

COUNCIL:

30 JANUARY 2020

CARDIFF BUS – REAPPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

REPORT OF THE CHIEF EXECUTIVE

AGENDA ITEM:

Reason for this Report

1. To reappoint two Independent Non-Executive Directors to Cardiff Bus.

Background

2. Cardiff City Transport Services Limited (otherwise known as ‘Cardiff Bus’) is a private company limited by shares and is wholly owned by the Council. Cardiff Bus was constituted as a Public Transport company within the meaning of Section 72 of the Transport Act 1985 and the main purpose of the company is to carry out the business of a public transport company.
3. The appointment of Directors to the Board of Cardiff Bus is governed by (i) the Company’s Articles of Association (‘the Articles’) and (ii) legislation. Of particular relevance to Cardiff Bus is the Transport Act 1985 (‘The 1985 Act’) and regulations made thereunder.
4. The Board of Cardiff Bus currently comprises eleven Directors and there is also a Company Secretary. Four of the Directors are full-time employees of Cardiff Bus, three of whom hold responsibilities for the management of Cardiff Bus and are classified as Executive Directors. The fourth employee is appointed to the Board as a representative of Cardiff Bus employees.
5. The Council took the decision on 29 November 2018, subject to amendments being made to the Company’s Articles, to allocate two Non-Executive Director positions for the appointment of independent persons to the Board of Cardiff Bus who are neither Elected Members of the Council nor employees of the Council or the Company.
6. As a result, the Council currently nominates five Councillors as Non-Executive Directors of the Company and no more than two Independent Non-Executive Directors to the Board of Cardiff Bus. In accordance with good practice in terms of corporate governance, the two Independent

Non-Executive Directors supplement the expertise of Board members, providing constructive challenge and holding management to account.

Issues

7. The Council also took the decision on 29 November 2018 to delegate authority to the Corporate Director Resources, in consultation with the Cabinet Member for Finance, Modernisation & Performance, to procure two appropriately qualified individuals to serve as the interim independent Non-Executive Directors. This process resulted in the appointment by the Council of Sian Davies and Linda Phillips as Independent Non-Executive Directors of Cardiff Bus on an interim basis for a 12-month period, subject to the required amendments to the Company's Articles being made. Their current interim term of office is due to end on 13 February 2020.
8. The Council further agreed on 29 November 2018 that, prior to the end of the interim 12-month period, a public appointment process would be undertaken for the two Independent Non-Executive Director positions by way of public advert, shortlisting and interview. The Council also delegated authority to the Director of Governance & Legal Services and Monitoring Officer to carry out the public appointment process in 2019/20 for the two Independent Non-Executive Director positions and to oversee the shortlisting and interview process for the appointments based on the establishment of a politically balanced Member Appointment Panel.
9. Due to a challenging period of transition and change for the Company, it is considered prudent to postpone the public appointment process to allow for an appropriate settling in period. Both of the Independent Non-Executive Directors have played key roles in the development of the business during the past 12 months; and have provided vital support, alongside the other board members, to the newly appointed Managing Director. Given the desire to provide continued stability to the Company's Board, any changes to the existing interim appointments at the present time would be neither appropriate nor desirable.
10. It is therefore proposed that the two Independent Non-Executive Director interim appointments should be extended for a further 12-month period to enable both individuals to continue to contribute their respective skills and expertise to the work of the Board and Company. This proposal is supported by both the Company's Chair and new Managing Director who recently took up post on 1 January 2020.

Financial Implications

11. All remuneration and expenses payable to the Non-Executive Directors are the financial responsibility of Cardiff Bus.

Legal Implications

12. The legal advice has been set out previously in the report to Council dated 29th November 2018 and remains relevant.

13. The appointment of any individuals to serve on an outside body is a Local Choice function under the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007. The Council has determined that responsibility for this function (save for specified exceptions) shall rest with Full Council.

RECOMMENDATION

The Council is recommended to approve the reappointment of Sian Davies and Linda Phillips as independent Non-Executive Directors of Cardiff Bus on an interim basis for a further 12-month period.

PAUL ORDERS

Chief Executive

24 January 2020

Background Papers

- Council Report, 29 November 2018: Cardiff Bus – Appointment of Independent Non- Executive Directors
- Officer Decision Report, 13 February 2019: Cardiff City Transport Services Limited (Cardiff Bus) – Procurement and Appointment of Independent Non- Executive Directors