
Report To:	Environment & Regeneration Committee	Date:	31 October 2019
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	LP/130/19
Contact Officer:	Gerard Malone	Contact No:	01475 712710
Subject:	Riverside Inverclyde – Company Restructure		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the proposal to revise Riverside Inverclyde's Articles of Association, to include a change in the structure and composition of the Riverside Inverclyde Board and the effect on the number of Council nominees to the Riverside Inverclyde Board.

2.0 SUMMARY

- 2.1 Following the successful delivery of the revised operating model of Riverside Inverclyde, as approved by the Environment & Regeneration Committee on 7 March 2019, Riverside Inverclyde is now managed by the Council in terms of a Service Level Agreement. Officers have been working to review and improve Riverside Inverclyde's governance and constitutional arrangements.
- 2.2 Following a review of the governance arrangements and in order to reflect the structure of the revised operating model, it is proposed to amend and modernise Riverside Inverclyde's Articles of Association in terms of which the composition of the Board of Riverside Inverclyde shall also be changed, involving a reduction in the number of Board members and Council representatives on the Board. Various minor revisions to the Articles of Association are also proposed.
- 2.3 This report advises of the proposed changes to the structure of Riverside Inverclyde and it will be the decision of the Council at its 5 December 2019 meeting to decide on its nominees to the Board.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Environment & Regeneration Committee:
1. grants delegated authority to the Corporate Director Environment, Regeneration and Resources, in consultation with the Head of Legal and Property Services and the Chief Financial Officer, and in partnership with Scottish Enterprise, to take all appropriate legal steps to:
 - a. change the Articles of Association of Riverside Inverclyde; and
 - b. change the structure and composition of the Riverside Inverclyde Board as set out in paragraph 5.4 of this report; and
 2. remits it to the December 2019 meeting of the Council to determine the two Council nominees to the Riverside Inverclyde Board.

4.0 BACKGROUND

- 4.1 Following the successful delivery of the revised operating model of Riverside Inverclyde, as approved by the Environment & Regeneration Committee on 7 March 2019, Riverside Inverclyde is now managed by the Council in terms of a Service Level Agreement. Officers have been working to review, modernise and improve Riverside Inverclyde's governance and constitutional arrangements.
- 4.2 As part of this review, there is a proposal from the members of Riverside Inverclyde, the Council and Scottish Enterprise, to amend the Articles of Association of Riverside Inverclyde, the main focus thereof being a change in the composition of the Board in order to best implement the future delivery of regeneration services in Inverclyde and to further Riverside Inverclyde's charitable purposes.
- 4.3 The proposals will also bring the Articles of Association in line with the revised operating model and will better reflect the new direction and specific responsibilities of Riverside Inverclyde in relation to economic development priorities.
- 4.4 In particular, the members are seeking to make changes to the composition of the Riverside Inverclyde Board, with the intention of seeking appropriate representation from suitably experienced members of the community and the private sector to support the Board's objectives and charitable purposes.
- 4.5 Inverclyde Council and Scottish Enterprise, as the members of Riverside Inverclyde, are required to consent to any changes to the Articles of Association.

5.0 ARTICLES OF ASSOCIATION AND BOARD STRUCTURE

- 5.1 The current Articles for Riverside Inverclyde state that there shall be a maximum of 9 directors, comprised of the following:
 - 3 directors appointed by Inverclyde Council;
 - 1 director appointed by Scottish Enterprise;
 - 5 co-opted directors to be comprised of:
 - a minimum of 1 and maximum of 2 directors drawn from the local community;
 - a minimum of 2 and maximum of 3 directors drawn from the private sector; and
 - a minimum of 1 and maximum of 2 directors nominated by Inverclyde Chamber of Commerce.
- 5.2 There are currently a number of vacancies, including the Chair, on the Board and the members of Riverside Inverclyde consider it vitally important to have suitably experienced business and community representatives as co-opted directors of the Board who are aligned with the Council and Scottish Enterprise's direction of travel for the future delivery of regeneration services in Inverclyde and their view of the most appropriate way to further Riverside Inverclyde's charitable purposes.
- 5.3 It is entirely legitimate and appropriate for the members of any company to set their desired directions for it and, in the case of Riverside Inverclyde, in order to further the charitable purposes of the company.
- 5.4 The proposed revised structure of the Riverside Inverclyde Board is to have a maximum of 6 directors comprised of the following:
 - 2 directors appointed by Inverclyde Council;
 - 1 director appointed by Scottish Enterprise;
 - 3 co-opted directors to be comprised of:
 - 1 director drawn from the local community;
 - 1 director drawn from the private sector; and
 - 1 director nominated by Inverclyde Chamber of Commerce (or any successor to the body) or the Federation of Small Businesses.

One of the co-opted directors would be Chair of the Board and may have a casting vote.

- 5.5 This is a proposal to reduce the number of directors on the Riverside Inverclyde Board from 9 to 6. The Council's representation on the Board will reduce from 3 to 2. The Council will be entitled to make 2 nominations to the Board. It is a reserved function of the Council to make nominations to the Boards of external organisations and the decision on the Council nominees will be remitted to its December 2019 meeting. The requirement to reflect political balance applies only where more than two nominees are to be appointed to any outside body.
- 5.6 In anticipation of the adoption of the revised structure set out at paragraph 5.4 and in order to fill existing vacancies on the Board, a recruitment and selection process for the appointment of 2 co-opted directors (from the local community and private sector, including the Chair), is currently ongoing. Riverside Inverclyde's Nominations Committee, with an independent Chair, is due to interview potential candidates on 11 November 2019.
- 5.7 Various other minor revisals will also be required in order to simplify, modernise and update Riverside Inverclyde's Articles of Association and delegated authority to officers is being sought to allow this process to progress.
- 5.8 It is intended that the proposed revisals will relate to the following:
- Removal of a conflict and simplification of the process for appointing the Chair;
 - Specification of the process of the appointment of a Vice-Chair;
 - Specific definitions of entities referred to in the Articles – i.e. Scottish Enterprise, Inverclyde Council etc.;
 - Removal of repetitions in the Articles;
 - Correction of errors in cross referencing within the Articles;
 - Removal of the provision allowing Partner Directors to appoint alternate directors;
 - Removal of the provision relating to the appointment of a company secretary. (It is now no longer necessary for companies to have a secretary).
- 5.9 Liaison with the Office of the Scottish Charity Regulator (OSCR) is important in relation to this process and will be made at the appropriate junctures.

6.0 IMPLICATIONS

6.1 Finance

There are no financial implications.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

6.2 Legal

The legal issues are referred to within this report.

6.3 Human Resources

There are no implications.

6.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

6.5 Repopulation

There is no effect upon repopulation.

7.0 BACKGROUND PAPERS

7.1 None.