
From: Nick Smith
Sent: 16 June 2009 09:35
To: Colin MacKenzie
Subject: RE: TRAM GOVERNANCE

perfecto

Kind regards

Nick

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Please note that I am not in the office on a Monday

From: Colin MacKenzie
Sent: 15 June 2009 14:16
To: Jim Inch
Cc: Nick Smith
Subject: TRAM GOVERNANCE
Importance: High

Jim,

Following the meeting last week I have given further consideration to detailed aspects of governance and to changes which are necessary or desirable heading towards integration of bus and tram.

One issue of significant concern relates to **tie's** project management skills, or lack thereof. You may recall this was a shortcoming identified and commented upon by external reviewers back in 2007. City Development have expressed real concerns in the last week about the quality of some work which is being passed by **tie** as satisfactory, when it is clearly falling short of the standards expected by the roads authority. Putting right these sub-standard aspects of work will not impact upon **tie**, rather it is a cost more likely to be borne by the Council.

This brings me to the point: the Council has no real teeth in its control of **tie**. This has always been understood from the early days. It is almost inconceivable that the Council would sue **tie** in the way it might pursue an independent firm of consultants contracted to perform the same services as **tie**. Equally unlikely are the options for the Council to wind up **tie**, or take away the project management and appointing another company. It is clear the Council has very little leverage, apart perhaps from seizing control of the bonus scheme. At the moment there is no visibility of this scheme: we do not know how it operates and what milestones trigger payment of bonus. I believe from Finance that there is little, if anything, in writing between the Council and **tie** setting out how the money flows from the former to the latter.

tie is wholly reliant upon public funding from the Council and Transport Scotland. It generates no income itself. I recall that the IPG have recently discussed the **tie** bonus scheme and I think you last indicated that all the information you required had been forthcoming via Philip Barr. Might I recommend that now would be the appropriate time for the Council to step in and instigate a greater degree of control over the bonus scheme by setting performance targets aligned to its expectations of service delivery by **tie** and its professional officers ?

I would be happy to discuss this with you whilst we still have the opportunity to make the desirable and, some may say, essential governance changes to best protect the public purse and reputation.

Regards,

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for Council Solicitor
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