

## Transport Policy and Delivery: The Next Steps

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The City of Edinburgh Council

30 June 2005

### 1 Purpose of report

- 1.1 To report on the decisions taken by the Council at its meeting on 24 February 2005.

### 2 Background

- 2.1 On 24 February 2005 the Council considered a number of reports arising from the outcome of the Transport Edinburgh Referendum. The Council accepted the motion from the Labour Group (Appendix 1), together with points 3-12 (Appendix 2) in the Liberal Democrat Group amendment.
- 2.2 Broadly, the decisions taken by the Council can be grouped into the following categories:
- the referendum result;
  - governance and consultation structures;
  - tie and Transport Edinburgh Limited;
  - local transport strategy;
  - developing existing public transport services;
  - transport investment in the next 5 years; and
  - alternatives to congestion charging.

### 3 The referendum result

- 3.1 The referendum result in February was decisive. Council immediately accepted the result and instructed that work on the implementation of the Congestion Charging Scheme should cease. That decision has been implemented.

- 3.2 The referendum result clearly demonstrated that the Council's proposals were not widely supported by the public in Edinburgh. There are lessons here for the Council. In future, more will need to be done by the Council to secure broad support for major policy changes such as those proposed in the congestion charging scheme. How the Council communicates and consults with the public also needs to be reviewed.
- 3.3 However, it is also necessary to re-iterate that the development of a modern, transport infrastructure for the city and the city region needs to remain a priority for the Council. Edinburgh is a growing, dynamic city with a key role to play in the economy of the city region and the country as a whole. If the city vision, which has been promoted by the Council and widely supported by key stakeholders, is to be realised then the problems of congestion and transport infrastructure must be tackled.
- 3.4 The referendum result means that the Council focus is now on the "base" transport strategy. Tram developments are a crucial aspect of the strategy and it is vital that this agenda is promoted vigorously and with a sense of momentum and urgency. A number of crucial issues will have to be addressed and resolved over the coming months by the Council, the Scottish Executive.
- 3.5 A separate report on today's Council agenda sets out how the management and administration of the referendum was viewed by the public.

#### **4 Governance and consultation structures**

- 4.1 A number of proposals in the Liberal Democrat Group amendment refer to consultation and policy development mechanisms. Specifically, there is a proposal to establish an all party "Transport Review Panel" and a short life all party "Commission" on parking policy.
- 4.2 I have given careful consideration to these suggestions. Clearly, all political groups on the Council have to consider to what extent they wish to work together on the transport policy development process. I recognise that this is not a straightforward consideration. However, from a managerial and professional viewpoint I believe there would be merit in developing a cross party approach. There are two reasons for this:
- firstly, the referendum result demonstrated that a broad consensus on the way forward did not exist; and
  - given the lead times in the development and implementation of transport policy, a cross party approach could provide stability and continuity up to 2007 and beyond.
- 4.3 If the Council is minded to support a cross party approach I will submit detailed proposals to the next Council meeting in August. There are a range of possible models but an initial approach might be to establish a member-officer group to undertake a stocktaking exercise and to identify strategic issues for further

consideration. The group could be instructed to report back to the Council in October on its findings and proposals.

## **5 tie and Transport Edinburgh Limited**

- 5.1 In April 2004 I reported to Council on ongoing proposals to develop a framework for the integration of transport services in the city and outlined a possible way forward.
- 5.2 In September 2004 the Director of City Development submitted a further, more detailed report to Council. He advised Council that a series of meetings had taken place involving Council officers, **tie**, Lothian Buses and Transdev. This resulted in a proposal to establish a company known as "Transport Edinburgh Ltd".
- 5.3 The Director of City Development described in his report the objectives and structure of this new company, together with a draft Memorandum of Association. The main objectives of Transport Edinburgh Limited are:
- to promote, support and/or effect the development, procurement and implementation of projects defined or referred to in the Council's integrated transport strategy;
  - to carry on, promote or develop any trade or business in the field of transport required in connection with the Council's integrated transport strategy; and
  - the promotion of the integration of all modes of public transport in Edinburgh including but not limited to buses, trams and heavy rail.
- 5.4 Since September 2004 further work has been undertaken to develop Transport Edinburgh Ltd. Following the result of the Transport Edinburgh Referendum consideration has also been given to the possible need for changes in Transport Edinburgh Ltd, its size and composition and the pace of its development.
- 5.5 The initial composition of the Board is slightly amended from that previously approved by the Council. The most significant change is that Transdev is no longer allocated a place on the Board. It was considered that there could be conflicts of interest arising from its membership of the Board while, at the same time, being the principal contracted party under the Development Partnership and Operating Franchise Agreement which will, at an appropriate time, be novated from **tie** to Transport Edinburgh Ltd.
- 5.6 It is considered that the underlying rationale for Transport Edinburgh Ltd is sound. In short, a structure is required to ensure that the bus and tram networks, both owned by the City of Edinburgh Council, work together and not in competition. This requires an integrated approach to:
- routes and timetables;

- fares and ticketing;
- information and publicity;
- stops, stations and infrastructure; and
- integration with other modes.

5.7 Work on the development of Transport Edinburgh Ltd has reached the following stage:

- the Articles of Association provide for a Board of eight members. Agreement has been reached that a Board of Directors should be established, consisting of representatives from the City of Edinburgh Council (2), **tie** (1) and Lothian Buses (2), together with two independent, non-executive Directors. One further directorship is being held vacant meantime. This represents a modification to the recommendations approved by the Council in September 2004 when Transdev were allocated a place on the Board;
- a short-list for the appointment of the independent Directors has been drawn up;
- the Board is chaired by Councillor Andrew Burns; and
- Neil Renilson, Chief Executive of Lothian Buses, has been identified as Chief Executive designate of the new company.

5.8 The intention is that there should be cross representation between the Boards of **tie**, Lothian Buses and Transport Edinburgh Ltd. At a future date, but not before Royal Assent for the tram bills is secured, the relationship between Transport Edinburgh Ltd and Lothian Buses will be re-examined. Consideration has also been given to the “transfer” of the Council’s shareholding in Lothian Buses to Transport Edinburgh Ltd. There are, potentially, capital gains tax issues arising from this proposal, however, and specialist advice is currently being considered.

5.9 Discussions have taken place at the Transport Edinburgh Ltd shadow Board meetings about the requirement to appoint independent solicitors on behalf of the company. While the Council has only a limited interest in such an appointment, it is considered appropriate that any firm of solicitors currently representing **tie**, Lothian Buses or Transdev should be excluded to avoid any possible conflict of interest.

5.10 The role of Transport Edinburgh Ltd evolves with the tram project and the diagrams in Appendix 3 show these company relationships more fully.

5.11 It is considered essential that momentum is maintained in the development of trams and integrated transport provision in Edinburgh. Currently, the Bills for tramlines 1 and 2 are before Parliament. It is anticipated that Royal Assent will be forthcoming around the end of the year.

- 5.12 The Edinburgh Transport Referendum result means that tramline 3 cannot be taken forward at the present time. The funding of tramlines 1 and 2 is currently being re-examined.
- 5.13 The Council motion calls for a full and comprehensive review of the relative roles of **tie**, Transport Edinburgh Ltd and the City Development Department as part of the Council Review, as well as other Review issues around the devolution of decision making. Transport Edinburgh Ltd is dealt with elsewhere in the report. In respect of the role of **tie**, any review needs to be seen in the wider context and organisational structure of transport delivery in Scotland. **Tie** is currently charged with delivery of over £1bn of projects, the majority of which are directly funded by the Scottish Executive. The national Transport Agency is in the process of being established and will have its own relationships with **tie**. Also, the establishment over the next year of statutory Regional Transport Partnerships has potential implications for both **tie** and the City Development Department. I intend to keep the issues under review but do not feel that there are further decisions that can be usefully made at this stage beyond those already set out in the report.
- 5.14 The Council decisions of 24 February 2004 require comment on two further points. The first concerns the inclusion of a Liberal Democrat councillor on the Board of **tie** and on SESTRAN. This is a matter for the Council to determine. However, if as outlined earlier in this report, the Council wishes to approach transport policy planning on a broader basis then it would be appropriate to include councillors from opposition groups on these bodies. Scope also exists for representation from opposition groups on the Board of Transport Edinburgh Ltd.

