

Expected Activities for Directors of The Parks Management Limited

The Parks Management Limited (TPML) company will be setup as a company limited by guarantee. It will consist of 3 to 7 directors that are residents or own properties on The Parks estate.

As a director of The Parks Management Limited you will represent the residents and service charge payers in our mission to replace FirstPort.

Once that is achieved the TPML board of directors will ensure that the new property management company are held to account and continue to perform in line with the residents and service charge payers expectations. If they fail meet our expectations then the directors will seek to replace them.

If a director moves on or steps down, they should be replaced with another volunteer from the residents and service charge payers.

These activities may include:

- Setting up TPML with Companies House.
- Opening a company bank account for TPML
- Identifying a suitable replacement property management company and perform due diligence on these companies by visiting similar sized estates to seek feedback on their performance.
- Estimate potential costs including any legal fees, setup fees or insurance cover (if needed)
- Collect pledges from voters into the TPML bank account
- Get legal advice (if needed) to remove FirstPort from property deeds and replace with TPML
- Serve notice to FirstPort
- Work with FirstPort and the new property management company to ensure a smooth hand over of accounts, funds and service charge payer details.
- Meet with representatives of the new property management company to review the accounts and plans for the next financial year
- Sign off the accounts. Following the “sign off” of the accounts an “End of Year Adjustment” arises. This will generate an invoice or credit note. The issue and approval of the budget will generate the invoices.
- Monitor property management performance and charges
- Ensure company accounts are filed correctly with Companies House by the property management company
- Seek new volunteers to become a director if a board member steps down and notify Companies House of the changes

Roles and Responsibilities of a Company Limited by Guarantee Director

In a Company Limited by Guarantee (CLG), directors have a multi-faceted role that encompasses governance, leadership and legal responsibilities.

They must act in the best interests of the organization, exercising due diligence and skill in their decision making. Their duties include promoting the success of the company, exercising independent judgment, avoiding conflicts of interest, and ensuring compliance with legal and regulatory requirements.

Key Roles and Responsibilities:

- **Fiduciary Duty:**

Directors have a fiduciary duty to act in the best interests of the CLG, its members, and stakeholders

- **Strategic Direction:**

They are responsible for setting the strategic direction of the organization and ensuring its long-term sustainability

- **Oversight and Governance:**

Directors oversee the management of the CLG, ensuring compliance with laws, regulations, and the company's constitution

- **Legal Compliance:**

They are responsible for ensuring that the company complies with all relevant laws and regulations, including those related to accounting, company secretarial matters, and corporate governance

- **Independent Judgment:**

Directors must exercise independent judgment in their decision-making, avoiding undue influence or interference from third parties

- **Promoting Company Success:**

They have a duty to promote the success of the company for the benefit of its members, considering the interests of various stakeholders

- **Avoiding Conflicts of Interest:**

Directors must avoid any conflicts of interest between their duties to the company and their personal interests, disclosing any such interests to the board

- **Reasonable Care, Skill, and Diligence:**

They are expected to exercise reasonable care, skill, and diligence in their role, keeping up with industry best practices and staying informed about relevant laws and regulations

- **Financial Management:**

Directors play a key role in overseeing the company's financial health, including budgeting, cash flow, and debt collection

- **Board Effectiveness:**

They contribute to the effectiveness of the board by ensuring clear roles, assessing board composition, and promoting productive meetings

- **Compliance with the Company's Constitution:**

Directors must act in accordance with the company's constitution, exercising their powers only for the purposes allowed by law

Liability of Company Limited by Guarantee Directors

- **General Protection:**

Directors in a company limited by guarantee, like those in a company limited by shares, have limited liability. This means they are not personally liable for the company's debts or liabilities beyond what is specified in the company's articles of association

- **No Personal Liability for Ordinary Debts:**

In the normal course of business, if the company cannot meet its financial obligations, the directors are not personally responsible beyond the extent of their guarantee (a small amount, often £1)

- **Liability for Wrongdoing:**

While directors generally have limited liability, they can become personally liable if they engage in wrongful or fraudulent trading, such as misappropriation of funds

Further Reading:

<https://www.gov.uk/set-up-limited-company>

<https://www.gov.uk/guidance/being-a-company-director>