

**Transport Service Solutions Ltd (TSS)**  
**Minutes of Board Meeting, Thursday 10<sup>th</sup> February 2022, 11.00am**  
**Via Microsoft Teams**

**Present:**

Cllr Jonathan Parry, Chairman	JP
Glen Bubb, General Manager	GB
Kevin Melling, Managing Director	KM
Paul Bayley, Director Environment & Neighbourhood Services	PB

**Other Attendees:**

Megan Bowyer (Minutes)	MB
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**Apologies:**

Melanie Henniker, Group Head of HR/Corporate Services	MH
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Agenda Item	Notes	Action
1.	Cllr Jonathan Parry reported that due notice of the meeting had been given and a quorum was present. He welcomed attendees and chaired the meeting throughout. KM declared a conflict of interest re his role as MD of Ansa which will be taking over part of TSS's services from 1st April 2022.	
2.	<p><b>Minutes from the last meeting and matters arising</b>            The minutes from the last meeting held on 25th November 2021 were approved as being accurate and correct.</p> <p><b>Matters Arising:</b>  <b>Financial statements filing</b> – KM reported that there had been a problem with the courier used by Grant Thornton, which meant that the documents were late arriving at Companies House and a penalty was incurred re late filing. Grant Thornton are resolving the issue.</p>	
3	<p><b>Transition to the new service delivery arrangements – verbal update</b>            KM advised that he had chosen not to invite the other TSS Senior Management Team members due to their heavy workload at this time, both carrying on with normal activities and activities to prepare for transition.</p> <p><b>Finance</b>            KM shared a paper prepared by Helen Green re TSS's current financial position. As stated at previous meetings, there are financial pressures associated with increased demand in SEND. The pressure peaked at a forecast figure of £1.9M but has reduced slightly and stands at £1.834M which is now considered a firm forecast to year end. This is considerably higher than the Council's expectations and what has been provided in the management fee. The numbers of children have risen by 27% on expectations (700 to 900 approx.) It also involves travel out of Borough so there is a big financial increase. GB advised that normally TSS would expect any growth in numbers to stop by</p>	

October, but it is continuing, and it is anticipated that the growth will continue by 20/30 children each month.

The management fee provided by the Council does not cover this increase. KM explained that in other areas of the business, TSS is managing efficiencies and it is also making a profit, expected to be around £100K, on commercial activities. The overspend on SEND is masking those achievements and could also affect profit and retained reserves at year-end. Without the SEND issue, retained profits would be circa £550K less the transitional costs incurred with closing the company. This would leave a healthy profit when TSS ceases trading, and this would be returned to the Council for distribution. SEND has generated £2m+ in increased cost but the figure TSS needs to claim to balance the books is £1.843m, so it is evident that TSS is absorbing some of the costs from efficiencies made.

If TSS were continuing to trade, it would be argued that commercial profits and other efficiency savings should be recognised. From a presentational perspective KM felt that this should be acknowledged as otherwise, looking at the figures it will appear that TSS is loss-making and that is not the case. TSS had also been asked to make savings (which were reflected in a reduced management fee) but has not been able to achieve them due to Council decisions. An example was given regarding additional Flexilink income which has not materialised due to a political decision taken not to increase Flexilink costs.

KM advised that TSS has requested an increased management fee to pay for the increase and balance off figures to year-end. The costs are likely to increase again next year and the Council's MTFS doesn't cater for that. It is a national trend, not just a CEC issue.

PB asked if there was a forecast for the final quarter that the Commissioners have seen. KM confirmed that was the case; the forecast is to year-end and it has been fully discussed with Children's services and the Commissioners. It is considered a robust forecast to year-end. If no extra is paid then TSS will be in a loss and there are not sufficient reserves to cover the loss. It was expected to be an orderly liquidation because of the decision to transfer services rather than the Company being not viable.

It was agreed that the outturn should be resolved at year-end in late April.

#### **Transfer to Cheshire East Council**

Transferring TSS employees have had the chance to shadow designated areas especially TR and CK who are working with CE colleagues, visiting their new offices etc. GB reported that they have been made to feel very welcome and this is important for morale; It's tough for them to embed in new roles whilst continuing with 'business as usual'. Although the contract with TSS will be terminated on 31<sup>st</sup> March 2022, the following 6 weeks will be an important period where they will be actively involved in TSS activities especially invoice processing etc.

