
Economic Development Partnership Board

13th March 2007

Report of the Director of City Strategy

Science City York: Establishment of Company Limited by Guarantee Plan

Summary

1. The report outlines the current progress in establishing the Science City York Company Limited by Guarantee.

Background

2. The expectation is that the company will be formally established by the end of February, in time to appoint the Chief Executive in early March. A formal meeting of the Members and Directors of the new company will be required in early March. The intention is to establish a company as a legal entity that is capable of employing the new Chief Executive. It is intended to undertake the minimum that is required to achieve this purpose. Once established, and with the advice of the new Chief Executive, the company will consider the governance arrangements required in the longer term, appoint additional directors, and amend the Memorandum and Articles of Association as desired.
3. Local solicitors have agreed to undertake the legal work required to set up the new SCY (CLG), to act as the initial Company Secretary, and to provide the new company with the independent legal advice needed before appointing the Chief Executive. They will draw up draft Memorandum and Articles of Association based upon clauses standard to most companies. The "Objects" clause for inclusion in the Memorandum is based upon text previously agreed by SCY. The company will be known as Science City York Limited. At the time of writing this report, it is intended to have achieved registration of the company by 28th February.
4. Following formal registration of the company the City of York Council and University of York will become the sole members. This will leave the two stakeholders in full control of the company. Both the City Council and the University are arranging for formal decisions to become members of the SCY Company, and to appoint their representatives. The initial registered office of the company will be the office of the company secretary. This is normal practice.
5. The City Council is drafting the contract of employment for use by the company, and the funding agreement for the grant payment to the company, to cover the cost of the Chief Executive and associated office costs. If required the independent solicitors will be able to give independent advice to the company on

these documents. There have been preliminary conversations with local accountants about setting up an initial simple financial management system and payroll arrangement for the SCY Company, which received a helpful response.

6. Formal meetings of the company Members and Directors will be required in early March. A Member meeting (of the City and University) will be required to appoint Directors. A Directors meeting will be required to approve the appointment of the selected Chief Executive; to approve the contract of employment; and to accept the offer of finance from the City Council. That meeting or a subsequent one will be needed to select and appoint a Company Secretary and auditors, and to agree banking and other management issues.
7. The process as described will deliver a formally established and registered company, with appropriate legal and financial systems and guarantees in place, in time to appoint the Chief Executive.
8. The company will be controlled by the two stakeholders who will need to act in concert. During this initial stage, when the company is purely a vehicle for employing the Chief Executive, the stakeholders alone are directors. The existing Stakeholder Group will continue to meet to consider the key decisions guiding the company. Any formal decisions required from the company can subsequently be taken by the two directors, in formal SCY company meetings to follow a Stakeholder Group meeting.
9. It will, of course, be possible for the new company, controlled by the stakeholders, to change any of these arrangements, as well as any detail of the Memorandum and Articles, at any time in the future. In particular the company will need to develop and agree the governance arrangements which will be required for the company in the longer term, when it undertakes a wider range of activities, some of them with attached commercial risk. The Stakeholders have previously indicated that *inter alia* they would seek the advice of the new Chief Executive on these matters. This suggests a timeframe of six to nine months before the final arrangements are in place.

The Board is asked to note the progress in establishing the Science City York Company Limited by Guarantee.

Consultation/Options and Analysis

10. This report is being provided for information and there are no recommendations requiring further consultation.

York Corporate Priorities and LSP Objectives

11. York's economic priorities are firmly embedded within the Council's corporate priorities and the Without Walls initiative.

* The "Thriving City" theme of the WOW Community Plan has the following strategic objective:

“To support the progress and success of York’s existing businesses and to encourage new enterprises in order to maintain a prosperous and flourishing economy that will sustain high employment rates.”

* The Council’s corporate objective 3 – “strengthening York’s economy”, sets out the following strategic objectives:

- Generate business growth and start-ups in science, creative tourism and other key business sectors to protect existing jobs and provide higher quality, sustainable and higher paid jobs.
- Attract investment to strengthen the city’s high growth sectors and generate quality jobs.
- Promote pride in the city, high quality services and products, and safe/fair practices among York businesses.
- Create a vibrant city centre through a proactive partnership approach to visitor management and by increasing investment.
- Ensure that the University and other higher education providers contribute to business growth and generate quality jobs and underpin skills-training opportunities for local people.
- Collaborate with regional and sub-regional partners in providing a complementary approach to infrastructure provision, including new/improved transport/communication links, to generate new business activity and jobs.
- Support residents into learning and work, and improve skill levels in key areas of the economy.

12. In addition, the Economic Development Service Plan identifies a number of priorities, including DIP6: Improve the contribution that Science City York makes to economic prosperity.

Implications

13. There are currently no Financial, HR, Equalities, Legal, Crime and Disorder, IT, Property, or Other implications. Implications for York – and for current areas of activity - can be assessed as the Company is formed and the Chief executive appointed. Progress will be brought to future meetings of the Board.

Risk Management

14. In compliance with the Council’s risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

15. The Board is requested to note and endorse this report.

Reason: to help shape the effectiveness of future action.

Contact Details

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Report Approved

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Specialist Implications Officers: None

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers: Report to the City of York Council Executive, September 2006

Annexes: None