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| HIGH LIFE HIGHLAND REPORT TO BOARD OF DIRECTORS25 June 2014 |  AGENDA ITEM REPORT No HLH/ /14 |

## **HIGH LIFE HIGHLAND (TRADING) C.I.C. DIRECTOR RECRUITMENT**

## **Joint Report by Company Secretary and Chief Executive**

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| **Summary**This report invites Directors to consider how to proceed with the recruitment of Directors to the Board of High Life Highland (Trading) C.I.C..It is suggested that the Board:-1. note that, at its next meeting, the position of Mr K Nicol as a Director of High Life Highland (Trading) C.I.C. will require to be considered as his three year appointment will be approaching its end;
2. consider how it wishes to proceed with seeking a Director to replace the vacancy resulting from the resignation of Mr J Murray;
3. agree that the remaining 2 Directors be approached to ascertain if they wish to continue as Directors and, if so, to provide an indication for how long; and
4. agree that the Vice Chairman of High Life Highland (Trading) C.I.C. be appointed as a substitute for its Chairman on the High Life Highland (Trading) C.I.C. Recruitment Sub Committee, should the Chairman be a Director seeking reappointment.
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| **1.** | **Business Plan Contribution** |
| 1.1 | This report contributes to the achievement of outcome seven of the High Life Highland (HLH) Business Plan “A growing company”.  |
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| **2.** | **Background** |
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| 2.1 | HLH (Trading) C.I.C. was formed in 2011 and held its first Board meeting on 11 January 2012. The Board consists of 7 Directors, 4 of which are drawn from the Board of HLH and 3 individuals who are neither Directors nor employees of HLH.  |
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| 2.2 | HLH (Trading) C.I.C.’s Memorandum and Articles of Association state that the Directors shall generally serve for a three year term but that they can be re-appointed for a further three year term or term at the discretion of the Holding Company (HLH). |
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| **3.** | **High Life Highland Directors on High Life Highland (Trading) C.I.C.**  |
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| 3.1 | At present, Ms J Clarke, Mr D Graham, Mr D McLachlan and Mr K Nicol are the 4 Directors appointed from the Board of HLH to HLH (Trading) C.I.C. The terms of office for these Directors are set out in **Appendix 1**. Due to a variety of circumstances and changes which have occurred since HLH (Trading) C.I.C. was formed there has been a natural process of succession created but the Board is invited to note that, at its next meeting, as three years will have elapsed, the Board will need to consider the (re)appointment of Mr K Nicol. |
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| **4.** | **“Independent” Directors on High Life Highland (Trading) C.I.C.**  |
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| 4.1 | Mr J Murray (the then Chair of HLH (Trading) C.I.C.) resigned in April 2014. Consequently, the Board is invited to consider how it wishes to replace Mr Murray. As opposed to the requirement of the main Board, there is no requirement for Directors for HLH (Trading) C.I.C to be sought from a range of appropriate sources. In other words, it is open to the main Board to consider specific individuals. However, in the interests of openness and transparency, the Board might consider it would be appropriate to seek expressions of interest. |
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| 4.2 | The remaining 2 independent Directors (Mr I Claxton and Mr R Looper) were appointed in December 2011. As the independent Directors did not have the benefit of sitting on the main Board the view was taken that they should be given an opportunity of gaining Board experience in the company’s first years before being removed/reappointed as a Director. However, as the three year anniversary approaches, the Board is invited to consider the position and how it wishes to progress. The Board has the option of seeking new Directors or offering either or both these Directors an extension of their term of office. To aid consistency and as a Director vacancy now exists (as referred to in paragraph 4.3) there is merit in extending the terms of the 2 remaining Directors, subject to the individuals agreeing to do so. |
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| 4.3 | To aid the selection of suitable Directors, the Board appointed the Chair of HLH (Trading) C.I.C. and Mr L Young and Mr D Millar to the HLH (Trading) C.I.C. Recruitment Sub Committee. In considering the membership of this Sub Committee in October 2013, the Board suggested that the Chair of HLH (Trading) C.I.C. be included. However, it is possible that, at some point, this could in fact be one of the independent Directors seeking reappointment. As a result, it is suggested that, in this circumstance, the Vice Chair of HLH (Trading) should substitute. Again, in the unlikely situation, both the Chair and Vice Chair be affected, it would than fall to one of the 4 Main Board Directors of HLH (Trading) C.I.C. to stand in, the volunteer being agreed between the 4 Directors concerned.  |
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| **5.**  | **Implications**  |
| 5.15.25.3 | Resource Implications – there are possible resource implications in terms of costs in relation to potential advertising.Legal Implications – the appointment of Directors is required in terms of the HLH (Trading) C.I.C.’s Memorandum and Articles of Association. Risk Implications - there are no risk implications arising from the content of the report but there could be governance risks if HLH (Trading) C.I.C. operated below full membership capacity for a prolonged period. |
| **Recommendation**It is recommended that the Board:- 1. note that, at its next meeting, the position of Mr K Nicol as a Director of High Life Highland (Trading) C.I.C. will require to be considered as his three year appointment will be approaching its end;
2. consider how it wishes to proceed with seeking a Director to replace the vacancy resulting from the resignation of Mr J Murray;
3. agree that the remaining 2 Directors be approach to ascertain if they wish to continue as Directors and, if so, for how long; and
4. agree that the Vice Chairman of High Life Highland (Trading) C.I.C. be appointed as a substitute for their Chairman on the High Life Highland (Trading) C.I.C. Recruitment Sub Committee, should the need arise.
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Signature: 

Designation: Company Secretary

 Chief Executive

Date: 16 June 2014

**APPENDIX 1**

**HIGH LIFE HIGHLAND (TRADING) C.I.C.**

**HOLDING COMPANY DIRECTORS**

**LENGTH OF SERVICE**

|  |  |
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| **Director**  | **Appointed/Reappointed\*** |
|  |  |
| Jenny Clarke  | 27 February 2014 |
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| Douglas Graham  | 28 March 2013 |
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| Donald McLachlan\*  | 28 March 2013 |
|  |  |
| Kenneth Nicol  | 23 September 2011 |