PB asked if practicalities such as access to systems and so on have been considered in transitional planning. GB confirmed that is the case. The main system used is Mobisoft, which is CE's system so there will be no access issues with that. HG will have access to TSS and CE finance. The Project Team are considering this in detail and ensuring a seamless change for service users and that crucial activities will be prioritised. PB asked

	<p>if there was a Financial Scheme of Delegation in place and asked for sight of it. He also suggested that he is the main authoriser in the interim period between 31<sup>st</sup> March and the end of April once GB has retired and KM has stepped down from his role. <b>Action GB to share the SoD and action the request re PB.</b></p> <p>KM advised PB so that it is on his radar that Gill Betton is expected to be taking over Claire Williamson’s team and CK will report to her. Programme of change will be taking place and there will be challenges.</p> <p><b>Transfer to Ansa</b> ST is working closely with future colleagues in Ansa and slotting in the operational side of TSS into Ansa Transport. There will be a variation of the Ansa contract and engagement is through the ASDV Change Programme. Specification is agreed and we are currently working through the financial package which will define the scope of operations.</p> <p>Property Licences – there are three licensed premises transferring across to Ansa, namely Crewe and Macclesfield bus stations and Shopmobility in Crewe. There are not considered to be any showstoppers there.</p> <p>TSS’s Public Service Vehicle (PSV) licence will be transferring to Ansa. Arrangements are in train for Flexilink and ‘<i>gotoo</i>’ routes termination notices and transfer notices to be in place. All should be finalised for transfer day, but if not, a contingency plan has been agreed.</p> <p>Procurement of replacement vehicles for Flexilink is underway. The current contracts have been extended to the end of December 2022. First indications are that market prices have increased significantly, and it could cost around £100K more per annum for a replacement fleet. We are currently looking at different frameworks to see if there are better options, but the market is telling us this is a credible figure. The impact could be in the region of a £10K increase per vehicle for 12 vehicles. We will know once the procurement is complete, and the impact will be in Q4 2022/23 with the full year impact in 2023/24.</p> <p>The TSS newsletter continues, and a farewell event is planned in March where any overdue long service awards will be presented. KM advised that there are no more decisions to be made.</p> <p>PB asked if there were any contracts or assets that won’t be transferring with effect from 1<sup>st</sup> April 202. KM responded that there was an issue re Poynton High School which was next on the agenda. Everything else should be novated and the only remaining matter is the re-registering of routes, whereby the worst-case scenario is a temporary gap. If that should happen KM undertook to talk through the impacts with PB.</p>	<p><b>GB</b></p>
<p><b>4.</b></p>	<p><b>Schools contract with Poynton high school.</b></p> <p>This was considered commercial work, but the contract is not suitable to be transferred to Ansa. TSS put a system in place at the school to manage their transport from start to finish. The school was notified that TSS was being disbanded and could only give certainty to provide the service until Feb 2022 but would work with the Council for a new solution.</p>	

	<p>It has proved difficult for the Council to offer the service and there is still some work to be done from a legal perspective. The contract will terminate at Feb half-term, i.e., week commencing 21<sup>st</sup> February 2022. The Council has asked TSS to offer an extension to July 2022 and agreed that when TSS terminates in March the contract will novate over to the Council. The Council has made the commitment to continue to provide the service. Between March and July 2022, it will give both parties time to decide and agree what happens after that time.</p> <p>PB confirmed he was happy with that proposal and KM and JP as current directors both agreed.</p> <p><b>Board Resolution – it was resolved to extend the contract with Poynton High School to July 2022 with it to be novated across to Cheshire East Council with effect from 1<sup>st</sup> April 2022.</b></p> <p><b>Action GB</b> to advise TR to go ahead and progress the contract in the way described above.</p>	<b>GB</b>
<b>5.</b>	<p><b>Changes to Board structure</b></p> <p>As discussed at the November board meeting, KM and JP will step down as directors and PB will be appointed as sole director to manage the transition. PB explained that from a practical perspective the changes will come into effect on <b>17<sup>th</sup> February 2022</b> and the Council’s legal team will be making the changes at Companies House on the online portal.</p> <p>KM thanked JP from the Company and the wider management team for his time supporting the TSS board. JP said that it had been an absolute pleasure working with everyone and during his time as Chair a lot of business had been covered. He looked forward to a seamless transfer of the services.</p> <p>KM confirmed he will continue in a leadership role until 31<sup>st</sup> March 2022 and will be available for any support that PB may need.</p>	
<b>6</b>	<p><b>Any Other Business</b></p> <p>PB requested that a further meeting is scheduled for week commencing 21 March 2022 to finalise the status of the transition and understand the latest position. <b>Action MB</b></p>	<b>MB</b>

**The meeting concluded at 11.57 am.**