
From: Graeme Bissett [graeme.bissett@[REDACTED]]
Sent: 06 June 2009 09:39
To: 'David Mackay'; Richard Jeffrey
Subject: RE: INTEGRATION OF PUBLIC TRANSPORT

David, Richard

I understand that the Council (through Colin Mackenzie) are examining the option of assigning the Infraco contract from tie to TEL (or another wholly-owned entity) in the context of the stage two reorganisation which will involve LB. This is effectively Option A in the paper I attached with the email below. Although the legal process appears clear-cut, the opportunity for mischief on the part of BSC is significant and for this reason the option was precluded. The wider implications for tie's people and all other contractual arrangements is similarly unappealing and there is a fundamental strategic question at the heart of that proposal as to the future of a wholly-owned project delivery company.

Stage 2 will need to be very carefully monitored to ensure no wrong moves are advanced. I'll attend Jim Inch's meeting on Tuesday and make sure that the stage 2 process is mapped out and objectives clarified, assuming we can now proceed with Stage 1 (tie shares transferred to TEL, Boards combined).

Regards
Graeme

Graeme Bissett
m : +44 [REDACTED]

From: Graeme Bissett [mailto:graeme.bissett@[REDACTED]]
Sent: 04 June 2009 18:29
To: 'David Mackay'; 'Richard Jeffrey'
Subject: FW: INTEGRATION OF PUBLIC TRANSPORT

FYI. I've also attached a proposal for your consideration, which is an update of the version shared with David earlier this year. The essence is that :

- Tie Board becomes a slimmed down statutory only Board (with formal documentation between TEL and tie to codify these responsibilities). To the extent that tie Limited undertakes new projects, a mechanism will need to be in place to ensure responsibilities are properly discharged.
- TEL Board oversees whole project through to and beyond revenue service commencement. TEL board accordingly focuses on overall strategy, major milestones, major issues relating to development of the integrated system (from construction through to operations). To achieve this it receives a report from the Chair of the TPB and the Project SRO, who is responsible for development of the whole project including preparation for operations. The rest of the team do not routinely attend the TEL Board meetings (could do by exception) and there are no presentations along current lines. Frequency of the TEL Board meetings to be discussed, but ideally would be bi-

TIE00030522_0001

monthly, though in current difficult circumstances will more likely to be monthly. This Board will only work well if it truly focuses on major issues only and does not duplicate the TPB process.

- The TPB has the authority delegated by the TEL Board to ensure the project is being properly managed, through the SRO, who in turn delegates to the Project Director (Bell) and others as he sees fit (Richards et al). TPB meetings continue on a 4-weekly cycle, with full exposure (presentations / papers verbal reports as necessary) of the range of activities and issues. This is where the £1m and 3-months delay delegated limits reside (probably passed down to the SRO). Attendance is more broadly based, similar to now.

There is a discussion to be had about the independent NXD roles. The options are 1) position all 4 on both the TEL Board and TPB (ok if the TEL Board does not meet each month, otherwise duplicative) ; 2) position only on the TEL Board – but then we lose their involvement in the more detailed TPB assessment ; 3) position only on the TPB – but then they are not directors per se, which may not appeal and would also lose balance at TEL Board level ; or 4) split them into say two groups – 2 on the TPB and 2 on the TEL Board – but this just seems disjointed. I favour their involvement on both the TEL Board and TPB – they would hear and can challenge the detail at the TPB (as now in the joint sessions) and could also give a considered view on the key issues at the TEL Board. Their attendance at the TPB meetings could be as attendees rather than members to ensure responsibilities don't get confused. The tenure of the current tie directors also expires later this year, so other changes / appointments may be relevant.

The position of Bill C and Norman S as directors of TEL is also now slightly anomalous for different reasons, so this should be discussed. Ian Craig might be invited to join the TEL Board to reinforce the family cohesion, maintain balance and because I think he will contribute well.

I've ignored LB for now.

There are numerous permutations but this might be a basis for a discussion to shape up a proposal to take to the Council. The critical area is to ensure that the roles of the TEL Board and the TPB are clearly specified to ensure we don't replace current duplication with a new form of the same problem.

Finally, the last block of names is just a prompt to consider whether other external parties might be co-opted into the structure, for different reasons. This probably overlaps with NXDs, but some independent expert advice on hand could be useful if not provided by the NXDs.

David, it might do no harm to call Tom to accelerate the proposed private session I've suggested below.

Regards
Graeme

Graeme Bissett

m : +44 [REDACTED]

From: Graeme Bissett [mailto:graeme.bissett@[REDACTED]]
Sent: 04 June 2009 17:30
To: 'Colin MacKenzie'
Subject: RE: INTEGRATION OF PUBLIC TRANSPORT

TIE00030522_0002

Colin, the paper on which the previous round of debate was based is attached, but I think this is already widely circulated. The main structural step needed is to transfer the shares of tie from CEC to TEL. The paper explains how the Board composition should be addressed under Option D. Related issues are revised MA / AA and Operating Agreements, re-aligned H&S etc, but this should be mechanical.

The approach to the tie Board composition under the new structure should be straight-forward because it is to operate as a statutory board, requiring only (say) Chairman and CEO as directors. It may be the Council would also want a seat, or that a NXD stays on Board. Because the TEL Board and TPB composition directly affects individuals, I don't think a wider forum is appropriate for that discussion. I suggest the way to deal with this is to convene a meeting with David Mackay and a small group of senior officials from the Council. I know David is very keen to progress this, so perhaps you could revert with a suggested approach and we can table proposals for discussion at that meeting.

All of this leaves the approach to Lothian Buses to one side, as I believe is the current intention.

Regards
Graeme

Graeme Bissett
m : +44 [REDACTED]

From: Colin MacKenzie [mailto:Colin.MacKenzie@edinburgh.gov.uk]
Sent: 04 June 2009 16:58
To: Graeme Bissett
Cc: Nick Smith
Subject: INTEGRATION OF PUBLIC TRANSPORT
Importance: High

Graeme,

I refer to our discussions at FCL on Monday concerning the Phase One governance changes. I note from the agenda for TPB yesterday that you were scheduled to speak about the future of tie. Are there any ideas/preliminary structures which you have considered which may inform the forthcoming meeting of Jim Inch's Steering Group. As you know, Council on 12 March gave certain directions to Tom Aitchison to put in place an interim structure, prior to the integration of Lothian Buses. It would be helpful if you could share any thoughts on board membership etc.

Regards,

Colin MacKenzie
for Council Solicitor

This email and files transmitted with it are confidential and are intended for the sole use of the individual or organisation to whom they are addressed.

If you have received this eMail in error please notify the sender immediately and delete it without using, copying, storing, forwarding or disclosing its contents to any other person.

The Council has endeavoured to scan this eMail message and attachments for computer viruses and will not be liable for any losses incurred by the recipient.
