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Minutes of The Big Lemon AGM

Held at the Cricketers, Black Lion Street, Brighton, at 3pm on 29 July 2018

Welcome and Introductions

Fred Harrison, Chair, welcomed everyone to the meeting and introduced the Board of Directors.

Attendance and Apologies:

In attendance were: Anthony Rogers, John Adams, Mark Griffin, Amelia Mills, Mick Paskins, Sue Paskins, Mike Letton, Alan Stratford, Gerhard Florschutz, Lee Rolf, Ian Brereton, Tom Druitt, Ninka Willock, Elaine Evans, James Frankland, Kendal Saunders, David French, Neil Brooks, Lucy Potter, Mick Hamer, Stephanie Pain, Mitali Mookerjee, Wayne Brathwaite, Ron Tanner, Fred Harrison, Tim Barnard, Alexandra Phillips, Raphael Druitt Phillips.

Apologies were received from: Rosi Bryer, Roger Druitt, Andrew Boag, Martin Ashby, Gordon Dinnage, Katie Ramsden, Michael Miller, David Treadwell, Anna Shepherd, Stuart Elms, Janet Elizabeth, Anastasia Druitt, Peter Kane, Maggie Barradell, Alistair Grey, Ivor Gaber, Damian Tow, Richard Lintott, Angie Lintott, Mike Wiffen, Max Glaskin, John Rose, Malcolm Freret, Barbara Gibbons

CEO's Report of 2017

Tom Druitt gave a summary of the [2017 Annual Report](#), highlighting the organisation's growth and change in direction, the challenges that brought, and the progress the organisation is making in building the platform for the next 5 years.

Key points were that the organisation has shifted its emphasis from mainly commercial activities to more local community bus services which are not as profitable but more closely aligned with the overall purpose of the Company, and has for the last year been building the capability, systems, infrastructure and business model to deliver that.

Financially this has been a very costly exercise, not helped by complications and delays around the original award of the tender due to a legal challenge.

Tom thanked the Directors for their huge contribution over the last year, and especially acknowledged the contributions of two directors who stood down at the beginning of 2018, Neil Brooks and Martin Ashby. Both Neil and Martin have been huge supporters for many years, Neil in his capacity as a Big Lemon driver (which continues) and Martin as a local community champion with a special interest and significant expertise in sustainability. Both Neil and Martin will be missed and the Board is very grateful to them for their contributions.

Questions from the floor:

1. What was the story around the six contracts that were won and then lost and then won?
 - a. The council awarded us six of the seven contracts we bid for but within the 'standstill period' (two weeks) another operator challenged the process. The council extended the standstill period and then informed all parties it was cancelling the process and would run the tendering exercise again. We appealed, based on the fact there is no provision in the regulations for a standstill period to be extended, or for a tendering process to

be cancelled. This was ultimately accepted, and the council instead re-scored the existing bids, but we won the same contracts that we'd won already. [These were for the 16, 47, 52, 56, 57 and 66 [bus routes](#)]

2. Mick Paskins commented that it was 100 years since the last time zero emissions buses ran in Brighton, and Mick Hamer confirmed the last electric trolleybuses were withdrawn in April 1917, exactly 100 years before the launch of our first zero emissions bus, Om Shanti.
3. What is the contract period with the council?
 - a. 4 years, extendable for up to a further 4 years. The last contract we had of that type was also for 4 years, and ended up running for 5 years.
4. The new buses last autumn caused a big upheaval. When new buses come in this autumn will it be another upheaval?
 - a. No. We already have the staff team, fully trained in the routes and already experienced with electric buses, and the infrastructure in place to charge five buses at the same time, our electrician is putting the sixth charger in in August.
5. When do you expect the buses?
 - a. The first one is due to arrive on 30 September, then we'll get one more every week for three weeks
6. Are the batteries fully purchased?
 - a. Yes
7. What's the projected lifetime of the battery?
 - a. 7-10 years. Existing electric buses are not yet 7 years old so hard to tell exactly, but [evidence from the car industry](#) suggests a lifespan of at least ten years. [Degradation data](#) seems to show that degradation is fastest near the beginning of the battery's life, and then slows to about 90% after about 10 years or 250,000km where it remains pretty horizontal after that.
8. Do the new buses come with a warranty?
 - a. Yes, 5 years. We have had some issues with our first two electric buses, but they were a bit more of an experiment, as it was the first time that type of bus had ever been retrofitted. Both the manufacturer and we have learnt lots from the experience, and the buses are now working well. The benefit of brand new buses is that it's tried and tested technology and we have already trialled one successfully, and the bus was very popular with both drivers and passengers.
9. Are the new busses intending to be charged during the day or night?
 - a. Main charging will be overnight with top up charging during the day with fast chargers that were included in our grant funding from the DfT Low Emission Bus scheme. The solar panels are grid connected, and the number of panels is calculated to produce the same amount of energy over a year that we need to charge the buses. However the capacity of our existing depot is six electric buses, if we expand further we'll have to find somewhere else or upgrade the infrastructure.
10. Who provides the electric?
 - a. Rent depot from National Grid, and our electricity comes direct from the grid, included in the rent. The reason we put solar panels on the roof is to ensure that we don't contribute to the burning of fossil fuels when we charge the buses.
11. Did Optare do the refit?
 - a. No, it was Magtec in Sheffield.
12. What's the difference in cost between electric and diesel?
 - a. It's about double. It's a different business model. The starting costs are high, then maintenance is low, and fuel spend is eliminated. So once we've bought them the annual savings are approx £20k in fuel and £15k in maintenance.

