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Joint Growth & Prosperity and Support Services Task and Finish Group

Thursday 1 October 2009

PRESENT:

Councillor Coker, in the Chair.
Councillor James, Vice Chair.
Councillors Ball, Lowry, Roberts and Wheeler.

Also in attendance: Councillor Mrs Pengelly, the Director for Corporate Support and the Project Manager.

The meeting started at 2.30 pm and finished at 3.35 pm.

Note: At a future meeting, the committee will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

1. DECLARATIONS OF INTEREST

There were no declarations of interest in accordance with the code of conduct.

2. CHAIR'S URGENT BUSINESS

There were no items of Chair's urgent business.

3. MONITORING OF PLYMOUTH CITYBUS LIMITED SHAREHOLDING PROJECT

The Panel was informed that –

- (i) the Cabinet met on 2 June 2009 and set up the Project Board Panel which consisted of the Leader of the Council, Councillor Bowyer, Councillor Fry, the Director for Corporate Support, the Project Manager and the acting Assistant Director for Transport. Prior to the first meeting of the Project Board on 3 July 2009, Councillor Bowyer withdrew his Panel membership due to an interest;
- (ii) the Project Board met on 3 July 2009 and formed a pre qualification questionnaire; several external advisors were approached, namely KPMG, Bevan Brittan, Hoe Consultants and Deloitte;
- (iii) the Project Board met for the second time on 31 July 2009 in order to shortlist bidders; 11 applications of interest were received and 10 bidders were invited to bid;
- (iv) on 6 September 2009 the Chief Executive and the Project Manager visited the Plymouth Citybus depot and gave a presentation to approximately 150 members of staff and union representatives; both the Chief Executive and the Project Manager were also available to answer questions;
- (v) the Project Board Panel met on 17 September 2009 and received a copy of bids received for Plymouth Citybus shares in which several bids were in excess of £10m;
- (vi) the Plymouth Citybus limited shareholding project was currently due to enter stage 2;
- (vii) bids would be resubmitted by 21 October 2009;

In response to questions raised it was reported that –

- (viii) legal safeguards were already in place to protect Council probity as approved advisors were selected in order to give advice to the Project Board Panel;
- (ix) the Council were not compromised when 'First Group' withdrew all interest in making a bid for Plymouth Citybus, as information contained in the documentation provided was not highly sensitive; it was highlighted that 'First Group' confirmed in writing that they had not read the bid document;
- (x) in order to learn from other Councils, the Project Board had consulted with several authorities that had previously completed the process of tendering and selling off local council bus companies;
- (xi) the current process of inviting bids was the most effective way of testing the market for the true value of Plymouth Citybus;
- (xii) a possible explanation for 'First Group' having returned the bid documents originally requested, without having made a submission, might have been attributed to the recent ruling from the Office of Fair Trading which would probably not allow 'First Group' to have a near monopoly over Plymouth bus services;
- (xiii) if Plymouth Citybus was to be sold, it would be sold as a working bus company, for the process being formed was that of a potential sale rather than letting a contract;
- (xiv) the sale of Chesterbus was not used as a significant benchmark as officers felt that the circumstances were very different;
- (xv) the bid submission process was 5 weeks long and officers considered this sufficient time for bid submissions to be tendered;
- (xvi) the costs for delivering the project were divided between such resources as legal fees, technical advisors, financial advisors and internal costs and support;
- (xvii) the Leader, the Director for Corporate Support and the Project Manager had every confidence in the Project Board and were convinced the process had been followed properly;
- (xviii) the Project Board would have one week to assess the resubmitted bids;
- (xix) the majority of information provided to interested parties in the bid documentation contained information that was publically available from different sources; it was emphasized that the profitability of Citybus routes was not provided;
- (xx) it was not necessary to advertise the potential sale of Plymouth Citybus Ltd in the European Journal as that process is for the tendering of services;
- (xxi) the contractual obligations of the current employers for Citybus, unions and pension schemes would remain the same if any shares in Citybus were to be sold;
- (xxii) there was a possibility that savings could be made delivering the project however it was emphasized that costs would be incurred in order to achieve a positive result;

The following concerns were raised by Members of the Panel –

- (xxiii) that the Cabinet report provided to the Panel could be judged as biased as it implied that the reasonable course of action would be to dispose of shares in Plymouth

Citybus Ltd;

- (xxiv) that the scope of the brief was too limited as the Panel were scrutinizing the process of the report, other than how the process came to be implemented;
- (xxv) that the Chesterbus example should have been focused upon more closely in the report and in future decisions as it was considered that some Council's potentially faced similar issues to those presumably faced by Chester Council;

It was resolved that –

- (1) the Task and Finish Group note the report and progress made to date;
- (2) a further report be provided to the Task and Finish Group on 29 October 2009, subject to change with the agreement of the Chair and Vice Chair.

4. **EXEMPT BUSINESS**

There were no items of exempt business.

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