

AGM 2019 SPECIAL RESOLUTIONS

Explanatory Notes

There are three Special Resolutions recommended to the AGM:

- (i) relates to subscriptions.
- (ii) and (iii) which are explained in this note, relate to changes to the Articles of Association. The Articles of Association are the primary rules by which the Trust is governed. They can only be amended by the membership.

In June 2018 the Trust initiated a review of the Trust's governance, focussing initially on the Articles of Association, to assess their adequacy and to test if any changes were required. Overall there were a few things that the Trustees thought necessary to address now and these have been brought together in two Special Resolutions.

A more thorough review will continue over coming months and members will be invited to contribute to that process before formal recommendations are made to a future AGM.

Resolution (ii), Articles 14.6 and 14.7.

These both relate to voting.

Article 14.6 has the effect of preventing new members from voting for the first six months. This is to avoid the situation whereby people can join up to the last few days of a Trustee election, and participate in the election.

In 2018 a number of membership applications came in the last week of the election process. These were processed and ballot papers were provided. This raised a number of issues:

- (1) Last minute applications for membership could relate directly to the election process;
- (2) in administrative terms managing such late applications was a costly and tricky issue;
- (3) new members paying by direct debit could potentially cancel membership after voting but before a first payments were made

The purpose of the proposed six month qualifying period is to close the above loopholes. The six month period is designed to cover the longest election process that might be envisaged. (It is normally significantly shorter.)

Article 14.7 removes the right for staff to participate in the nomination and election processes for Trustees. There are two reasons for this:

- (1) In recent years some staff have been placed in very difficult positions when members they do not really know well have requested their support in the election.

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(2) Existing staff voting rights create a potential conflict between the employment position of a staff member, responsible to the Board and their membership position.

The intention is not that staff should feel less able to influence the work of the Trust, and existing communication processes already facilitate that, but there is good reason to ensure probity and to remove the risk of conflicts of interest.

Resolution (iii), Articles 36 and 49.

A significant gap in the current governance documents relates to the absence of adequate conflicts of interest provisions.

Trustees have always been required to declare conflicts of interest but there has been very little by way of guidance or provision in the Articles to guide the management of potential or actual conflicts.

The Trust has now adopted a Conflict of Interest Policy and it is considered essential that the Articles provide clear powers to manage any conflicts that might arise – actual or potential, real or perceived.

Avoiding/ managing conflict of interest is a central component of good governance under Company Law and guidance from the Office of the Scottish Charity Regulator (OSCR).

The Trustees strongly recommend to the AGM that these resolutions are passed to improve the governance of the Trust.