## **6 Local transport strategy**

- 6.1 Though the Local Transport Strategy has only been in place for 18 months, the significant development work which has been and is taking place, combined with the 'No' vote on congestion charging, means that the Director of City Development considers that a new strategy will be required earlier than would normally have been the case. He will report on a timetable for a strategy review to the August Council.
- 6.2 The aims of Edinburgh's current Local Transport Strategy are to:
- improve safety for all road and transport users;
  - reduce the environmental impacts of travel;
  - support the local economy;
  - promote better health and fitness; and
  - reduce social exclusion.

6.3 Over the next few years, working towards the above aims is likely to involve action in a range of areas. These are summarised in Table 1 below.

**Table 1. Edinburgh’s Transport Strategy – key themes 2005 to 2010**

<p><b>1 Supporting a vibrant city centre and a growing city</b></p>	<p><i>City Centre</i></p> <ul style="list-style-type: none"> <li>• investment in public transport</li> <li>• priority to pedestrians</li> <li>• improved road safety</li> <li>• investment in streetscape</li> <li>• improved parking</li> </ul> <p><i>Growing City:</i></p> <ul style="list-style-type: none"> <li>• investing in top class access to the growth areas based around maximising the role of sustainable transport</li> </ul>
<p><b>2. Effective maintenance and management of the road network</b></p>	<ul style="list-style-type: none"> <li>• increasing investment in road maintenance</li> <li>• upgrading the computer control of the city’s traffic lights</li> </ul>
<p><b>3. Tackling congestion and promoting choice</b></p>	<ul style="list-style-type: none"> <li>• investing in a tram system as the core of an integrated local public transport system</li> <li>• continuing to invest in and prioritise the city’s buses as the backbone of local public transport</li> <li>• investing in walking and cycling – the most healthy, inclusive and environmentally friendly modes</li> <li>• building on national investments in the rail system by maximising integration with local transport</li> <li>• marketing transport choices effectively</li> </ul>
<p><b>4. A safer city for all</b></p>	<ul style="list-style-type: none"> <li>• a 20mph speed limit for all residential areas</li> <li>• continuing the programme of Accident Investigation and Prevention schemes</li> </ul>

6.4 The Council Motion also seeks analysis of traffic levels, congestion levels, public transport use, road safety, air quality and it states that the programme should include a CO<sub>2</sub> audit for the city a whole. This monitoring is clearly desirable and some of it is happening at present. An outline monitoring programme will require detailed development and it will be necessary to consult on it and to identify any resource implications. It will also be necessary to secure the support of transport operators. In developing a programme for a new LTS it will be essential to identify the funding implications of such a fully developed monitoring programme. All of these matters will be referred to in the August report.

## **7 Developing existing public transport services**

- 7.1 Bus services in Edinburgh are successful. Passenger numbers are growing, notably on the Lothian Buses network, which has seen a 25% increase in ridership since 1998.
- 7.2 This growth has been possible through very effective partnership between the Council and bus operators. Initiatives have included:
- the redevelopment of Edinburgh Bus Station,
  - bus priority schemes including Greenways, Quality Bus Corridors and the A90 queue management system. The latter was delivered in tandem with the highly successful Ferry Toll Park and Ride, which now has increased parking capacity and a bus to central Edinburgh on average every 5 minutes in the morning peak;
  - the recasting of the bus network in the vicinity of the new Royal Infirmary of Edinburgh (RIE), with 8 bus services now directly serving or terminating at the new hospital. This continues to develop with services from Midlothian, the Borders and Fife now calling at the site.
  - the use of developer contributions to provide new or extended bus services;
  - improved bus stops;
  - the Bustracker satellite bus location system – giving ‘real time’ information at over 90 bus stops and improved service reliability;
  - the Edinburgh Fastlink guided busway; and
  - in partnership with other SESTRAN Councils, introduction of the One-ticket multi-operator transport ticket.
- 7.3 Much has been done to encourage and promote bus use in the city, but there is still considerable scope for further progress, notably through full exploitation of the potential of new technology.
- 7.4 Over the next few months a range of projects are due for implementation:
- new Park and Ride sites at Ingliston and Hermiston, opening in July 2005, and giving new opportunities for travellers from west Edinburgh and West Lothian to use the bus for the urban section of journeys to Edinburgh. Sites at Straiton and Todhills (delivery via Midlothian Council) are due to follow in 2006;
  - nine Bus Interchange points in the city will become fully operational in August 2005, enabling more effective use of the bus network as a whole; and

- bus service enhancements on a number of routes through the Bus Route Development Grant scheme.

7.5 Looking further into the future, the 'Bustracker' system offers great potential for further progress, through:

- providing 'real time information' not just on an expanded network of bus tracker signs, but via mobile phones, the internet, and workplace intranets;
- giving priority to late-running buses at traffic lights; and
- enabling better on-road management of bus fleets, delivering a more reliable and punctual service.

7.6 Despite recent progress, buses are still significantly affected by congestion in some locations, and potential remains to provide further on-street priority through bus lanes. Work is underway to identify a series of proposals for such lanes.

## **8 Transport investment in the next 5 years**

- 8.1 A major transport investment programme, unprecedented in recent decades, is due to take place in Edinburgh and its hinterland over the next 5 years. Appendix 4 sets out progress on developing and implementing this investment package.
- 8.2 The core elements of the investment package for the city are Edinburgh Tram Lines 1 and 2, extensive modernisation and improvements at Edinburgh Waverley Station, and the Edinburgh Airport Rail Link (EARL).
- 8.3 The first phase of the £150m upgrade of Waverley Station is underway and due for completion by 2007. The project will see the provision of an escalator at Waverley Steps, two additional platforms and lifts.
- 8.4 A Bill for Edinburgh Airport Rail Link (EARL) will be lodged with the Scottish Parliament later in the year. Funding of £500m has been earmarked by the Scottish Executive for the project, which is programmed for completion by 2011.
- 8.5 Other major schemes which will improve opportunities for travel to the city, are the Waverley and Airdrie to Bathgate rail line re-openings.
- 8.6 Integration between the new transport projects will be crucially important. Work is underway to ensure high quality interchange between tram, rail and bus at both Waverley and particularly Haymarket stations. As mentioned previously, Transport Edinburgh Ltd is charged with ensuring bus-tram integration. Also, the Edinburgh South Suburban Railway will continue as a project which the Council will seek to pursue to a successful conclusion with the Scottish Executive and Transport Scotland.



## **9 Alternatives to congestion charging**

- 9.1 One of the decisions taken by the Council in February 2005 was to call for “a review of the suggested alternatives for controlling increasing congestion that arose during the referendum campaign debate”. This has been undertaken by the Director of City Development.
- 9.2 In considering this matter it should be remembered that the intended purpose of congestion charging was twofold.
- as a means of reducing congestion and pollution by:
    - encouraging people to change their mode of transport
    - encouraging people to change the time of their trip(s)
    - encouraging people to combine trips
    - encouraging people to change the route or destination of their trip(s); and
  - as a means of raising money to fund significant improvements to the public transport system, to other alternatives to the car and to road maintenance.
- 9.3 During the referendum campaign opponents of congestion charging put forward a number of possibilities as alternatives to congestion charging. These fell into three categories:
- those which are broadly similar to congestion charging in that they act to restrain some car trips (“Restraint” measures);
  - those which are different to congestion charging in that they seek to influence behaviour, whilst introducing no new restraint on car trips (“Incentive” measures); and
  - those which seek to reduce congestion by accommodating more car travel (Traffic management).

