

BETWEEN:

- (1) Blackpool Borough Council of Town Hall PO Box 11 Blackpool FY1 1NB ("the Council"); and
- (2) Blackpool Transport Services Limited whose registered office is at Town Hall PO Box 11 Blackpool FY1 1NB ("the Company").

1. THE PARTIES

- 1.1 The Council is a unitary local authority and the owner of all the shares in the Company
- 1.2 The Company is a public transport company created by the Council under section 67 of the Transport Act 1985.
- 1.3 It is the duty of the Council to ensure that the Company operates in accordance with the Transport Act 1985.

2. MUTUAL AGREEMENT

- 2.1 The Council will in the development of its plans and policies consider the implications for the Company and the ways in which the Company might assist it in the furtherance of its aims.
- 2.2 The Company will in the development and execution of its Business Plan take into consideration the plans and policies of the Council and commits itself to assisting the Council in the furtherance of those aims.
- 2.3 In particular, the company will, when considering financial targets, levels of profit and subsidy for classes of passenger or routes, endeavour to support the Council's aims and its policies and plans firstly, from a commercial perspective but also from a social perspective. For example, cross-subsidy within the company is a legitimate option to maintain desirable routes provided the company writ large remains viable.
- 2.4 It is understood between the parties that this commitment will not fetter the discretion of the Council in the carrying out of its statutory powers and responsibilities nor will it derogate from the responsibility of the Company to operate in a commercial manner and to comply with its legal obligations as a transport company created in accordance with the Transport Act 1985 and all other legal obligations to which it may at any time be subject.

3. **SHAREHOLDERS PANEL**

3.1 To enable the Council to maintain effective dialogue with the Company and to properly consider its responsibilities to and for the Company it has created a Shareholders Panel comprising members of the Council with the following terms of reference:

3.1.1 To hold regular meetings with nominated Company representatives in relation to the performance and operation of these companies (normally the Managing Director and the Chairman).

3.1.2 To ensure that the interests and responsibilities of the Council as the sole shareholder of the company are exercised properly through these meetings with reference to this Memorandum of Understanding, the Articles of Association, Company Business Plans, Company Accounts and any other similar documents to be agreed from time to time between the parties."

3.1.3 To advise the Chief Executive in relation to:

3.1.3.1 the drafting where required by the parties of any agreement between the Council and each wholly owned company which is intended to regulate the relationship between the council and any such company.

3.1.3.2 an exception to have an 'Executive' Director on a Council wholly owned company, following consideration of a pre submitted business or legislative reason.

3.1.3.3 the number and type of Directors (i.e. Councillor, Service User/ Representative/ Young Person, or Independent Specialist/ Private Sector).

3.1.4 To advise the Head of Legal Services in relation to the drafting of Memorandum and Articles of Association of each company.

3.1.5 To advise the Head of Democratic Services in relation to:

3.1.5.1 the appointment of Councillor representatives and the recruitment of Independent Specialists/ Private Sector Representatives and Service User Directors, in line with the principles set out in the Governance Code of Practice.

3.1.5.2 The role of a young person's representative in relation to Council Company Board meetings (this may also include the appointment of a young person as a Director).

3.1.5.3 The appointment of Councillors on other 'Outside Bodies'.

4. **COMMUNICATIONS**

4.1 The Company will set up and maintain communication systems that enable a regular, consistent and accurate flow of information regarding any contractual obligations and financial issues to the Council.

4.2 Unless otherwise agreed between the parties, the parties shall:

4.2.1 Arrange regular meetings in-between the Shareholders Panel meetings between the Authorised Representatives and Authority's finance representative(s) to discuss (but not limited to) service delivery issues, improvement processes, performance and financial issues;

4.2.2 Endeavour to organise Board meetings not less than every 3 months to discuss (but not limited to) service delivery together with financial and performance issues;

4.2.3 Organise update meetings (when required) between the Council's Scrutiny Committee and the Company and to discuss (but not limited to) Service performance issues and future business priority issues;

4.2.4 Organise annual report update meeting between the Council and the Company which if considered appropriate can constitute the AGM of the Company.

5. **GOVERNANCE CODE OF PRACTICE**

The Council and the Company will comply (so far as it is able having regard to the provisions of the Transport Act 1985) with the Companies Governance Code of Practice adopted by the Council's Executive on 24th October 2012.

6. **ACCESS TO RECORDS**

The Council and its agents will be entitled on giving reasonable notice to the Company to have access during normal business hours and to take copies (at its own expense) of any books, documents or other records (including computer records) relating to the affairs of the Company.

7. **GENERAL**

Each party will do, or procure the doing of, at its own cost, all acts and things and execute, or procure the execution of, all documents as are necessary to give full effect to the terms of this Agreement.

SIGNED ON BEHALF OF THE COUNCIL
by

SIGNED ON BEHALF OF THE COMPANY
by

LEADER OF THE COUNCIL

CHAIR OF THE BOARD OF DIRECTORS