

Item 5.

Subject: Public question from John Oliver

Dear Sir/Madam

I wish to direct the following public question, for written and minuted response, to the Board at its meeting on 2 December:

“At the 2 September AGM, the Board discussed the relationship between the AONB and the Surrey Hills ‘Family’ and whether it should guard against the actions of a member of the ‘family’ bringing the Board into disrepute.

I wish to ask the following in respect of the Surrey Hills AONB Director’s other position, according to the ‘Company Check’ website, as a company director of Surrey Hills Enterprises CIC.

The Companies Act 2006 sets out the duties of company directors. Sections 171, 172 and 175 state, respectively, that a director of a company must:

- “act in accordance with the company's constitution”.
- “act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members”,
- “avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company”.

These, together, place a legal duty upon a company director to act in the interests of the company and avoid interest in another organisation where this might conflict with the company’s interests.

The purpose of designation of the Surrey Hills AONB is to “conserve and enhance the natural beauty” of the AONB. Undoubtedly, the Director has a contractual duty to the AONB. However, as a director of Surrey Hills Enterprises, which has a very firm focus on supporting and promoting business, promoting tourism and developing a thriving economy, he has a legal duty to promote these aims of the company. This does not always sit comfortably with the purpose of AONB designation. It highlights significant actual or potential conflict between the post of Director of the AONB and his legal obligations to Surrey Hills Enterprises.

Assuming Company Check is correct, does the Board agree that this legal duty fetters the ability of the Director of the Surrey Hills AONB to act wholly for the benefit of the Board’s aims and does it agree that he should relinquish his position as a company director of Surrey Hills Enterprises immediately and, if not, why not?”

Kind regards

John Oliver

DRAFT RESPONSE

Thank you for your question.

The AONB Director is a Director of Surrey Hills Enterprises Community Interest Company (CIC) and it is acknowledged that under Company Law the AONB Director has a legal duty to act in the interest of the company.

Surrey Hills Enterprises vision is a thriving rural economy which contributes to environmental sustainability and enhances the distinct and special nature of the Surrey Hills. The audited accounts on Company's House demonstrate that none of the Directors receive an income and any surplus is invested in the Surrey Hills as the community asset.

The AONB Board is currently satisfied that the influence of the AONB Director helps to mitigate the risk of the company bringing the Surrey Hills into disrepute by helping to focus its role on delivering its vision and AONB outcomes. If the AONB Director was not on the company's board and sought influence outside of the company's governance structure, this could open to accusations of acting in the capacity of a Shadow Director without the required level of transparency. Furthermore, Surrey Hills Enterprises reports to the AONB Board and its directors are accountable in law to the Office of the Regulator of Community Interest.

The AONB Board therefore does not consider that the AONB Director should relinquish his position on the company's board with immediate effect. It is noted however that this issue should be kept under close scrutiny to ensure that proportionate checks and balances are in place.

The AONB Chair, AONB Director, Chairman of Surrey Hills Enterprises and its Executive Director, would be happy to meet to discuss any specific concerns.

Heather Kerswell

Surrey Hills AONB Chair