### **Restraint Measures**

- 9.4 Only one restraint-based measure was proposed as an alternative to congestion charging during the referendum campaign. This was an increase in parking restraint, particularly an extension to the Controlled Parking Zone.
- 9.5 Control of parking at the journey’s end is the most widely used traffic restraint tool and, if consistently applied, can be very effective in containing travel by car to destinations when parking supply is limited. However, it has no effect on through trips, and extensive existing “free” (to the user) parking at workplaces means that restraint on parking in new developments takes a long time to impact on traffic levels. Nevertheless, management of on and off street parking is a crucial element of the Council’s transport strategy. A major expansion of the city centre controlled parking zone is currently programmed to be implemented during 2006 and 2007, subject to the recommendations of a recent public hearing. This will act to reduce the ability of people to commute by car to the city centre, whilst making parking for residents and shorter stay visitors and shoppers easier. In recognition of the importance of parking, the Council’s parking strategy is currently being comprehensively reviewed. This review will also address the potential for tailoring the controlled parking arrangements to better meet the needs of the local business community.

9.6 In summary, parking policy has some potential to meet the same restraint objectives as congestion charging. On-street parking also provides a revenue stream which the Council uses to support other transport programmes, including road maintenance. But there are two key areas where parking policy is not comparable to congestion charging:

- it does not restrain through traffic - a crucial issue in the city centre where 30% of car trips are passing through; and
- it cannot do anything to influence travel by the large number of drivers who have free off-street parking provided, particularly at their workplace.

9.7 The debate recently initiated by the Secretary of State for Transport on a possible national road charging scheme is a welcome step in moving the issue of charging into a national rather than a local policy framework.

#### **“Incentive” Measures**

9.8 Numerous “incentive” measures were proposed as alternatives to congestion charging during the referendum campaign. Examples include better bus services, more ‘safer routes to school’ projects, free school buses and more park and rides.

9.9 All these undoubtedly have some potential to transfer car trips to other modes of transport. All, with the exception of universal free school buses, are already part of the Council’s transport strategy. All can complement congestion charging, or other restraint measures including parking restraint. However, evidence from around the world suggests that without complementary restraint measures, none will achieve long term control of traffic growth and congestion. In addition, a cost benefit analysis of free school buses, a prominent proposal during the referendum campaign, would be needed as they would be expensive to introduce. Given the already high proportion of journeys to school made on foot and bus, it is considered unlikely that the significant investment in new buses to provide services at peak times would be worthwhile. Without a revenue stream of the magnitude which would have been provided by congestion charging it is also very difficult to see where finance to fund this proposal would be found.

#### **Traffic Management**

9.10 Some opponents of congestion charging suggested that congestion in the city had to some extent been deliberately caused by the Council as part of its policy of encouraging people to choose to travel by public transport, foot, or cycle. The alternative to congestion charging, it was suggested, was to:

- remove bus lanes;
- remove road narrowings; and
- remove other ‘traffic calming’ measures such as road humps.

9.11 The capacity of the road system in Edinburgh, as with other cities, is determined by the capacity of the junctions on the network. In promoting other forms of transport the Council has striven to maintain, or where possible increase, capacity for all movement, including that by cars. The visible evidence for this is the policy of “setting back” bus lanes from junctions. Bus lanes typically stop short of traffic lights to allow queuing cars to occupy all lanes on the final approach. So, just as many cars can pass through the junction, and therefore along the road, as without a bus lane. The sole function of the bus lane is to

allow buses to “jump the queue”, in recognition of the fact that they are typically using road space around fifteen times as efficiently as cars.

- 9.12 The effect of removing bus priority would be to significantly reduce the speed and reliability of bus services. This would result in a fall in patronage and a transfer of some trips to car. (There is strong evidence of the opposite of this process in recent years, with bus patronage up 25% since 1998, a figure acknowledged by bus companies to be in large part due to the major expansion in bus priority of the last 8 years.) It is therefore considered highly probable that the net result of removal of bus lanes would be a significant increase in, rather than reduction of, congestion.
- 9.13 Though some roads have been narrowed, narrowing has usually been very local (eg outside schools) or in areas of very high pedestrian activity, (eg the Royal Mile). Similarly, only roads with the highest numbers of pedestrians and shops (eg George Street, Princes Street, Royal Mile) have been closed to through car traffic. These measures aim to improve the city centre environment and road safety, and support the city centre as a place to work and shop. Measures have been taken to cater for displaced traffic, for example by increasing the traffic capacity of Queen Street.
- 9.14 Most ‘traffic calming’ has taken place on residential streets with little or no role as through traffic routes. As traffic calming does reduce traffic speeds, it is highly effective at reducing accident numbers and has minimal effect on the overall capacity of the main road network.
- 9.15 In conclusion, there is minimal scope for increasing the capacity of the road network to accommodate car traffic by removing bus priority measures and traffic calming. Indeed the effects of such removal would be likely to be an increase in, rather than a reduction of, traffic congestion.
- 9.16 Overall then, the only measure put forward during the referendum debate which is, at least in part, a genuine alternative to congestion charging was parking restraint. Restraint on commuter car parking is already central to the Council’s transport strategy, and this policy tool will need to be used with increased rigour in the absence of congestion charging as a complementary means of tackling the city’s congestion and traffic-related pollution problems. However, securing public support for further increases in parking restraint will need to be carefully considered. This can be done in the context of the Parking Review which will be reported to the Council in October of this year.

## **10 Recommendations**

10.1 It is recommended that Council:

- (i) considers the establishment of a member-officer group to undertake a stock-taking exercise and to identify strategic issues;
- (ii) notes the current position in the development of Transport Edinburgh Limited and approves the Memorandum and Articles of Association at Appendix 5;
- (iii) agrees to refer to Transport Edinburgh Ltd the appointment of independent solicitors;

- (iv) considers whether to include opposition councillors on the Board of **tie**, on SESTRAN and on Transport Edinburgh Ltd;
- (v) notes that the Director of City Development will report to the Council in August on a review of the Council's Local Transport Strategy;
- (vi) notes the developments in public transport services which have taken place recently and are planned; and
- (vii) notes the review of alternatives to congestion charging.



**Tom Aitchison**  
Chief Executive

*23/06/05*

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**Appendices**

- Appendix 1: Labour Group Motion of 24 February 2005
- Appendix 2: Liberal Democrat Group Motion Amendment of 24 February 2005
- Appendix 3: Diagram of Company Relationships
- Appendix 4: Transport Investment – Update
- Appendix 5: Transport Edinburgh Ltd – draft Memorandum and Articles of Association

**Contact/tel**

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**Wards affected**

**Background Papers**

## The City of Edinburgh Council

### Labour Group Motion for Full Council

Meeting of 24<sup>th</sup> February 2005

Agenda Item 8.1

#### TRANSPORT EDINBURGH REFERENDUM - OUTCOME

1. **The Council accepts** the outcome of the Transport Referendum within which the public did not endorse the Council's Preferred Transport Strategy.
2. **The Council therefore agrees** that tie ltd and City of Edinburgh Council officials now cease working on the implementation of the Congestion Charging Scheme.
3. **The Council now instructs** the Director of City Development to bring forward a report on:
  - measures that can build on the recent success of Lothian Buses in achieving a 25% increase in patronage and the wider success of Edinburgh's *bus network* being used regularly by 85% of the population.
  - maximising the impact of the current transport *infrastructure* programmes, commitments for which exceed over £1 billion for the next few years, with particular emphasis on how these can be most effectively implemented in order to cope with the increasing congestion within and around Edinburgh.
  - a clarified *timetable* for the above infrastructure programmes, updated in the light of the referendum result.
  - an ongoing *monitoring programme* for the city to include analysis of traffic levels, congestion levels, public transport use, as well as road-safety and air-quality trends. This programme to include a CO2 audit for the city as a whole.
  - continued assessment of the developing experience of urban transport and congestion from around the *world*.
  - a *review* of the suggested alternatives for controlling increasing congestion that arose during the referendum campaign debate.
  - a detailed programme of *consultation*, to follow on from the above review, which will include all major Stakeholders within and around Edinburgh.
4. **The Council further agrees** to receive report/s from any other Community Group on their proposals for tackling increasing congestion in the City.

