

CABINET MEETING – 15 FEBRUARY 2012

EXECUTIVE SUMMARY SHEET – PART II

Title of Report:

ASSOCIATION OF NORTH EAST COUNCILS LIMITED

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

This report is to advise members of a request from the Association of North East Councils Limited (ANEC Limited) for all member authorities to formalise their membership in accordance with the Articles of Association of the Company. Also to recommend a procedure for the exercise by the Council of Company Members' rights.

Description of Decision:

Cabinet is asked to:

- (i) Authorise the Chief Executive to complete and submit an application for membership of ANEC Limited on behalf of Sunderland City Council in accordance with Article 3.3 of the Company's Articles of Association.
- (ii) Authorise the Chief Executive to nominate, from time to time, a member or officer of the Council to act as the Council's duly authorised representative to exercise members' rights in the Company on behalf of the Council.

Is the decision consistent with the Budget/Policy Framework?

***Yes/**

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

1. Authorisation for the submission of an application for membership of ANEC Limited is required in order to formalise Sunderland City Council's membership of ANEC Limited, as a constituent member of ANEC.
2. A formal process for nominating a duly authorised representative to exercise members' rights on behalf of the Council is also necessary to ensure the Council's full participation in the activities of the Company.

Alternative options to be considered and recommended to be rejected:
The decision is required in order to formalise existing arrangements and secure compliance with the Articles of Association of ANEC Limited and to facilitate the exercise of the full range of the Council's rights as a member of the Company therefore no alternative options are recommended.

Is this a "Key Decision" as defined in the Constitution?

No

Is it included in the Forward Plan?

No

Relevant Scrutiny Committee:

Management Scrutiny Committee

ASSOCIATION OF NORTH EAST COUNCILS LIMITED

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 This report is to advise members of a request from the Association of North East Councils Limited (ANEC Limited) for all member authorities to formalise their membership in accordance with the Articles of Association of the Company. Also to recommend a procedure for the exercise by the Council of Company Members' rights.

2. Description of Decision

- 2.1 Cabinet is asked to:

- (i) authorise the Chief Executive to complete and submit an application for membership of ANEC Limited on behalf of Sunderland City Council, in accordance with Article 3.3 of the Company's Articles of Association.
- (ii) authorise the Chief Executive to nominate, from time to time, a member or officer of the Council to act as the Council's duly authorised representative to exercise members' rights in the Company on behalf of the Council.

3. Background/Current Position

- 3.1 At its meeting on 20th September 2000, Cabinet was advised that the North of England Assembly of Local Authorities, of which Sunderland City Council was a member, had re-organised to form the Association of North East Councils (ANEC), which was to meet at plenary and executive levels. Cabinet agreed that Sunderland City Council should be represented at ANEC and that six members should be nominated to the Executive Committee.
- 3.2 ANEC decided to form a limited company - ANEC Limited - as its legal persona and this became incorporated in 2004. However, it did not initially trade.

- 3.3 Subsequently, in 2009, the plenary session of ANEC agreed that a company should be established with a remit covering legal matters to employ the Association's staff, hold contracts and leases and conduct litigation on the Association's behalf. In fact, the existing company, ANEC Limited, was retained but in November 2010 a revised Memorandum and Articles were adopted.
- 3.4 As would be expected the revised Articles provided that the members of the Company "shall comprise the Constituent Authorities (of ANEC) in place from time to time" and each member authority participates in the decision making process of ANEC Limited by appointment of their Leader or Elected Mayor as a Director of the Company.
- 3.5 It is, however a further requirement of the revised Articles (Article 3.3) that each Authority eligible to be a member of ANEC Limited should submit a formal application for membership, for approval by the Directors. Therefore in order to satisfy this formal requirement, each constituent Authority of ANEC is now being asked to submit such application to secure compliance with the Articles of Association.
- 3.6 The Articles of Association further provide for member authorities to attend and vote at general meetings of the Company etc through a duly authorised representative. A formal means of authorising representatives is therefore also desirable.

4. Reasons for Decision

- 4.1 Authorisation for the submission of an application for membership of ANEC Limited is required in order to formalise Sunderland City Council's membership of ANEC Limited, as a constituent member of ANEC.
- 4.2 A formal process for nominating a duly authorised representative to exercise members' rights on behalf of the Council is also necessary to ensure the Council's full participation in the activities of the Company.

5. Alternative Options

- 5.1 The decision is required in order to formalise existing arrangements and secure compliance with the Articles of Association of ANEC Limited and to facilitate the exercise of the full range of the Council's rights as a member of the Company therefore no alternative options are recommended.

6. Background Papers

- (i) Emails dated 4th January 2012 14:10 and 13th January 2012 13:24, Law and Governance Services file reference 62600/B.
- (ii) ANEC Limited Articles of Association

