

Transport and Environment Committee

10.00am, Thursday, 17 May 2018

Appointment of Auditor to Lothian Buses

Item number	7.15
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	21

Executive Summary

Scott Moncrieff are currently the auditors of Lothian Buses Limited (formerly Lothian Buses plc) (LB).

Under the provisions of the relevant majority shareholder agreement the appointment or removal of the auditors of LB is a reserved matter that requires the prior consent of the City of Edinburgh Council (Council).

The appointment of the auditors is made annually at the LB AGM. LB propose to appoint Scott Moncrieff as auditors at the LB AGM on 28 June 2018 for a period of one (1) year.

There is requirement for the Council to resolve that it shall consent to the re-appointment of Scott Moncrieff as the auditors of LB. Without this resolution, LB would be unable to prepare annual audited accounts.

Appointment of Auditor to Lothian Buses

1. Recommendations

- 1.1 It is recommended that the Transport and Environment Committee
 - 1.1.1 approves the appointment of Scott Moncrieff as the auditors of Lothian Buses Limited (LB) on 28 June 2018.

2. Background

- 2.1 LB is a private company limited by shares.
- 2.2 LB is an ALEO which is 91% owned by the City of Edinburgh Council. This arrangement is governed by a shareholder agreement between the Council and LB.

3. Main report

- 3.1 On [22 August 2013](#) Council approved the process for the various corporate and operational documents required for the governance of tram operations.
- 3.2 Further to a tender process in 2017, LB appointed Scott Moncrieff as auditors on a 3-year contract. LB was entitled to do this, however, there is a statutory requirement to appoint auditors for each financial year (unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required). Accordingly, the auditors require to be formally re-appointed each year at the LB AGM.
- 3.3 Under the provisions of the majority shareholder agreement entered into among Transport for Edinburgh Limited (TfE), the Council and LB on 28 October 2013, LB undertakes to TfE and the Council that LB shall ensure that, save with the prior written consent of the Council, LB shall not effect or propose certain reserved matters. The appointment or removal of the auditors of LB is a reserved matter.
- 3.4 LB propose to appoint Scott Moncrieff as the auditors of LB at the LB AGM on 28 June 2018 for a period of one (1) year.
- 3.5 There is requirement for the Council to resolve that it shall consent to the re-appointment of Scott Moncrieff as the auditors of LB. Without this resolution, LB would be unable to prepare annual audited accounts.

4. Measures of success

- 4.1 Delivery of a safe, efficient and cost effective integrated transport operation for the city.

5. Financial impact

- 5.1 There are no financial impacts arising from this report.

6. Risk, policy, compliance and governance impact

- 6.1 It is mandatory for a public company to appoint an auditor. The appointment of an auditor ensures that LB's accounts give a true and fair view of its affairs at the end of the year. Therefore, the recommended appointment will ensure that there will be good governance of LB and management of financial risk.

7. Equalities impact

- 7.1 There are no equalities impacts arising from the recommendations in this report.

8. Sustainability impact

- 8.1 There are no equalities impacts arising from the recommendations in this report.

9. Consultation and engagement

- 9.1 The LB Audit and Risk Committee has agreed to reappoint Scott Moncrieff as the company auditor. If the Council consents, the re-appointment will be formally approved at the LB AGM on 28 June 2018.

10. Background reading/external references

None.

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11. Appendices

None