Proposed \_\_\_\_\_

Seconded \_\_\_\_\_

# **CITY OF EDINBURGH COUNCIL**

**24<sup>th</sup> FEBRUARY 2005**

## **LIBERAL DEMOCRAT AMENDMENT**

### **Item 8.1 - Transport Edinburgh Referendum – Outcome**

- ~~1. In the light of the overwhelming rejection of the flagship policy of the Administration and the Preferred Local Transport Strategy by the people of Edinburgh in the Transport Edinburgh Referendum and the expenditure of over £7,000,000 on the Edinburgh Congestion Charging Scheme since April 2003 the Council has no confidence in the Leader of the Council and the Executive Member for Transport and the Public Realm and calls for their resignations forthwith.~~
- ~~2. Council welcomes the Scottish Executive's commitment to invest record amounts in new public transport schemes and resolves that congestion charging for central Edinburgh could only be appropriate after the delivery of good public transport improvement including the re-introduction of trams and the re-opening of Borders railway.~~
3. Council resolves to establish an all party Transport Review Panel of councillors to take the lead in bringing together the council, surrounding councils, the business and retail sector and the residents of Edinburgh in order to develop a consensus on how to improve public transport alternatives to the private car, encourage fewer commuters to bring their cars into the city and address the relative decline of city centre retail.
4. Council instructs the Chief Executive to produce a new Local Transport Strategy for the City of Edinburgh in co-operation with the other SESTRAN member authorities, the Scottish Executive and the Transport Review Panel.
5. In the light of concerns about the manner in which a 'Yes' vote in the referendum was promoted Council resolves:-
  - (i) To remove one Administration Director from the board of TIE and replace them by a Liberal Democrat councillor.
  - (ii) To remove one Administration Member from SESTRAN and replace them by a Liberal Democrat councillor.
  - (iii) To instruct the Chief Executive to carry out a full and comprehensive review of the relative roles of TIE, Transport Edinburgh and the City Development Department as part of the Council Review. This review to include consideration of greater devolution of decisions on service and investment priorities within the transport function to Local Development Committees and potentially Local Community Planning Partnerships.
6. Council notes that funding allocated to the further development and implementation of the Edinburgh Congestion Charging Scheme will no longer be required for that purpose and instructs the Chief Executive to report as a matter of urgency to the Executive on how these resources can be used to:-

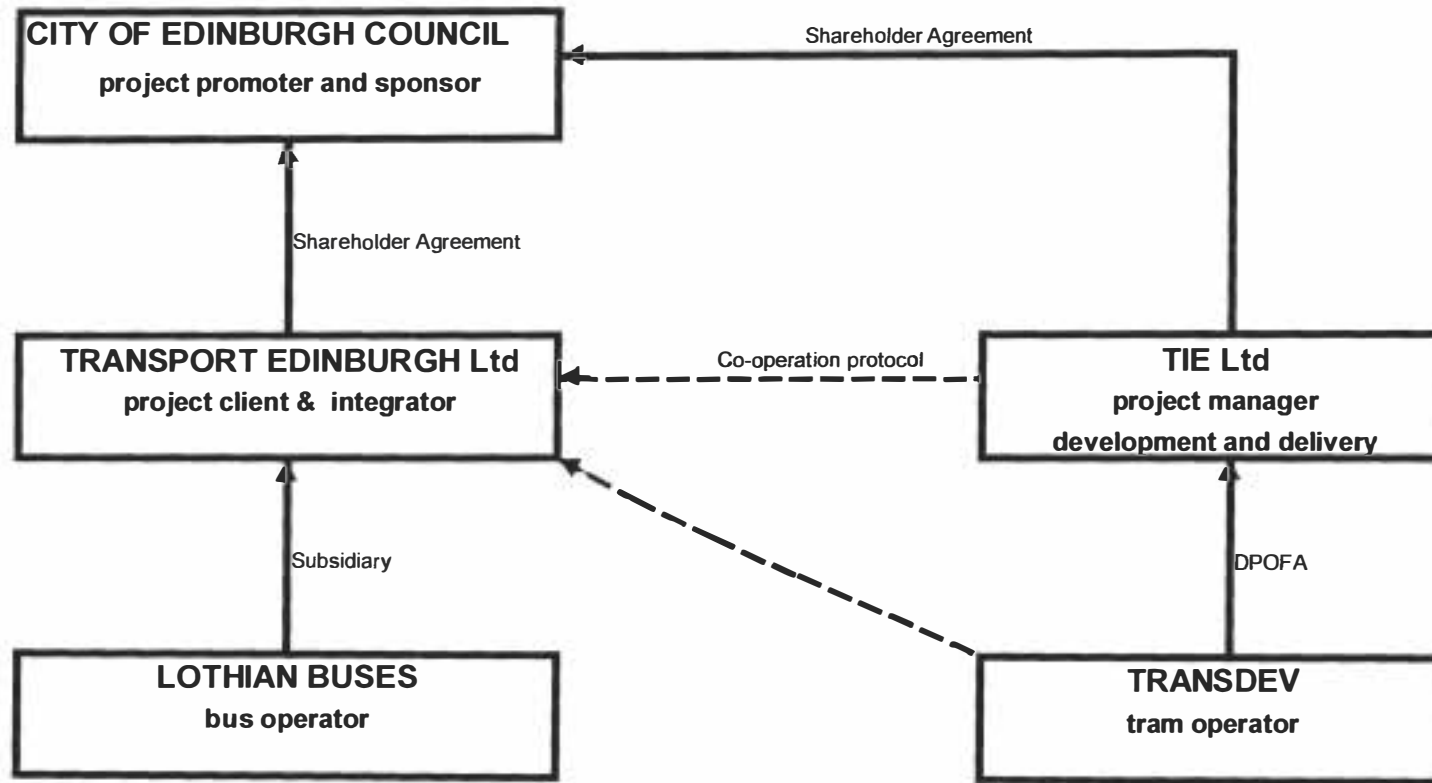
- (i) Reverse recent cuts to the Supported Bus Service Budget with particular emphasis on restoring the Lothian Buses 18 service and enhancing bus services in rural west Edinburgh, and
  - (ii) Provide a greater than planned roll out of 'Bus Tracker' Electronic information displays at bus stops across the city, including orbital routes.
7. Council believes that that a new Local Transport Strategy should include the rapid delivery of the following transport projects which are either fully funded or are national transport priorities:-
- (i) Park and Ride sites or extensions at Ingliston, Hermiston, Ferry Toll, Straiton and Todhills.
  - (ii) Nine improved bus interchanges.
  - (iii) 'Bus Tracker' Electronic information displays at 200 more bus stops, mostly in west Edinburgh, in addition to any others funded under paragraph 6(ii) above.
  - (iv) The proposed extension to the Controlled Parking Zone.
  - (v) The Royal Infirmary Bus Link.
  - (vi) The Borders Railway.
  - (vii) A tram line from Edinburgh Airport to Ocean Terminal via Princes Street as part of an integrated bus and tram network with off street parts of the route constructed to be used by both trams and guided buses.
  - (viii) The first phase of the reconstruction of Waverley Station.
  - (ix) The Airdrie Bathgate Line.
  - (x) The Edinburgh Airport Rail Link.
8. Council believes that that a new Local Transport Strategy should include the following projects which could be funded from existing council resources or bids to the Integrated Transport Fund:-
- (i) The re-introduction of passenger services to the Edinburgh South Suburban Railway.
  - (ii) A park and ride site suitable for use by commuters using the A702 corridor.
  - (iii) The re-opening of Portobello Station to serve east Edinburgh.
  - (iv) Wider installation of 'Bus Tracker' Electronic information displays at bus stops city wide.
9. Council instruct the Chief Executive to work with the other SESTRAN member authorities and the Scottish Executive to deliver the following proposed projects:-
- (i) The Caledonian Express.
  - (ii) The Haymarket Station Public Transport Interchange.
10. That in the light of the public debate on the effect of the school run during the recent referendum campaign the Council instructs the Directors of City Development and Children and Families to work together on a joint report on a Transport Plan for each school including action to provide alternatives to the school run, dedicated bus services where necessary, safe routes to school and wider promotion of cycling.
11. Council resolves to establish a short life all party Commission to review the council's city wide parking policies in order to tackle the widespread public perception that parking control in Edinburgh is unfair and unreasonable. The Commission should report to Full Council by March 2006. The work of the Commission should include consideration of:-
- (i) The development of 'Suburban Parking Control Zones' for areas of commuter parking pressure away from the proposed controlled parking zone where for part of the day non residents would be charged for parking for more than one hour and the revenue employed to operate each scheme and keep the cost of resident's permits to the administrative minimum.

