

## EDI Board – Nomination

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### The City of Edinburgh Council

26 June 2003

#### Purpose of report

- 1 To invite the Council to nominate a member to the Board of EDI.

#### Main Report

- 2 At its meeting on 22 May 2003, the Council nominated the following members to the Board of EDI:

Councillor Scobbie  
Councillor Wilson  
Councillor Perry  
Councillor Marshall  
Councillor Gilmore  
Councillor Mackintosh  
Councillor Gilchrist  
Director of City Development (or nominee)  
Director of Finance (or nominee)

- 3 Councillor Marshall has declined the nomination to the EDI Board as he is also Vice Convener of the Planning Committee. The Council is therefore invited to make a nomination to the Board in place of Councillor Marshall.

#### Recommendation

- 4 That the Council nominate a member to the Board of EDI.

  
Jim Inch  
Director of Corporate Services

19/06/03

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<b>Appendices</b>	Checklist for the Appointment of Directors to Companies
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<b>Wards affected</b>	City Wide
<b>Background Papers</b>	e-mail from Councillor Marshall

## Appointment of Directors to Companies – Checklist

**1. To which Companies Boards should the Council nominate Directors?**

- (a) where the Council has a significant shareholding in the Company, e.g., EDI Ltd;
- (b) where the Company is integral to the achievement of the policy objectives of the Council, e.g., Edinburgh Science Festival Ltd;
- (c) where there is an involvement because of local community interest or civic prestige, e.g., Edinburgh International Festival (civic) and Pilton Partnership (local).

**2. Should the Council nominate to all these Companies?**

- the numbers required can be reduced by:

- (a) rationalisation of Companies delivering similar services, e.g., training;
- (b) contractual arrangements with Companies and monitoring their performance by annual assessment.

**3. What impact do Corporate Governance standards/Companies Act have?**

Best practice in Corporate Governance standards calls for:

- (a) the separation of roles of Chairman and Chief Executive with a clearly accepted division of responsibility; and
- (b) the appointment of at least three non-executive directors of sufficient calibre.

Companies Act states that, in any conflict of interest for elected members and officers, the Director's duty is to the Company.

**4. What factors have to be considered when making appointments to Boards?**

- (1) Difficulties can occur for Council members or officers appointed as Directors:
  - (a) where the interest of a Company diverges from that of the Council; or
  - (b) in the case of an elected member, the policies of a political party which has nominated the member.
- (2) The Board should not be assembled like a committee of the Council, reflecting the political balance; rather the objective should be to ensure a balance of professional expertise and shareholder interest.
- (3) It will be inappropriate for a Company to have a member of the Council as a Director for only reasons of prestige or hoped for influence in shaping Council policies or actions.
- (4) It might be in the interest of the Council not to become involved with Board membership if it is probable that the interests of the Council and the Company could be divergent – see 4(1)(a).

**5. Who should be appointed?**

- To achieve a balanced Board, it might be necessary to nominate an officer rather than an elected member and, in some cases, an individual with appropriate expertise who is neither an officer nor a member, likely in cases where the Board is made up largely of members and officers of the Council.
- Care should be exercised in the selection of individuals to ensure that they bring to the Board the necessary expertise and are unlikely to face conflicts of interest from their membership of other boards or voluntary groups with interests which are likely to have undue influence on their direction of the Company.
- The role of the Chairman is important and should be held by an individual of relevant experience and expertise who will play a proper role relative to the Chief Executive/Managing Director of the Company.

**6. What knowledge is required?**

Training needs to be provided for officers and members who wish to understand fully the role of Director and the related statutory framework. Attendance at appropriate training should be a requirement of Board membership and should take place before or as soon after nomination as possible for Directors with limited or no experience.