

GOVERNANCE COMMITTEE (Special Meeting) AGENDA

6.30pm <i>Please note time</i>	Monday 15 August 2005	Havering Town Hall Main Road, Romford
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Members 9: Quorum 3

COUNCILLORS:

Conservative Group (4)

Frederick Thompson
(Chairman)
Michael White (Vice-
Chairman)
Eric Munday
Roger Ramsey

Residents' Group (3)

Ivor Cameron
Barbara Reith
Louise Sinclair

Labour Group (2)

Ray Harris
Wilf Mills

**For information about the meeting please contact:
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NOTES ABOUT THE MEETING

1. HEALTH AND SAFETY

The Council is committed to protecting the health and safety of everyone who attends meetings of its Committees.

At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. **For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

2. MOBILE COMMUNICATIONS DEVICES

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

3. CONDUCT AT THE MEETING

Although members of the public are welcome to attend meetings of the Committee, they have no right to speak at them. Seating for the public is, however, limited and the Council cannot guarantee that everyone who wants to be present in the meeting room can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Council will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.

The Chairman of the meeting has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

PLEASE REMEMBER THAT THE CHAIRMAN MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the meeting room.

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AGENDA ITEMS

1 CHAIRMAN'S ANNOUNCEMENTS

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS
(if any) - receive.

**3 APPOINTMENT OF DIRECTOR TO CENTRE FOR ENGINEERING AND
MANUFACTURING EXCELLENCE (CEME)**

Stephen Evans
Chief Executive

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MEETING	DATE	ITEM
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REPORT OF THE MONITORING OFFICER

REPORT OF THE MONITORING OFFICER

SUBJECT: Appointment of Director to Centre for Engineering and Manufacturing Excellence (CEME)

SUMMARY

The Centre for Engineering and Manufacturing Excellence (CEME) has now been restructured both financially and in terms of its governance and has been established as a Company Limited by Guarantee with a new board of Directors. The new Company provides for representation by the Council.

RECOMMENDATIONS

That:

1. The Council be a member of the Centre for Engineering and Manufacturing Excellence Limited and the Chief Executive be the Council's representative.

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2. The Chief Executive be appointed as a non-executive Director of CEME Limited
3. The Chief Executive and the Assistant Chief Executive Legal and Democratic Services be authorised to take all necessary steps to complete all documents to achieve the above

REPORT DETAIL

Following the restructuring of CEME an approach has been made to the Council requesting that the Council be a member of CEME Limited and that the Chief Executive be appointed to the CEME Limited board as a non-executive Director.

Previous membership of CEME was:

- Ford Motor Company Limited
- Barking College
- Havering College: and
- London Riverside Limited (previously Heart of Thames Gateway)

The CEME restructuring has taken place following a business plan which was approved at the end of 2004 by both the LDA and Ford for CEME which had two main objectives:

- i. Cash injection, to resolve the outstanding building issues, create a true centre of excellence and support the transitional phase for both the BIC and establishment of a training subsidiary under CEME
- ii. Restructure the CEME Board and operational organisation. The Board structure was to reduce the influence of individual stakeholders, have an Executive Chair, to change the mix of skills and expertise and to bring in business and Higher Education representatives. The operating organisation has taken on the services of a professional building and facility management team. In summary, having built and launched the CEME Campus it was now clear that there were issues with its ongoing viability in its current state. These issues were fully addressed by the approval and adoption of the new business plan.

The new Articles of Association are intended to operate from June 30, 2005. The restructuring, in so far as the changes to the membership and directors is concerned, began with the change of Articles of Association on June 30, 2005 and continues to the current date, with the appointment of directors to the newly identified Board roles

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The Company is limited by guarantee and does not have a share capital. The liability of the members is limited to £1.00. The Company will comprise representatives from Ford Motor Company, the Council, Havering College and Barking College. Havering and Barking Colleges have one vote between them and Ford and the Council one vote each. The colleges can vote independently of each other. The Articles allow for new members to be accepted, however, they do not currently provide a mechanism to attribute voting rights to the new members, unless the rights are assigned by one of the existing members. This may be an area which will need to be addressed in the future.

Clause 1.7 of the Articles provides for the member to be represented in general meetings of the Company. This representative is, from a practical point of view, likely to be the member's nominated non-executive Director, however, it need not be in every instance. The Articles of the Company provide that there shall be no more than seven Directors of which a maximum of five will be non-executive Directors.

Membership of the Company is open to any individual or organisation interested in promoting the objects of the Company who is approved by the Directors. The objectives of the Company are amongst other things the promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation in boroughs which include Havering and include the establishment, carrying on and conduct of a centre of excellence for manufacturing and engineering in Dagenham Essex as a centre for the provision of industrial, commercial, scientific and technological education, training or re-training and the advancement of education, training or re-training together and the development of the capacity and skills of members of the community in the boroughs.

CEME has an underlease from the LDA (the main lease is between Ford and the LDA) for 125 years, to conduct its business in its current form, CEME owns the buildings, facilities and equipment within and has a responsibility to its main stakeholders in the event of ceasing business. However, it operates as a completely separate identity. Its main income is from space letting, supporting education, training and corporate events. Its main objectives are to serve the Thames Gateway and assist the regeneration agenda.

The various documents have only recently been supplied and are currently being reviewed. However CEME Limited has currently been established and authority is therefore urgently sought for the Council to be a member of CEME Limited and for the Chief Executive to be appointed as a non-executive Director. The appointment by this committee is of the Chief Executive and will therefore operate for the Chief Executive in post from time to time to be the appointed non-executive Director.

The matter is urgent for CEME Limited as the restructuring has taken place and the Company are awaiting appointed Directors to enable them to move forward with their proposals.

This report is in the name of the Monitoring Officer as the report deals with the appointment of the Chief Executive to CEME Limited.

Financial Implications

The Company is limited by Guarantee with no share capital. The liability of the members is limited to £1.00 during membership or within one year after membership ceases. There are provisions for dealing with remaining assets by transfer or distribution. Any income from space letting or relief on operational cost clearly has a flow through to the bottom line financials. However, CEME does not have any one financial agreement that contributes success or failure. It is a not for profit establishment and operates as such. The Executive Director Finance and Planning has undertaken the following checks:

Issue	View
Council financial liability.	The Company "CEME" is limited by guarantee and does not have a Share Capital. It has 3 members and the Council has one vote. The liabilities of the members are limited to £1.00. (Clause 7 of the Memorandum)
Chief Executive conflict of interest in view of lease arrangement.	The lease will be for 15 years, but with break clauses. Leases over 7 years do not bring into play the business relationship under section 69 of the Local Government and Housing Act 1989. The payment of the lease is set at £180k p.a. and equates to 8% of CEME turnover in 2004 and is not considered material. The Chief Executive will have a conflict of interest in view of the lease arrangement if he goes to CEME board meeting and needs to vote on it. Our advice is that he should declare such interest and not take part.
Chief Executive conflict of interest in view of discretionary relief provided.	The Chief Executive also has a conflict of interest in respect of the discretionary relief if he goes to CEME board and has to vote on it. Provisions within the Articles paragraph 4.7 for a Director to vote even if there is a conflict. Obviously the advice to the CE is that he should declare such interest and not take part.
CEME losing discretionary relief because of council involvement.	CEME receives discretionary relief as it is a company limited by guarantee and is a non-profit/charitable status organisation and as such has been eligible for

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CHRISTINE DOOLEY
Monitoring Officer

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Background Papers None