- (ii) The provision of Business Parking Permits for traders in the Peripheral Controlled Parking Zone and a Liveried Vehicle Scheme in the Central Controlled Parking Zone.
  - (iii) The provision of automated underground car parks, such as the Trevipark system, in key city shopping locations linked to true pedestrianisation of shopping streets.
  - (iv) An annual statement of the revenues from parking charges and enforcement in the city and how that was spent to be included with the Council Tax Statement.
12. Council instructs the Director of City Development to report to the Planning Committee detailing a scheme where the provision of a pair of “Bus Tracker” electronic displays at the two nearest unadapted bus stops to a development is a condition of the planning permission.

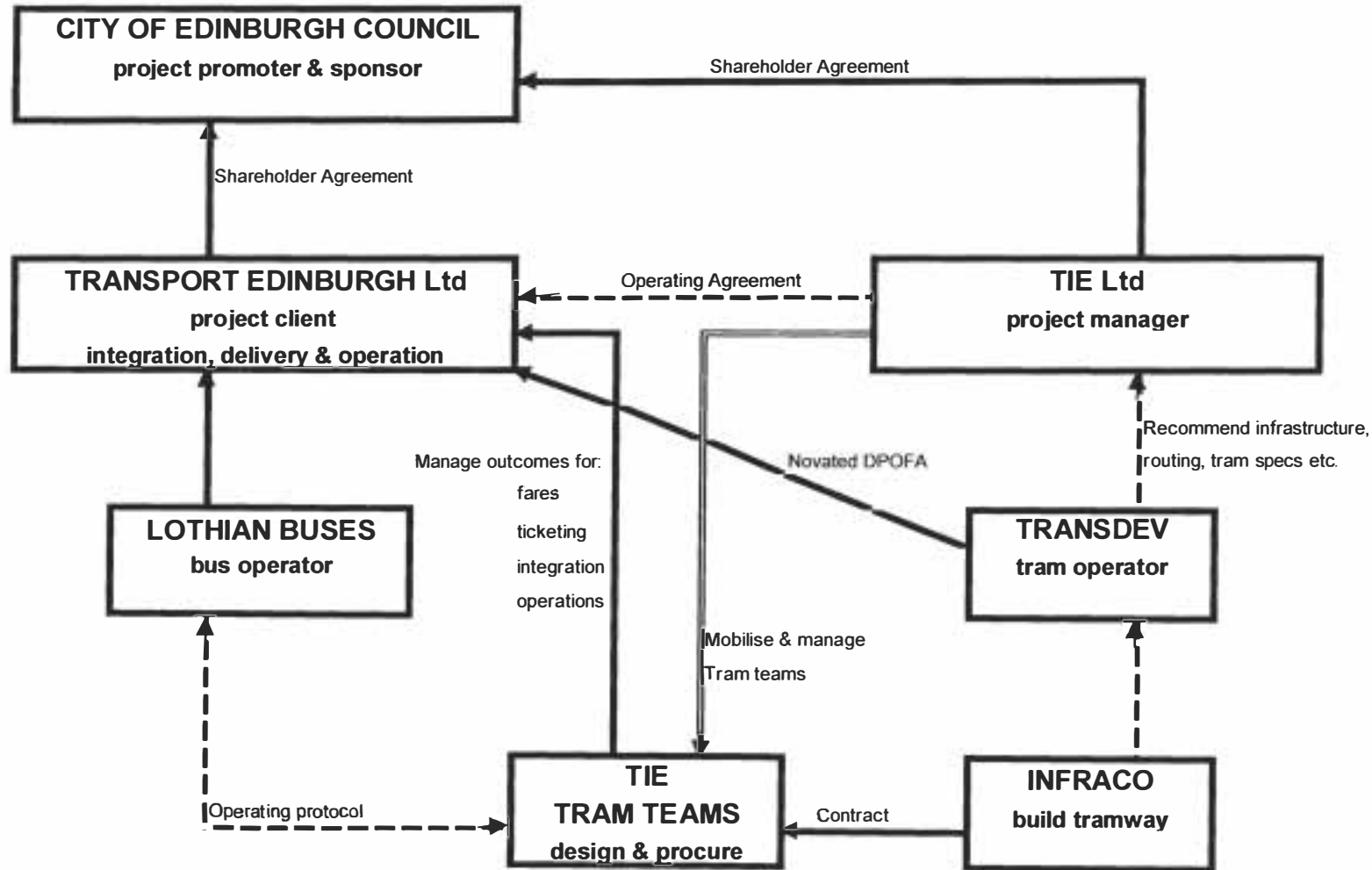
Amend/08.05/Council/CongestionCharging/FM/fmw  
24 February 2005



