

Transport and Environment Committee

10am, Thursday, 16 May 2019

Appointment of Auditor to Lothian Buses

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1. Recommendations

- 1.1 That the Transport and Environment Committee approves the appointment of Scott Moncrieff as the auditors of Lothian Buses Limited (LB) on 27 June 2019.

Paul Lawrence

Executive Director of Place

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Appointment of Auditor to Lothian Buses

2. Executive Summary

- 2.1 Scott Moncrieff are currently the auditors of LB (formerly Lothian Buses plc).
- 2.2 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).
- 2.3 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 27 June 2019 for a period of one (1) year.
- 2.4 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.

3. Background

- 3.1 LB is a private company limited by shares.
- 3.2 LB is an ALEO which is 91% owned by Transport for Edinburgh Ltd (TfE). TfE, in turn, is 100% owned by the Council. The remainder of shares in LB (approximately 9%) are owned by East Lothian Council, West Lothian Council and Midlothian Council.
- 3.3 These arrangements are governed by a Majority Shareholder Agreement entered into among TfE, the Council and LB on 28 October 2013, and a Minority Shareholder Agreement among the Council, LB and the minority shareholders.

4. Main report

- 4.1 On 22 August 2013 the City of Edinburgh Council approved the process for the various corporate and operational documents required for the governance of tram operations.

- 4.2 Further to a tender process in 2017, LB appointed Scott Moncrieff as auditors on a three 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.
- 4.3 Under the provisions of the Majority Shareholder Agreement LB undertakes to TfE and the Council that LB shall ensure that, save with the prior written consent of the Council, they shall not effect or propose certain reserved matters. The appointment or removal of the auditors of LB is a reserved matter.
- 4.4 LB proposes to appoint Scott Moncrieff as the auditors of LB at the LB AGM on 27 June 2019 for a period of one (1) year.
- 4.5 There is a 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.

5. Next Steps

- 5.1 The Council will confirm in writing to the LB Board its decision in terms of this report as soon as reasonably practicable.

6. Financial impact

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

7. Stakeholder/Community Impact

- 7.1 None.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 None.