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**From:** Barry Leathem  
**Sent:** 25 September 2009 11:07  
**To:** Pat Denholm  
**Subject:** STRICTLY PRIVATE & CONFIDENTIAL TIE Remuneration Committee

**Sensitivity:** Confidential

Tom

You requested my comments on the attachments to an email which you received from Julie Thompson on behalf of David Mackay containing tie's 'approved' Terms of References for the role of a Remuneration Committee together with their bonus proposals.

My concerns with these proposals are:

1. there is a conspicuous lack of commentary about affordability of bonus payments. Using the examples cited, if the top 6 employees get bonuses similar to the illustration shown then the project (or the Council) will need to find c£750k to fund their bonuses alone - what figure has been incorporated in the current £545m budget for bonuses?;
2. it seems inappropriate to me to be structuring a bonus scheme element around a sliding scale relating to an overspend (£545m gets 100%; £575m gets 75% of the "Cost" element etc) surely this is celebrating failure?
3. is there a proven and definitive need in the current economic climate to offer 25% bonuses to all staff (excluding the most senior) to retain them? Should we not just pay an attractive rate for the job?
4. there is a false demarcation in the papers between "Good Leavers" and presumably "bad" ones. I agree that redundancy by the company should not preclude anyone getting their bonus but if a person chooses to leave for their career's sake there shouldn't, in my opinion, be any bonus entitlement. People at this level of seniority should recognise in their contract that bonuses are payable on final results only and if they leave before these results/outcomes are known, they should have no entitlement.
5. the Remuneration Committee Terms of Reference seem sensible save for the omission of any comment about the committee needing to be mindful of the affordability to the project of any bonus payments made.

Hope this helps.

Jim