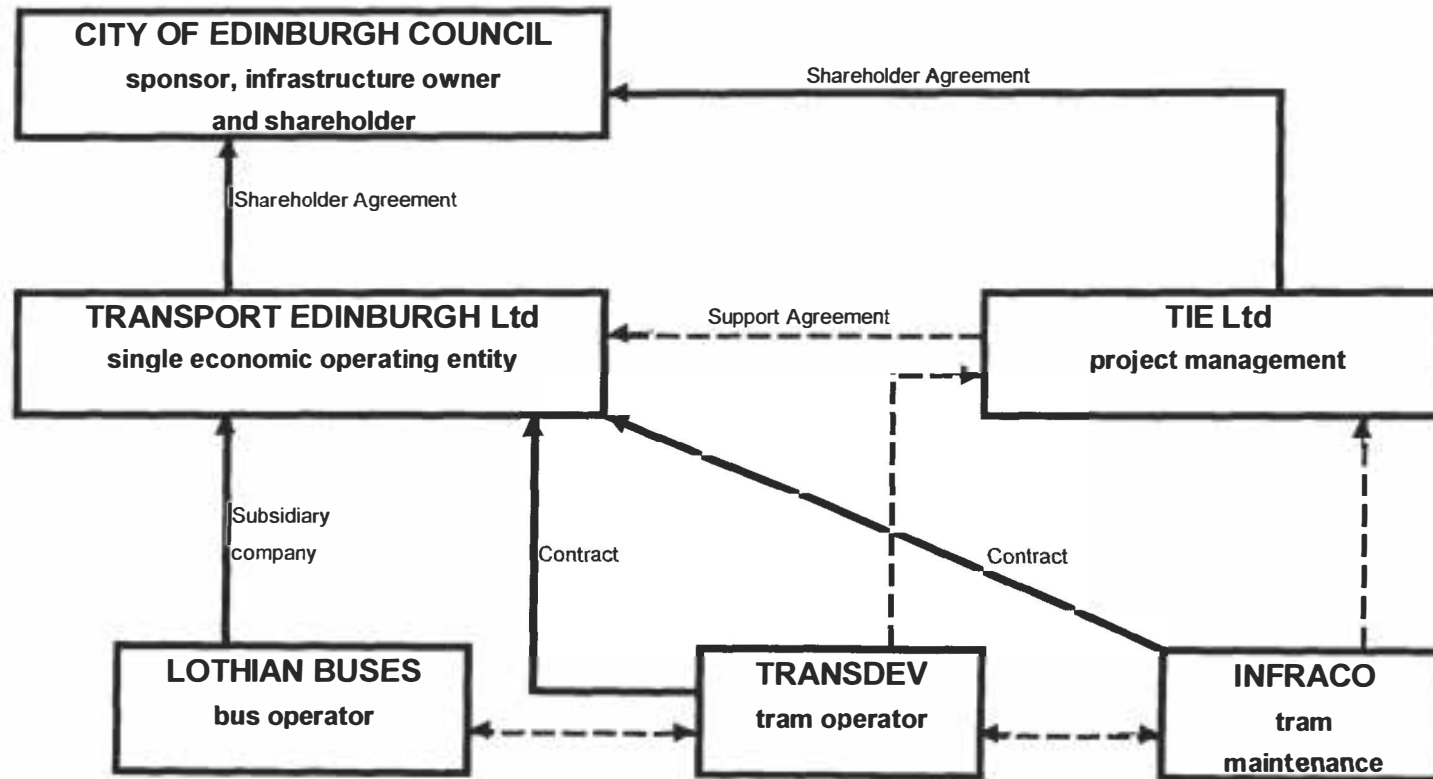
1 RELATIONSHIP & ROLE OF MAIN PARTIES BEFORE ROYAL ASSENT



2 RELATIONSHIP & ROLE OF MAIN PARTIES FOLLOWING ROYAL ASSENT TO TRAM BILLS



3 RELATIONSHIP & ROLE OF MAIN PARTIES FOLLOWING COMMISSIONING OF TRAM



**APPENDIX 4**

**Transport Investment in the Edinburgh area: Update on progress, June 2005**

<b>Project</b>	<b>Approx Cost</b>	<b>Status – June 2005</b>	<b>Estimated Completion</b>
<b>Rail</b>			
CrossRail and Newcraighall Park and Ride site.	£10m	Complete	06 / 2002
Edinburgh Park station	£4.7m	Complete.	12 / 2003
Cross-Forth improvements (longer trains and platforms, access improvements)	£16m	Complete	2005
Waverley Station upgrade phase 1	£150m	Committed. Construction commence Nov 2005	2007
Edinburgh Airport Rail Link	£500m	Pre-parliamentary bill submission	2011
Borders Rail Line	£135m	Bill under consideration	2009
Bathgate to Airdrie rail line	£225m	Awaiting Parliamentary consideration	2010
Caledonian Express	£3.2m (capital cost)	Awaiting Executive approval	2007
Edinburgh South Suburban Railway and Portobello Station	£30m	Awaiting Executive consideration	Not programmed at present
<b>Integrated Transport</b>			
Haymarket Station public transport interchange	Unknown	Feasibility stage	Not programmed at present
Nine new bus interchanges within Edinburgh	£1m	Under construction	09 / 2005
Ingliston Park and Ride	£2.5m	Under construction	07 / 2005
Extension of Ferrytoll Park and Ride	£5m	Complete	05 / 2005
Hermiston Park and Ride	£3m	Under construction	07 / 2005
Todhills Park and Ride site (Danderhall, Midlothian)	£2m	Contractor appointment in progress	2006
Straiton Park and Ride	£1.5m	Design and land issues being progressed	2006
A702 Park and Ride	£1.4m	Under evaluation by Midlothian Council	Not programmed at present
Access improvements, additional parking at stations, interchange improvements throughout SESTRAN area	£5m	Implementation in progress	03 / 2006
Integrated ticketing in SESTRAN area	£0.3m	'One ticket' – System in place.	04/ 2003
<b>Bus Services and Guided Bus</b>			
Straiton-Leith Quality Bus Corridor (QBC) including 'Bus tracker' Real Time bus arrival and departure information	£8m	Largely complete	12 / 2004
Edinburgh Fastlink - city centre to Edinburgh Park bus priority	£10m	Complete	12 / 2004
Livingston Fastlink – improved services from Livingston	£4.5m	Complete	01 / 2005

Project	Approx Cost	Status – June 2005	Estimated Completion
Bus priority on routes to growth areas (Edinburgh Park, Royal Infirmary, North Edinburgh)	£10.5m	Bus services in place. Bus priority – funded and programmed.	Most by 04/2006
Includes new bus link road from Greendykes to Royal Infirmary	£1.5m	Link road - design and land purchase in progress	Royal Infirmary Link by 2008
Roll out of Bustracker to approximately 200 additional stops	£2m	Funded and programmed	03 / 2007
Roll out of Bustracker citywide	£2m	Bids in place for around 200 further stops	Not yet programmed
Camera enforcement of bus lanes	£1m	Development work in progress.	Not yet programmed
<b>Environmental, safety and active transport improvements</b>			
Cycle and pedestrian improvements to Royal Infirmary, Kinnaird Park, Edinburgh Park/Gyle and the Waterfront area	£1.9m	Under construction	12 / 2005 for cycle projects. RIE link road 2007
Capital Streets Project – Castle Street and St Andrew Square	£10m	Under construction	02 / 2007
Central Edinburgh Traffic Management	£1.5m	Under construction	10 / 2005
Residential 20 mph Zones – major expansion 2005 to 2006 ~32 zones	£2m	Funded and programmed	03 / 2005
20mph limits outside every school	£2.9m	All primary schools treated by March 2006	03 / 2008
Safer Routes to School Projects	£160k/yr	3-5 schools/year	Ongoing
School Travel Plans	£73k/yr	1 in place. 28 more in preparation.	03 / 2008
<b>Parking</b>			
Extension to the Controlled Parking Zone		Awaiting result of Public Hearing	
Parking Strategy review	-	In progress	04 / 06
<b>Tram Development</b>			
Detailed development of Tram Lines 1 and 2 to Private Bill stage.	£11.5m	In progress	12 / 2005

THE COMPANIES ACTS 1985 AND 1989  
PRIVATE COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
of  
TRANSPORT EDINBURGH LIMITED

- 1 The Company's name is "TRANSPORT EDINBURGH LIMITED"
- 2 The Company's registered office is to be situated in Scotland.
- 3 The Company's objects are:
  - 3.1 (a) to promote, support and/or effect the development, procurement and implementation of projects defined or referred to in an integrated transport strategy as determined and varied from time to time by The City of Edinburgh Council (a local authority constituted in terms of the Local Government etc (Scotland) Act 1994 and its statutory successors whomsoever);
  - (b) to carry on, promote or develop any trade or business in the field of transport required in connection with the aforementioned integrated transport strategy;
  - (c) the promotion of the integration of all modes of public transport (including but not limited to buses, trams and heavy rail);
  - (d) to promote a local transport strategy for Edinburgh including projects which are connected to, support or are relevant to such strategy; and
  - (e) to pursue sustained growth in the use of public transport generally and forge and strengthen relationships between Edinburgh and regional transport networks;
  - (f) to carry on for profit, directly or indirectly, whether by itself or through subsidiary, associated or allied companies or firms in the United Kingdom or elsewhere in all or any of its branches any business, undertaking, project or enterprise of any description whether of a private or public character and all or any trades, processes and activities connected therewith or ancillary or complementary thereto; and
  - (g) to promote the interests of any company which is for the time being a subsidiary, holding company or subsidiary of any holding company of the Company or any undertaking which is for the time being a subsidiary undertaking of the Company

or of any holding company of the Company in any manner whatever and, in particular, by paying or discharging the liabilities thereof or giving any undertaking to do so, by giving any indemnity or guarantee in respect of such liabilities and by giving any security or charge for any such indemnity or guarantee or for the payment of money or performance of obligations by any such company or undertaking as aforesaid, either with or without consideration and whether or not any benefit flows to the Company other than the promotion of such interests as aforesaid to the intent that the promotion of the interests of any such company or undertaking as aforesaid shall be an object and not a power of the Company,

