finance and legal colleagues to report back to the requesting party (service area lead) and the individual nominated. Any external Company Secretary to be informed to ensure compliance. If Company Secretary duties are carried out in-house, appropriate action taken to update Companies House records. Finance/Legal and Committee Services advised to update their databases.
- d. Training/refresher to be arranged for new Directors.

3.) Process - Elected Member Appointments:

- a. A Nomination of Director report to be presented to the CC-GCG to include all the elements outlined in 2(a) above but in addition, details provided by the Party Group and requirements as to proportionality.
- b. As above, CC-GCG to consider whether to approve the appointment or seek further information. *Committee may require a mechanism for reverting back for further information*
- c. Once appointment approved by CC-GCG, the same process will apply for reporting back to the requesting party, the individual appointed, Company Secretary, Finance/Legal, Committee Services as above; Consideration should be given to the Elected Member appointment also being ratified with Cabinet (monthly, quarterly, yearly?)

4.) Ratification of Director Appointments by CC-GCG

- a. It is sometimes necessary to make urgent appointments e.g. when officers leave the Council with short or no notice or members fail to be re-elected. In those and similar situations replacement directors need to be appointed as soon as possible, for example, to prevent a company becoming inquorate and unable to lawfully conduct its business.
- b. CC-GCG might consider a delegation to finance and legal officers to make urgent appointments following the process outlined above. Appointments made in this way would be ratified by CC-GCG at the next scheduled committee meeting.

Resignation of Directors

Director resignations will be notified to the CC-GCG as part of the above process where the vacancy has arisen in this way.

It will be a condition of all director appointments from the outset that the directorship lasts only whilst directors are current officers or elected members and they will be required to resign prior to departure. If the Council wishes to retain the services of a departing director it may do so through the appointment process prior to such departure. A director who refuses to resign and therefore no longer retains the Council's nomination or appointment, will cease to benefit from the Council's Director & Officer insurance effective from the date of their departure.

The Council may require a director to resign his/her nominee directorship at any time without giving a reason and such director will be required to co-operate fully.

Relevant compromise agreements will contain an obligation that directors departing the Council, leaving the Council insufficient time for a replacement to be appointed (even from the pool) will be required to sign resignation documentation before they depart even if the resignation does not become effective until a later date.

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