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## MEMORANDUM AND ARTICLES OF ASSOCIATION

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### Purpose of Paper

- To highlight the proposed key changes to the School's constitution;
- To invite Council members to engage with the detail, should they so wish; and
- To clarify the timetable and key stages in the process of revision.

### Guiding Principles

1. The School's Memorandum and Articles of Association (M&As) are a century old and have been 'tinkered' with over the years by means of special resolutions passed by the Court. The School's solicitors advised us not to modify the existing documents, but to begin anew with model Articles based on those developed by the Charity Law Association.
2. Following the passage of the Companies Act 2006, the status of the Memorandum is that of a historical document of record. Relevant sections of the original Memorandum have been carried over into the new draft Articles. The original Memorandum will be published as a stand-alone document that can be provided to those interested in the history of the School and the aims and values of its Founders. Post-2006, if the two constitutional documents conflict, then the provisions in the Articles over-ride those in the Memorandum.
3. In the new draft Articles, the 'Powers' have been drawn broadly, and unnecessarily prescriptive details omitted. For example, whilst the School would wish to retain a power to administer pension schemes, not every potential class of beneficiary needs to be listed in the Articles. Essentially, the powers need to be broad enough to encompass all that the School currently does; and all that it might conceivably wish to do in future.
4. Following on from the above, detailed procedures have also been omitted. This is because practices and procedures may evolve over time, and the legal and regulatory environment may change. There may be reference to the School being required to have a procedure for the consideration or handling of "X" matter, but the process itself does not need to be spelt out in the Articles.

### Proposed Key Changes

5. Have a single, broad Object: "to advance education and promote research in the various branches of knowledge covered by the institution"; with powers to do everything necessary to achieve those Objects. Include a 'sweeper' provision to cover any other power not expressly mentioned.
6. Remove from the Articles the reference to the precise composition of the Court and Council, making this a matter which can be determined by the Court.
7. Highlight the legal maximum percentage of members of the Council who can be in receipt of remuneration (up to 50%, but only with the express permission of the Charity Commission and/ or HEFCE).
8. Provide for conduct of business by electronic/ virtual means subject to stipulations on meetings in person.

9. Provide for payment of Council members' expenses. NB a change in policy is **not** under active consideration and this Article merely serves to free the hands of our successors.
10. Impose *maximum* terms of office for Governors and Council members of 15 years and 12 years respectively, with the *norm* being 10 years and 6 years respectively.

### **Timeline**

Court of Governors – 20 March 2014

All School Consultation (via website and email) & Legal Advice – throughout April 2014

Academic Board – 7 May 2014

Finance Committee – 4 June 2014

Audit Committee – 10 June 2014

Council (final draft) – 17 June 2014

Court of Governors (final draft) – 3 July 2014

Privy Council/ HEFCE/ Charity Commission/ DBIS/ Companies House – summer recess

### **Recommendations**

The Council are invited to:

- Discuss the proposed key changes to the School's constitutional document;
- Comment on the detail of the changes (if desired) by accessing a copy of the original and proposed new version of the Articles – available upon request from Jayne Rose (x 6811 or email: J.Rose2@lse.ac.uk);
- Note the timeline for the review and invite a further report to the Council in June 2014.

**Jayne Rose**

GLPD