Financial Report

Tom gave a summary of the financial report included in the [Annual Report](#), with the following key points:

- Profit and Loss account shows a significant financial loss for the year (just under £120k); this mainly down to investment in people and infrastructure required to launch five new bus services and almost double the size of the operation. Other factors that negatively affected

the P&L were the loss of language school income in the summer due to a large drop in students coming to the UK to learn English, the legal challenge around the new services and the rushed mobilisation of the new services (9 days instead of the usual 3 months). Overall the business model has shifted towards local bus services (which have lower margins) so the main effort this year is to make that profitable. In the first 6 months of 2018 we have made a loss of £20k (including depreciation and bond interest accrued) so a huge improvement on last year but still some way to go. Our focus for 2018 is to get the business model right and break even. With the electric buses arriving in October and continuing upward trends in passenger numbers we should be able to do it.

- Balance sheet shows that even with a hefty loss last year equity in the company is still positive. It does not include lots of things that could be there, such as goodwill, etc
- Shareholders funds are not as high as we would like, but remains positive. Assets are still much higher than short term creditors, so we can continue to pay our way with confidence.
- Overall, we have been changing the model, building the systems we need to manage a much larger operation and making the numbers work. It's a long term thing, and we're creating the platform for the next 5 years.

Questions from the floor:

1. Can we break down the long term creditors?
 - a. The difference is £500k - what we've raised for new buses
2. What have we got in terms of fixed assets?
 - a. Mainly buses. Depot is leased, we negotiate a 5 year lease every 5 years. Currently in negotiations for another 5 years. Will need to look for a new place in the future. Other minor assets are ticket machines and destination screen equipment but they are small in comparison.
3. Do we have the option to buy the freehold on the depot?
 - a. No

Elections:

Nominations have been received from Fred Harrison, Tom Druitt, Ron Tanner and Mitali Mookerjee. They each said a few words to support their nomination, and were all duly proposed and seconded:

- Fred: proposed by Gerhard Florschutz, seconded by Mitali Mookerjee
- Tom: proposed by Sue Paskins, seconded by Fred Harrison
- Ron: proposed by Elaine Evans, seconded by Mark Griffin
- Mitali: proposed by Neil Brooks, seconded by Gerhard Florschutz

Those present elected to vote en bloc, and all four directors were elected unanimously with no votes against and no abstentions.

Tom thanked everyone, and explained that the Board elects its own Chair, and having served for approximately eight years Fred is having a well-earned break and Ron is taking over the role. Tom thanked Fred for his huge contribution and support over many years, and welcomed Ron to the role.

Ron then thanked everyone, and paid tribute to Fred, who has done so much to keep the company going forward through the highs and lows, including putting his hand in his pocket when it was needed and supporting Tom through many challenges over the years.

Ron then looked forward to the next year, mentioning the capital boost to the company in form of the government grants for new buses and what a difference that would make. Ron is keen to contribute to running a sustainable company; before we were b2b (business to business), now we are b2c (business to consumer). We are developing a real community company, that is made possible by the shareholders and we are grateful for their support as we move into a new phase.

Any Other Business

Questions from the floor:

1. **Are the coaches running on chip fat?**
 - a. **Currently there is a supply issue so although all the coaches can still run on chip fat, the frustrating reality is we can't get hold of any. Our supplier got bought by another company, and they now only supply it in 32,000 litre quantities, from Liverpool. That's no good for us, as we only have capacity on site for 5,000 litres. We've had five different suppliers in 10 years, each one has either stopped, sold up or gone bust. It's not an easy industry to make work.**
2. **Are biodiesel coaches the sustainable future?**
 - a. **No, the time for biodiesel has passed; most modern coaches won't run on it any more. The electric coach market is just emerging, electric coaches are about 4 years behind buses**
3. **Why do newer coach not run on biodiesel?**
 - a. **Newer vehicles are common rail; the fuel injection system is very different, sprays a fine mist into the engine. That doesn't work with biodiesel.**

The meeting closed at 16.30

**The Big Lemon C.I.C.
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