

Lothian Buses – Board Appointments

City of Edinburgh Council

29 April 2010

Purpose of report

- 1 This report seeks the Council's instructions on appointments to the Board of Lothian Buses plc.

Main report

Re-appointments

- 2 The Annual General Meeting of Lothian Buses takes place on 15 June 2010 and, in terms of the company's Articles of Association, a proportion of the Directors of the company are required to "retire" by rotation. Any new appointments or re-appointments require to be confirmed by the Council. In 2010, the Directors concerned are detailed below.

Executive Directors

Ian Craig, Managing Director
William Campbell, Operations Director
Norman Strachan, Finance Director

Non-Executive Directors

Alison Ross
Irene Kitson

- 3 A list of the full Board membership is shown in the Appendix to this report, together with details of the provisions of the company's Articles of Association in respect of the appointment of Board members. The Council requires to advise the Company Secretary of its position by 14 May 2010 to meet the requisite notice period for the AGM (21 working days).
- 4 As the main shareholder, the Council has a number of options. It can:
 - support the re-appointment of these Directors for a full term or fixed period;
 - propose appointments in place of all or some of these Board members at this stage – or at a later date for ratification at the next AGM in 2011;
 - choose not to make appointments to all of the places subject to maintaining a quorum on the Board; or

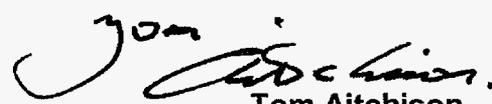
- a combination of these options. In terms of the Transport Act 1985, the company must have a minimum of three Executive Directors, and no more than seven Non-Executive Directors at any time.
- 5 These appointments should be seen in the context of the ongoing review of the governance arrangements of Lothian Buses, Transport Edinburgh Limited (TEL) and Transport Initiatives Edinburgh (**tie**). Further details of this are given below.
 - 6 In the event that the Council wishes to propose other appointments, this can be done by direct appointment or recruitment by other means – for example, through public advertisement. In 2009, four Non-Executive Directors were appointed through public advertisement and interview by the Council's Recruitment Committee.

Transport Companies – Integration of Governance Arrangements

- 7 I reported to the Council on 17 December 2009 in relation to the progress made in the development of the governance structures required to facilitate the integration of bus and tram services across Edinburgh and the Lothians – a key element of the Council's Local Transport Strategy.
- 8 This has been reflected in the Council's decisions on appointments to the Boards of Lothian Buses, TEL and **tie**, which has led to cross-representation between the Boards and taken account of the skills required in the changing transport environment in the city to facilitate joint working and the transition to the new arrangements. In this regard, the Council, in December 2009, approved the appointment of Ian Craig, Managing Director of Lothian Buses and William Campbell, the company's Operations Director, to the board of TEL as Executive Directors.
- 9 I also outlined in that report the two-stage programme for the restructuring of the family of transport companies to form a single operating company. The transfer of the ownership of **tie** to TEL, approved by the Council on 17 December 2009, completed the first phase of that programme.
- 10 The wide range of key workstreams to take forward the development of a single operating company are being progressed and, as previously reported, a comprehensive report for the Council's consideration is scheduled for Autumn 2010. The work programme also includes a report on remuneration arrangements in relation to all Council arms-length companies with a target reporting date of June 2010.
- 11 An essential element of the programme is to ensure that the new arrangements can build on the success of Lothian Buses over a number of years and to ensure that the experience and expertise within Lothian Buses informs and is well represented within the new arrangements.

Recommendations

- 12 It is recommended that the Council:
- (i) confirms the re-appointment of the three Executive Directors;
 - (ii) determines its position in relation to those Non-Executive Directors detailed at paragraph 2 above; and
 - (iii) considers the arrangements for filling any places on the Board arising from this.


Tom Aitchison
Chief Executive

21/04/10.

Appendices Appendix: Lothian Buses - Full Board Membership

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Wards affected

Single Outcome Agreement

Background Papers

LOTHIAN BUSES PLC - BOARD OF DIRECTORS

2010 AGM - ELECTION/RE-ELECTION OF DIRECTORS

In terms of the Transport Act 1985, the Company (Lothian Buses plc) must have a minimum of three Executive Directors, and no more than seven Non-Executive Directors, at any time.

At the Annual General Meeting of the Company (which is to be held on 15 June 2010), the number of Directors falling due for re-election by "rotation" must be one-third of the Board members who are not up for re-election for other reasons. The Directors to retire in every year shall be those who have been longest in office since their last election or re-appointment.

The current Board membership is detailed below. Those highlighted are those whose position requires to be reviewed. Directors who are obliged to retire by rotation are eligible to be proposed for re-election, should the shareholders so wish.

<u>Executive Directors</u>	<u>First Appointed</u>	<u>Last Reappointment</u>
Ian Craig, Managing Director	2006	2007
William Campbell – Operations Director	1999	2007
Iain Coupar – Marketing Director	2001	2008
William Devlin, Engineering Director	1999	2008
Norman Strachan, Finance Director	2000	2007
<u>Non Executive Directors</u>		
David Mackay -Chairman	2008	-
Ann Faulds	2009	-
Ronald Hewitt	2009	-
Irene Kitson	2001	2007
Donald MacLeod	2009	-
Marjory Rodger	2010	-
Alison Ross	2001	2007
<u>Employee Representative</u>		
Jane Gray	2009	-