

FALKIRK COUNCIL

**Subject: COMMUNITY SERVICES TRUST UPDATE :
APPOINTMENT OF BOARD DIRECTORS**
Meeting: FALKIRK COUNCIL
Date: 2 MARCH 2011
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 This report asks Members to approve the process for the appointment and recruitment of Board Directors in respect of the Falkirk Community Trust, the organisation to be set up following earlier decisions to create a new organisation drawn largely from the services within Community Services.

2. BACKGROUND

- 2.1 The Business Case considered by Members in December suggested that the board of the Trust would be made up as follows:

- 5 Elected Members
- 5 Independent Members
- 1 Employee Representative

- 2.2 Members agreed the formation of the Trust and the Board make up outlined above.

- 2.3 The Board will be responsible for:

- ensuring that the Trust complies with the requirements of the service agreement between the Council and the Trust;
- developing and approving the annual Business Plan prior to its submission to the Council;
- ensuring that external funding opportunities are maximised;
- ensuring an Employee Strategy is developed and implemented;
- monitoring financial management;
- accepting company director responsibilities to ensure compliance with appropriate legislation;
- driving the direction of the Trust to ensure all agreed outcomes are achieved as planned.

3. IDENTIFICATION OF COUNCIL MEMBERS AS BOARD DIRECTORS

- 3.1 Other Trusts that have been set up comprising services drawn mainly from Councils have generally opted to appoint Elected Members to the Board based on proportionate political balance representation. This would suggest that the appropriate balance is:

- 2 Members from the Labour Group
- 2 Members from the SNP Group
- 1 Member from the Conservative or Independent Groups or the non aligned Member

- 3.2 However it is available to Members to decide to determine a different scheme and to agree how their representatives are identified.
- 3.3 Members are asked to identify and agree the Members to join the Trust Board.

4. CONFLICT OF INTEREST

- 4.1 Some Members have asked about how to handle potential conflict of interest in terms of their responsibilities as Councillors and as potential Board Members. The recently revised Code of Conduct now incorporates the exclusions previously contained in the guidance on the Code. Paragraph 5.18(2) of the Code refers to an exclusion where a Member of the Council is also a director of a company (a) established wholly or mainly for the purpose of providing services to the Council, and (b) which has entered into a contractual arrangement with the Council for the supply of goods and/or services to the Council. This would cover the Trust. While any Member appointed to the Trust would still need to register his/her interest and declare it any meeting where matters relating to the Trust were being discussed, he/she would not be inhibited from taking part in consideration of the items or any vote on it. It should be noted, however, that this exclusion would not extend to dealing with any regulatory matters e.g. planning or licensing.

5. APPOINTMENT OF INDEPENDENT MEMBERS

- 5.1 It is proposed that the independent Board Members be recruited through an open recruitment process. Advertisements for the positions will be displayed on the Council website, in core facilities and through raising awareness with users, club groups and other interest groups. The appointments will be for 2 years initially, renewable for a total of three terms. An information pack setting out the key roles and responsibilities and the background to the Trust will be prepared in advance.
- 5.2 A recruitment process will then follow the receipt of applications. It is proposed that the Elected Members on the Board will form the initial selection panel for the positions and then once the Board is operational a Nominations Committee will be developed involving both independent and Elected Members.
- 5.3 Members are asked to agree the recruitment process outlined above.

6. APPOINTMENT OF EMPLOYEE REPRESENTATIVE

- 6.1 The employee representative will be appointed once the employees have transferred to the Trust. The process will be completed following submissions of nominations and a voting process involving all employees of the Trust. The successful employee will serve on the board for 2 years.
- 6.2 For the avoidance of doubt this position is a Board Member and is distinct from the mechanisms the Trust will put in place for trade union consultation.
- 6.3 Members are asked to note the arrangements for the appointment of the employee representative.

7. INTERIM BOARD

7.1 It is planned that the Trust be operational in July 2011; to enable that start to be achieved there is a need for the Elected Members who are appointed to the Board to form an interim Board effective from 14 March 2011. This interim Board will approve:

- the various agreements between the Trust and the Council from a Trust perspective;
- the organisational structure of the Trust at transfer;
- the preliminary Business Plan for submission to the Council;
- the various submissions to OSCR and HMRC.

7.2 The existing officer group, drawn from Human Resources, Law and Administration, Finance and Community Services, as well as the external advisors, will prepare the various documents for the Board's consideration.

7.3 Further reports will also be brought before Members to approve the various documents from a Council perspective.

8. CONCLUSION

8.1 The report sets out appropriate recruitment mechanisms to enable the new Board to be properly established prior to the Trust being formally created. This will ensure that Board Members are actively engaged in the Trust formation and that the Board understands the relationship being developed with the Council from an early stage.

8.2 The interim Board is required to facilitate the creation of the Trust.

8.3 Further reports on the Trust development will be submitted to Council in the lead up to its creation.

9. RECOMMENDATION

9.1 Members are asked to:

- identify and agree the Members to join the Trust Board;
- agree the appointment process for the independent Members of the Board;
- note the arrangements for the identification of the employee representative;
- note the arrangements for the creation of the interim Board;
- note that further reports for approval will be submitted to Members prior to the creation of the Trust.

CHIEF EXECUTIVE

21 February 2011

Contact Officer: Maureen Campbell Ext: 0902.

LIST OF BACKGROUND PAPERS

Nil