

Proposed changes to SUF's Articles of Association for approval at a general meeting of members held on 16th November 2021

“The special resolution is to approve changes to SUF's Articles of Association as set out in Paper E Appendix 1.”

1. What is this about?

The Articles of Association (the Articles) is the name for the legal document which governs the way that SUF is run.

It includes SUF's charitable objectives (which are considered separately in Paper D) as well as many aspects of our decision-making, so it is important to keep the document up to date.

Changes to the Articles need to be approved by a vote on a special resolution at a general meeting of members which is why this paper is coming to the AGM today. These changes have to be approved by at least 75% of members voting.

This paper explains all of the proposed changes and the reasons why they are thought to be appropriate. As the Articles are written in quite technical legal language, this paper provides a plain English explanation of the changes. However, it is important to note that it is the wording set out in Paper E, Appendix 1 which is the document for approval.

In drawing up these proposed changes we have taken advice from solicitors who specialise in charity law.

A note on terminology. Trustees of SUF are also called directors because the Articles relate to the Companies Act and so the word 'director' is used in the document.

2.1 General updating of the Articles

2.1.1 Updating the dates of legislation.

The repealed legislation referred to in the Articles has been updated to the current legislation; the Companies Act (2006) and to the Charities Act (2011). Some sections of the Companies Act (1985) do remain in force but these are not relevant to SUF.

2.1.2 Change to the 'running order' of the various sections.

Under the Companies Act (2006) sections previously referred to as the 'Memorandum' became part of the Articles. This took effect in October 2009, just after SUF was originally incorporated (set up). Our proposed revised Articles reflect this change and so the section numbering has also changed.

2.1.3 Specific provision is made to hold meetings online.

Last year, companies were given permission to hold online general meetings because of the pandemic but it is recommended that Articles are updated to include this option.

2.1.4 The references to the original directors who set up SUF in 2009 have been deleted. The record of who they were remains on file at Companies House.

2.2 Substantive changes

2.2.1 Disqualification of members / directors

There is clarification that if directors pass a resolution to remove a member, and that member is also a director, then the director's appointment is automatically ended.

2.2.2 Quoracy at general meetings

As membership grows it can be more difficult for organisations to achieve quoracy for a meeting. The proposal is that our quoracy requirement be reduced from 10% of voting members to 5% to reduce the risk of a general meeting being unable to adopt the annual report and accounts.

2.2.3 Adjournment of a general meeting if no director is present

The current articles provide that, should the circumstance arise that all the directors are unable to get to a general meeting, then the members would appoint their own Chair and go ahead with the meeting. Although this is an unlikely situation it would be better to adjourn and reconvene the meeting because members would not be familiar with the Articles and there would be no-one to minute the meeting.

2.2.5 Cap on number of directors

Currently there is no maximum number of directors, and this change creates a cap at twelve.

2.2.6 Appointment of directors

The current wording is rather confusing, and the new wording sets out a clearer process for appointing directors.

Currently a new director is appointed by the board and the membership do not vote on the appointment until the director stands for re-election as part of the three-year rotation.

Under the proposed revised process, a new director is appointed to the board until the next general meeting at which their appointment is put to a vote by members. The re-election process on three-year rotation is unchanged.

The result is that the maximum period that a new director can serve until there is a membership vote on their appointment is one year (assuming appointment immediately following a general meeting) which passes more power to members.

2.2.7 Mental Health Discrimination Act (2013)

When SUF was set up, company law required that a clause be included in the Articles in relation to mental ill health. This requirement was dropped in 2013 and so the director disqualification criterion, “incapable by reason of mental disorder” is deleted from our proposed revised Articles.

3. Next steps

3.1 Members are asked to consider the changes set out in the Articles appendix 1 and summarised above approve them.

3.2 Once approved, the updated Articles take effect immediately and will be filed with Companies House and the Charity Commission within 15 days.

Robert Nesbitt

Trustee / Company Secretary