

Minutes of first Service Integration Meeting
tie offices, Hanover St, Edinburgh
2 July 2004 9.30pm

Attended by:

Andrew Burns, Chair	Executive Member for Transport and Public Realm
Keith Rimmer	Head of Transport, CEC
Neil Renilson	Chief Executive, Lothian Buses
Bill Campbell	Operations Manager, Lothian Buses
Norman Strachan	Finance Director, Lothian Buses
David Humphrey	Project Director, Transdev
Michael Howell	Chief Executive, tie
Graeme Bisset	Finance Director, tie
Dorothy Amyes	DA Transport, CEC (Minutes)

Apologies

Andrew Holmes, Gill Lindsay, John McMurdo

1. Overview and objectives	Action
<p>Following initial introductions, Andrew Burns noted that the opportunity existed to do something special in Edinburgh. It could be a success or a fundamental change that would transform the city. This group can make this happen and he wants to see the city transformed. The National Audit Office Report was referred to and many of the recommendations had already been taken on board. Integration must be a success. CEC/tie are the facilitators but it is recognised that Lothian Buses and Transdev are the key players</p> <p>The framework paper was a negotiated starting point but it is recognised that it may change over next few months as work progresses.</p> <p>Graeme Bisset referred to the role of the Scottish Executive who would not want to get involved but needed to be kept informed. A mechanism was required to make this happen.</p> <p>Neil Renilson confirmed that from Lothian Buses point of view the objectives were fine and he was happy to endorse the principles.</p> <p>Andrew Burns noted that time was available to get the process right and it was recognised that this was not an easy process and a number of hurdles would need to be worked through.</p>	

2. Formal Establishment of Company	Action
<p data-bbox="313 218 558 243">2.1 Company Name</p> <p data-bbox="313 249 1166 405">Andrew Burns explained that the preferred name of the company was Transport Edinburgh Ltd. He explained the public information programme relating to the Integrated Transport Initiative which would be running over the next few months with the working title of Transport Edinburgh.</p> <p data-bbox="313 443 1166 569">Michael Howell provided the background to this and the other ideas that had been suggested - Edinburgh Transport/Edinburgh Integrated Transport /Lothian Transport. The only possible reservation about the name was that it may be too closely associated with brand.</p> <p data-bbox="313 606 1166 699">Neil Renilson noted that a bus company called Edinburgh Transport had operated from Salamander St. a few years ago and that it was still a dormant company.</p> <p data-bbox="313 737 1166 829">Keith Rimmer considered that the name, Transport Edinburgh, was fine and that it was a good idea to maintain the brand which would be mutually reinforcing and not divisive.</p> <p data-bbox="313 867 1166 1064">It was also noted that there was a possibility that the new national transport agency would be called Transport Scotland. A question was raised about when the public transport went further than Edinburgh into the Lothians but it was considered that this could be looked at a later date. At present it was important to establish the name in the run up to the referendum which was planned for late January/early February 2005.</p> <p data-bbox="313 1102 1166 1161">David Humphrey noted that his company was called Transdev Edinburgh Trams Ltd.</p> <p data-bbox="313 1199 1068 1260">Michael Howell briefly explained the reasoning behind Transport Initiatives Edinburgh changing its name to tie.</p> <p data-bbox="313 1297 1146 1358"><i>It was agreed that the name of company should be Transport Edinburgh Ltd.</i></p>	

2.2 Director appointments and alternate director arrangements

In framework document it stated that the board of the new company should be made up as follows:

Chair - CEC

Lothian Buses - 2 directors

Transdev - 1 director

tie - 1 director

2 independent directors - to be appointed as appropriate.

It was agreed that Andrew Burns should be chairman.

David Humphrey asked why Lothian Buses had 2 directors. He considered that this did not appear to be balanced and asked that Transdev should also have two directors. He felt that this would be more balanced at the top level.

Neil Renilson explained the background to this. Lothian Buses were operating at the moment and were the major providers of public transport. He did not consider that Lothian Buses would be overpowering. The matter had been discussed at length in the meetings prior to the framework document being finalised and it had been agreed with Donald Anderson

It was agreed that this matter would be given further consideration.

The question of who else should attend the board meetings was raised and this needed to be codified.

It was considered that observers were acceptable but David Humphrey reiterated his view that he would prefer to see a more balanced board with two directors each for Lothian Buses and Transdev but he would leave this for further consideration.

Andrew Burns stressed that the company needed to be incorporated as soon as possible and that it would need to go through Council for approval. He also suggested that it would be useful to have a user group, such as Transform Scotland, represented on the board.

It was agreed that this representative should have the shared vision of transforming the city and the group discussed possible individuals/groups. Neil Renilson felt that public transport user groups often concentrated on local issues and what was needed was somebody with a wider perspective.

It was suggested that it should be somebody with a high profile from the business/retail/environment sectors who would be able to understand the complexities of high level integration.

Andrew Burns commented that if congestion charging doesn't go ahead, he didn't want this side to collapse and therefore needed somebody with a stake in making it happen.

This matter was discussed and it was agreed that members would draw up a list to be discussed and agreed at the next meeting.

All

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Neil Renilson asked if the policy was for politicians to be included or not. Andrew Burns commented that the Lib. Dems did not want politicians involved but he couldn't see why not.