- 3.2 to become a party to the Development Partnering and Operating Franchise Agreement entered into between TIE Limited (formerly having the name Transport Initiatives Edinburgh Limited) (Company Number SC230949) and TransDev Edinburgh Tram Limited (Company Number SC267598) dated 14 May 2004 in relation to the development of a tram network in Edinburgh;
- 3.3 to be a party to the construction, equipment supply, operation, maintenance and funding arrangements (whether contractual or otherwise) relative to the aforementioned tram network (including, without prejudice to the generality of the foregoing, to receive revenue in relation thereto);
- 3.4 to manufacture, develop, process, refine, repair, purchase, sell, export, import, deal in or let on hire all kinds of goods, substances, articles, services and material (tangible or intangible) of any kind;
- 3.5 to purchase, feu, take on lease, hire or otherwise acquire, and to sell, let or otherwise dispose of in whole or in part, any lands, interests in lands, buildings, plant and machinery, stock-in-trade, business concerns and any other heritable or moveable, real or personal property and to construct, alter, demolish, manage and maintain any of the foregoing;
- 3.6 to borrow or raise money or accept money on deposit and to secure the payment of money or the observance of obligations in such manner as the Directors shall think fit and for such purposes as to mortgage or otherwise charge in any manner whatsoever permitted in any jurisdiction in which the Company has assets or carries on business and in particular by way of fixed charge or floating charge over the whole or part of the undertaking and all or any of the property and assets (both present and future), and the uncalled capital of the Company and to create, issue and accept securities;
- 3.7 to draw, make, accept, endorse, discount, execute, issue, negotiate and deal in promissory notes, bills of exchange, shipping documents, documentary credits and other negotiable or transferable instruments and to buy, sell and deal in currencies, commodities, options, traded options (financial or commodity) and other financial instruments;
- 3.8 to lend or advance money or give credit to such persons and companies and on such terms (including as to security) as may be thought fit and to deposit money with any bank, deposit taker or other financial organisation;
- 3.9 to guarantee and/or give security for the payment of money by, or the performance of contracts and obligations by, or the payment or repayment of principal, interest, dividends

and premiums on, and any other monies due in respect of, securities or obligations by, the Company or by any other person or company, including any company which shall at the time be the holding company of the Company or another subsidiary of such holding company or a subsidiary of the Company and any undertaking which shall at the time be a subsidiary undertaking of the Company or of any holding company of the Company or of any subsidiary of the Company or any holding company of the Company notwithstanding the fact that the Company may not receive any consideration or benefit from entering into any such guarantee or security;

- 3.10 to invest and deal with the funds of the Company not immediately required in such investments or securities and in such manner as may from time to time be determined by the Directors;
- 3.11 to subscribe for, underwrite, purchase or otherwise acquire securities of any company, fund or trust and to deal with and dispose of the same;
- 3.12 to acquire and hold all or any part of the undertaking, property, business or assets of any person or company, to undertake, whether as part of the consideration for such acquisition or otherwise, all or any of the liabilities of such person or company and to deal with and dispose of all or any of the foregoing as the Directors may consider appropriate;
- 3.13 to amalgamate or enter into partnership or joint venture or profit and/or loss sharing arrangement with any person or company;
- 3.14 to make experiments in connection with any business or proposed business of the Company, and to apply for or otherwise acquire and protect, prolong, renew, experiment upon, test and improve in any part of the world any inventions, patents, patent rights, brevets d'invention, trade marks, service marks, trade or brand names, designs, industrial designs, copyright, moral rights, licences, concessions, protections or similar rights which may appear likely to be advantageous or useful to the Company, and to use and manufacture under or grant licences or privileges in respect of the same, and to expend money thereon;
- 3.15 to insure against losses, damages, risks and liabilities of all kinds which may affect the Company and to purchase and maintain for any officer of the Company or the auditors of the Company insurance against any liability as is mentioned in section 310 of the Companies Act 1985;
- 3.16 to issue and allot securities of the Company for cash or in payment or part payment for any property purchased or otherwise acquired by the Company or any services rendered to the Company or as security for any obligation or amount or for any other purpose;
- 3.17 to pay out of funds of the Company all expenses which the Company may lawfully pay of, or incidental to, the formation and registration of or the raising of money for the Company or the issue of any securities, or the application to any recognised investment exchange for listing for, or dealing in, any or all of its securities, including brokerage and commissions for obtaining applications for or taking, placing or underwriting or procuring the underwriting of securities or rights of the Company;
- 3.18 to grant or procure the grant of donations, gratuities, pensions, annuities, allowances, or other benefits, including benefits on death, to any directors, officers or employees or



former directors, officers or employees of the Company or any company which at any time is or was a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company or otherwise associated with the Company or of any predecessor in business of any of them, and to the relations or dependants of any such persons, and to other persons whose service or services have directly or indirectly been of benefit to the Company or whom the Directors of the Company consider have any moral claim on the Company or to their relations, connections or dependants, and to establish or support any funds, trusts, insurances or schemes (including in particular but without detracting from the generality of the foregoing any trust or scheme relating to the grant of any option over, or other interest in, any share in the capital of the Company or of any other company, or in any debenture or security of any corporation or company (including the Company) and including the provision of financial assistance as described in section 153(4)(b) and (bb) of the Companies Act 1985) or any associations, institutions, clubs or schools, or to do any other thing likely to benefit any such persons or otherwise to advance the interests of such persons or the Company or its members, and to subscribe, guarantee or pay money for any purpose likely, directly or indirectly, to further the interests of such persons or the Company or its members or for any national, charitable, benevolent, education, social, public, general use object;

- 3.19 to compensate for loss of office any directors or other officers of the Company and to make payments to any persons whose office, employment or duties may be terminated by virtue of any transaction in which the Company is engaged
- 3.20 to promote or establish or concur in promoting or establishing any other company for the purpose of purchasing or taking over all or any of the properties, rights and liabilities of the Company or carrying on any business or operations which the Company is authorised to carry on or for any other purpose which may, directly or indirectly, benefit or advance the objects or interests of the Company and to acquire and hold as investments of the Company or otherwise deal with as may be considered fit any securities of any such company;
- 3.21 to sell or otherwise dispose of the whole or any part of the undertaking, property and assets of the Company either together or in portions;
- 3.22 to distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law;
- 3.23 to do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others, and either by or through agents, sub-contractors, trustees, subsidiaries or otherwise;
- 3.24 to carry on any other activity and do anything of any nature which may seem to the Directors capable of being conveniently carried on or done by the Company in connection with the above, or may seem to the Company calculated directly or indirectly to benefit the Company;
- 3.25 to exercise all powers which would be available to the Company under section 3A of the Companies Act 1985 if its object was to carry on business as a general commercial company;

3.26 to do all such things as in the opinion of the Directors are or may be incidental or conducive to the above objects or any of them;

3.27 And it is hereby declared that for the purposes of this Clause:

- (a) the word "company" in this clause shall (except where referring to the Company) be deemed to include any person or partnership or other body of persons, whether incorporated or not incorporated, and whether formed, incorporated, resident or domiciled in the United Kingdom or elsewhere;
- (b) "Directors" shall mean the directors of the Company from time to time;
- (c) "associated companies" shall mean any two or more companies if one has control of the other or others, or any person has control of both or all of them;
- (d) "securities" shall include any fully, partly or nil paid or no par value share, stock, unit, debenture or loan stock, deposit receipt, bill, note, warrant, coupon, right to subscribe or convert, or similar right or obligation;
- (e) "and" and "or" shall mean "and/or";
- (f) "other" and "otherwise" shall not be construed eiusdem generis where a wider construction is not possible;
- (g) words importing the singular only shall include the plural and vice versa; words importing any gender shall include the other genders; and words importing natural persons shall include corporations and vice versa; and
- (h) the objects specified in each paragraph of this clause shall, except if at all where otherwise expressed, be in no way limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company or the nature of any business carried on by the Company or the order in which such objects are stated, but may be carried out in as full and ample a manner and shall be construed in as wide a sense as if each of the said paragraphs defined the objects of a separate and independent company.

