

READING BOROUGH COUNCIL

REPORT BY CHIEF EXECUTIVE

TO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT COMMITTEE		
DATE:	2 JULY 2018	AGENDA ITEM:	15
TITLE:	READING TRANSPORT LIMITED - APPOINTMENT OF DIRECTOR		
LEAD COUNCILLOR:	COUNCILLOR LOVELOCK	PORTFOLIO:	LEADERSHIP
SERVICE:	LEGAL & DEMOCRATIC SERVICES	WARDS:	BOROUGHWIDE
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1. EXECUTIVE SUMMARY

- 1.1 This report asks the Committee, acting as shareholder of Reading Transport Limited (RTL), to appoint a director to the RTL Board.
- 1.2 There is one vacancy, arising from Councillor Stanford-Beale coming to the end of her four-year term.

2. RECOMMENDED ACTION

- 2.1 That Councillor Stanford-Beale be appointed as a Director of Reading Transport Ltd.

3. POLICY CONTEXT

- 3.1 The Council is the shareholder of Reading Transport Ltd. The relationship between the Council as shareholder and the Board is set out in the company's Articles of Association, which were authorised by the former Transportation Committee of the Borough Council on 21 February 1986 (Minute 190 refers).

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The Board is responsible for setting the policy base for Reading Transport Ltd, including addressing considerations of equality and sustainability in the company's employment practices, and in its delivery of service.

## 5. LEGAL IMPLICATIONS

5.1 Reading Transport Ltd was set up in 1986 as a company separate from the Council under the provisions of the Transport Act 1985. The Company's Memorandum and Articles of Association were incorporated on 27 March 1986. This document includes provisions for the Council as shareholder to appoint Directors to the Board.

5.2 The Urgency Committee, on 15 March 1999, agreed to an amendment to Articles 79, 83 and 84 of the Articles of Association for Reading Transport Ltd, to simplify the arrangements for the retirement of Directors (Minute 166 refers). Under the amended process Directors, once appointed, will hold office for a period of four years from the date of appointment. Directors will automatically retire at the end of the four-year period, when they may then be re-appointed. This would not prevent a Director resigning or being removed by the shareholder; in these circumstances the Director appointed as replacement would serve for four years from their date of appointment and would not "slot in" to the position of the Director being replaced. Appointments to the Board have been made under this revised process since 1999.

5.4 The current shareholder-appointed Directors, and their dates of appointment and retirement, are as follows:

Appointed	Director	Retirement
2014	Cllr Stanford-Beale	2018
2015	Ms T Thomas	2019
	Mr M Townend	2019
	Cllr Woodward	2019
	Mr M Adams (Employee representative)	2019
2016	Mr D Sutton	2020
	Mr K Moffat	2020
	Mr F Connolly	2020

5.5 The Transport Act 1985 requires the Council to ensure that there are no more than seven Directors who are not full-time employees of the company.

5.6 There are currently eight shareholder-appointed Directors of the company, as shown in 5.4 above, one of whom is a full-time employee of the company.

5.7 Under Article 85 of the Articles of Association (which has not been amended), any Director who, when appointed, was a Councillor will automatically retire when he/she ceases to be a Councillor.

5.8 Under Article 83(ii), the Council as shareholder may remove any Director before his/her period of office has expired, and appoint another person to fill the resultant casual vacancy, in which case the appointment will be for four years as explained in paragraph 5.3 above.

5.9 All Directors may be re-appointed. Directors who are appointed this year will serve for four years, expiring in 2022.

6. **FINANCIAL IMPLICATIONS**

6.1 None direct for the Council. The Directors have a fiduciary duty to Reading Transport Ltd to ensure that it is solvent and is able to meet its day-to-day liabilities to its creditors.

7. **BACKGROUND PAPERS**

7.1 Articles of Association of Reading Transport Ltd.