Michael Howell asked if the directorships would be voluntary or whether payments would be involved.

It was agreed that these would be voluntary.

Alternate director arrangements

Graeme Bissett suggested that each director should nominate an alternative to cover leave etc and that all could attend if involved in work being discussed.

Neil Renilson considered that the alternatives should be entitled to vote.

Other observers could be present and other parties might report to board as appropriate.

2.3 Memorandum and Articles of Association

Keith Rimmer did not think that they had been worked up yet as he had not seen a draft.

Graeme Bissett referred to the DLA report which had highlighted specific points and which need to be inclusive in draft for circulation.

It was agreed that a report should go to the Council meeting in August and the papers would go out one week beforehand. The Memorandum and Articles of Association will have to be appended to report

Action : GB to discuss with Gill Lindsay next week.

GB

David Humphrey noted that it was necessary to look to the future-construction finance etc downstream and that the Memorandum and Articles of Association would need to have powers/guarantees.

Michael Howell asked if it would be quicker for DLA to draft.

Keith Rimmer noted that in other CEC companies the company secretary has been the Council Solicitor. The work will require attendance at lots of meetings and, if an external secretary was appointed, this would have financial implications which would need to be resolved.

Andrew Burns suggested that it might be possible for DLA to draft the Memorandum and Articles of Association but revert back to CEC for company secretary.

It was agreed that the draft Memorandum and Articles of Association should be circulated to group by mid-July.

GB

<p>Graeme Bisset asked if Lothian Buses/Transdev had checked their articles and it was confirmed that these had been checked and they contained the necessary powers.</p> <p>2.4 Any other formal matters Keith Rimmer noted that the company secretary needed to be resolved by next meeting and he suggested that, if external, DLA could be used in short term then put out to tender .</p> <p>Graeme Bisset referred to the company's future requirements to borrow/spend money and that powers for this should be taken but approval would be needed from council. This would be checked.</p> <p>3. Views from the operators 3.1 Outline timetable (previously circulated)</p> <p>Graeme Bisset explained the checklist for consideration by the board.</p> <p>Neil Renilson asked to see a copy of the DPOFA and recognised that there would be a need to sign confidentiality agreement.</p> <p>David Humphrey expressed concerns over the disclosure of the financial details.</p> <p><i>It was agreed to take out financial details ie the contract but no schedules, and pass copy to Lothian Buses.</i></p> <p>Graeme Bisset suggested that a meeting would be useful to explain DPOFA.</p> <p>Action: to organise meeting and tie to send confidentiality undertaking to Lothian Buses for signature.</p> <p>It was agreed that the initial Steps were OK.</p> <p>Phase 1 Point 3 - it was suggested that Transdev/Lothian Buses needed to meet to talk through principles and resurrect earlier discussions.</p> <p>David Humphrey noted that the views of Transdev were that there was no difficulty with Lothian Buses at the top level but an absolute requirement was for technical/managerial control.</p>	<p>GB</p> <p>GB</p>
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The outline joint venture agreement had already been drafted and David Humphrey asked if the business plan contained any budget requirements.

Graeme Bissett agreed that there were likely to be third party costs for anybody acting for the company from September 04 onwards.

Work would be required on the preparation/timescale for areas such as bus tram interchanges and how the road network was going to work. However, it was possible that the business plan may say do nothing for year but Graeme Bissett consider that it was important to demonstrate possible joint venture as soon as can as the Scottish Executive needed to see progress on the work towards principle joint venture. The business plan would be a timeline workplan for setting up the joint venture.

David Humphrey and Neil Renilson were asked if they would be happy to meet the Scottish Executive at some stage as they would be looking for comfort on integrated transport system.

It was agreed that they were happy to meet Scottish Executive.

Lothian Buses/Transdev to report at next meeting on progress on the Transport Joint Venture.

David Humphrey will send joint venture - heads of terms within next few days to Neil Renilson.

DH

It was recognised that cross shareholding will take time. Neil Renilson would have to explain this to all the shareholders and there is a condition that any shares for sale have to be offered to other shareholders first etc. The next Lothian Buses board meeting was on 10 August.

The Memorandum of Understanding would need to be signed by the Council.

4. Overview of competition law

It was confirmed that all parties had received/seen DLA report.

Graeme Bissett noted that there was a need to be careful re competition law and the joint venture. It was recognised that some things such as one-ticket needed to be progressed and while there was permissible dialogue between the two companies there was a requirement to minute every meeting.

David Humphrey suggested that there should be agreement on the approach to the competition authority and suggested DLA to do on behalf of all parties.

It was agreed that this would be best way forward and that an informal notice should be sent to OFT - to let them know structure in process.

<p>5. Next steps</p> <p><i>It was agreed that a report should go to the Council meeting on 19 August.</i></p> <p>It was noted by Michael Howell that a protocol was required for managing correspondence etc when dealing with issues such as One Ticket as other operators, First Group would be involved with this.</p> <p><i>It was agreed that such a protocol should be approved at Transport Edinburgh board level.</i></p> <p>It was noted that the ultimate decision on whether Transdev were to have two board members rested with CEC. It would also have to form part of the Memorandum and Articles of Association.</p>	
<p>6. Next meeting</p> <p>Friday 27 August, 9.30 in tie offices, Verity House, 19 Haymarket Yards</p>	