

LRALC

Supporting Local Councils in Leicestershire & Rutland

14th September 2023

Dear Member Council,

We held an Extraordinary General Meeting (EGM) in February 2023 via Zoom to consider a small yet urgent change to LRALC's Articles of Association. Details of that meeting can be found [here](#). The motion on that occasion was carried by a significant majority. Thank you if your Council took part in that decision, either by attending the meeting remotely or by recording a proxy vote.

At the time we told you that that we would be carrying out a larger review of the Articles as a whole. With the advice of our solicitors, the Board of Directors have now completed this review. With this letter you are receiving the existing Articles and the proposed new Articles, proposed by the LRALC Board of Directors, for you to consider and compare.

This was the first full review of the Articles since they were registered five years ago. The proposed changes are limited in extent and reflect the changing work of local councils and LRALC in the context of company law and changes in society.

The earlier version has a mix of numbered and lettered points. The whole document has now been tidied for consistency without any substantive changes to the content. The term "Chairman" had also been replaced by that of "Chair" throughout.

Specific changes have also been made as follows.

Defined terms

Definitions of "Chairman" and "chairman of the meeting" have been changed to "Chair". References to these meanings have been made to the correct position within the new Articles.

Definition of "proxy notice" has been updated to reflect the meaning given in the Companies Act 2006.

Articles 5, 36

Amendments are proposed to make clear the separate roles of the Board and Member Councils. The Board will manage LRALC; ownership and accountability will remain with the Member Councils. Member Councils retain the right to remove directors under the terms of the Companies Act 2006 or at an AGM if they are dissatisfied with the performance of the Board. Matters reserved for the members include the appointment of directors (except as specifically allowed in the Articles), changing the Articles or winding up the company. Other matters are for the Board to decide.

Articles 13, 18, 19, 20, 21

Changes are proposed which will give the Board greater flexibility to attract and appoint directors to serve the whole of our community:

- Eligibility for appointment as Chair is extended to non-councillor members of the board.
- Elected directors will not represent specific Borough or Districts but will represent all the Member Councils.
- Elected directors will not be required to be members of Member Councils.

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- Some seats on the Board will be available for selected directors. These will be appointed by the elected directors to ensure that the Board has a range of skills and experience.
- The requirement for directors standing down and eligible for re-election will be simplified.
- The temporary change made in February 2023 relating to the term of office of the Chair and Vice-chair will be made permanent.
- The Board of Directors will be subject to a Code of Conduct.

Article 24

(b) The Board has recognised that Member Councils are not always able to pay subscriptions promptly. Late payment of subscriptions will no longer automatically mean the termination of membership.

(c) The requirement for a vote to remove a member council will be changed from a 2/3 majority of directors to a simple majority.

Article 25

The existing Articles allowed for the first AGM to be held within fifteen months of incorporation. LRALC has been an incorporated company now and the first AGM was held at the appropriate time. The Article retains the requirement for subsequent AGMs to be held within fifteen months of each other.

Article 34

Articles d - f have been added to explicitly allow for meetings to be held by electronic means.

What is the position with these amended Articles?

The proposed amendments to the Articles of Association have been carefully considered over the course of several months. They were approved by the Board at the meeting held on 4th September 2023 and are now recommended to your Town or Parish Council for approval. The view of the Board is that they are essential to the performance and accountability of LRALC.

What happens next?

1. Your Council will be invited to vote for adoption of the new Articles, via your Council's registration of a proxy vote on the matter. A reminder that the member of LRALC is the council.
2. Further information on the proxy voting system will follow this week, but we intend to complete the proxy voting process by Friday 20th October.
3. The Annual General Meeting will be held in person from 4pm on Wednesday 15th November 2023 at Mountsorrel Memorial Centre. This will be held in accordance with the proposed Articles, should they be adopted.

Your Council is thanked for its prompt consideration of the proposed changes and for your subsequent voting when requested.

Kind regards,



John Springthorpe
Chairman
LRALC