4. The liability of the members is limited.

5. The Company's share capital is £1000 divided into 1000 Shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names.

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NAMES AND ADDRESSES OF SUBSCRIBERS

NUMBER OF SHARES TAKEN BY EACH  
SUBSCRIBER

---

---

Total Shares Taken

---

Dated [                    ]

Witness to the above signatures: -                    [                    ]

THE COMPANIES ACT 1985 AND 1989  
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

TRANSPORT EDINBURGH LIMITED

PRELIMINARY

1. The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 ("Table A") so far as not excluded or modified by the following Articles shall apply to the Company.
2. Regulations 5, 8, 33, 64, 73 to 80 inclusive, 91, 94, 95 and 118 of Table A shall not apply to the Company and the following Regulations thereof shall be modified:

Regulation 6 by the deletion of the words "sealed with the seal" and the substitution of the words "executed in terms of section 36B of the Act";

Regulation 24 by the addition of the words "(in their absolute discretion and without assigning any reason therefor)" between the words "may" and "refuse" and the deletion of the words "which is not" and the substitution of the words "whether or not it is";

Regulation 32 by the deletion of paragraph (a) and the consequential re-lettering of the subsequent paragraphs and the addition to the original paragraph (b) of the words "but so that any such consolidation and/or division shall not result in any member becoming entitled to fractions of a share";

Regulation 40 by the addition at the end of the second sentence of the words "provided that if the Company shall have only one member, one member present in person or by proxy shall be a quorum";

Regulation 46 by the deletion of paragraphs (a) to (d) inclusive and the substitution of the words "by the chairman or by any person present entitled to vote upon the business to be transacted";

Regulation 54 by the addition of the words "or by proxy" between the words "vote", and "shall" and the words "fully paid" between the words "every" and "share";

Regulation 66 by the addition of the words "(subject to his giving the Company an address within the United Kingdom at which notice may be served upon him)" between the words "shall" and "be";

Regulation 67 by the deletion of the words from "but" until the end;

Regulation 72 by the addition of the words "Any committee shall have power, unless the Directors direct otherwise, to co-opt as a member or members of the committee for any specific purposes any person, or persons, not being a Director of the Company" at the end;

Regulation 81 by the addition of a new paragraph (f) stating "he shall be removed pursuant to any power of removal contained in Articles 9 of the Company's Articles of Association";

Regulation 82 by the addition of the words "by way of Directors' fees" shall be inserted between the words "remuneration" and "as";

Regulation 84 by the addition of the words "Unless the contrary shall be provided in the terms of his appointment" at the beginning of the third sentence and the deletion of the fourth sentence;

Regulation 85(c) by the addition of the words ", subject to the terms of any contract of (employment between the Company and the Director," between the words "shall" and "not";

Regulation 88 by the addition of the words "The City of Edinburgh Council as constituted from time to time shall be entitled to appoint the chairman by notice to the Company in writing signed on its behalf, and shall take effect upon receipt of said notice at the registered office of the Company or by the Company Secretary";

Regulation 89 by the deletion of the first sentence; and

Regulation 115 by the deletion of the number "48" and the substitution of the number "24".

Unless otherwise required by the context of the Articles, words of expressions which are defined in Table A shall have the same meaning in the Articles.

In these Articles the following words and expressions shall (except where the context otherwise requires) have the following meanings:

**"the Council"** means The City of Edinburgh Council as constituted from time to time.

**"Council Director"** means a director appointed by the Council in terms of Article 9.1

**"Lothian"** means Lothian Buses plc a company incorporated in Scotland with company number SC096849 and having its registered office at 55 Annandale Street, Edinburgh EH7 4 AZ

**"Lothian Director"** means a director appointed by Lothian in terms of Article 9.2

**"tie"** means TIE Limited a company incorporated in Scotland with company number SC230949 and having its registered office at City Chambers, High Street, Edinburgh, EH1 2ET

**"tie Director"** means a director appointed by tie in terms of Article 9.3

Unless otherwise required by the context of the Articles, words importing the singular only shall include the plural and vice versa; words importing any gender shall include the other genders; and words importing natural persons shall include corporations and vice versa.

### **SHARE CAPITAL**

3. The Company may by Special Resolution increase its share capital by new shares of such amount as the resolution prescribes
4. The Company shall be entitled, but shall not be bound, to recognise in such manner and to such extent as it may think fit any trusts in respect of any of the shares of the Company. Notwithstanding any such recognition, the Company shall not be bound to see to the execution, administration or observance of any trust (whether express, implied or constructive) in respect of any shares of the Company and shall be entitled to recognise and give effect to the acts and deeds of the holders of such shares as if they were the absolute owners thereof. For the purposes of this Article, "trust" includes any right in respect of any shares of the Company other than an absolute right thereto in the holder thereof for the time being or such other rights in case of transmission thereof as are mentioned in Table A.

### **NUMBER OF DIRECTORS**

5. Unless otherwise determined by special resolution, the maximum number of Directors shall be eight and the minimum shall be four.

### **POWER OF DIRECTORS**

6. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the company in such manner as they think fit, including the exercise thereof in favour of any resolution appointing them or any of their number directors or officers of such other company or voting or providing for the payment of remuneration to the directors or officers of such other company.

### **PROCEEDINGS OF DIRECTORS**

7. A Director may as a Director vote and be counted as one of a quorum upon a motion in respect of any contract, matter or arrangement which he shall make with the Company or in which he shall be in any way interested provided that he shall first have disclosed the nature of his interest to the Directors.
8. Any Director (including an alternate Director), or member of a committee of the Directors, may participate in a meeting of the Directors, or such committee, by means of a conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting.
- 9.1 The Council may appoint any person to be a Council Director or remove any such Council Director from office at any time, provided that no more than five Council Directors shall hold office at any one time. Every such appointment or removal shall be by notice to the Company in writing and signed on behalf of the Council and shall take effect upon receipt of said notice at the registered

office of the Company.

- 9.2 Lothian may from time to time appoint any person to be a Lothian Director by notice given in accordance with the provision of Article 9.4 and may in like manner remove any Lothian Director and by like notice from time to time appoint any other person to be a Lothian Director in the place of a Lothian Director so removed provided that no more than two Lothian Directors shall hold office at any one time;
- 9.3 **tie** may from time to time appoint any person to be a **tie** Director by notice given in accordance with the provision of Article 895 and may in like manner remove any **tie** Director and by like notice from time to time appoint any other person to be a **tie** Director in the place of a **tie** Director so removed provided that no more than one **tie** Director shall hold office at any one time;
- 9.4 The appointment or removal, subject to the procedure provided for in 9.7 hereof, of a Lothian Director or a **tie** Director shall be effected by notice in writing signed by a Director of the relevant appointing or removing company and such notice shall take effect when it is received at the registered office of the Company or on such later date (if any) as may be specified therein;
- 9.5 Every Director appointed pursuant to this Article 9 shall be entitled from time to time to make such disclosure to his appointer about the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine.
- 9.6 Any appointment may be on such conditions and terms of office as the Council thinks fit.
- 9.7 The office of a director shall be vacated if he is removed from office by notice addressed to him at the registered office of his appointing company or Council and signed by all his co-directors which states he is to be removed from office and within the notice has a majority of his co-directors indicating their approval of his removal. Where the notice applies to the removal of a Council Director the majority must include at least two Council Directors. The removal shall be effective from the date the notice is received at the registered office of his appointing company or Council. The director so removed cannot be re-appointed as a director to the Company. The relevant appointing company or Council will within 5 working days from receipt of the notification of the removal appoint a replacement director by notice in accordance with Articles 9.1 or 9.5 above.
- 9.8 Directors may only be appointed pursuant to the provisions of this Article 9

#### QUORUM.

- 10.1 The quorum necessary for the transaction of business of the Directors shall be no fewer than four, including the chairman and one Lothian Director and the **tie** Director.
- 10.2 If a quorum is not present within one hour from the time appointed for a meeting of the directors or if during the meeting such a quorum ceases to be present, the meeting shall be adjourned for seven days; and if a quorum is again not then present at such adjourned meeting four directors including

