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**From:** Jim Inch  
**Sent:** 10 November 2010 16:25  
**To:** Lindsey Gallanders  
**Subject:** FW: Remuneration Policy Issues - Strictly Private & Confidential

Pat Denholm / Secretary to Jim Inch / Director of Corporate Services / The City of Edinburgh Council / Level 2 (2/7) / Waverley Court / 4 East Market Street / Edinburgh / EH8 8BG / Tel Number [REDACTED] Fax Number [REDACTED] 3010

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**From:** Julie Thompson [<mailto:Julie.Thompson@tie.ltd.uk>]  
**Sent:** 27 October 2010 11:53  
**To:** Jim Inch  
**Cc:** Richard Jeffrey  
**Subject:** Remuneration Policy Issues - Strictly Private & Confidential

Dictated by David Mackay on 26<sup>th</sup> October 2010

Dear Jim

Belated thanks for your note of 21<sup>st</sup> October which I discussed briefly when I saw Tom yesterday (25<sup>th</sup>).

In any event, I shared the paper with Richard Jeffrey and undernoted is a summary of our joint views:

1. There is no doubt there is a need to do something – there is also little doubt that past experience particularly in LB and **tie**, are not a role model for the future – in fact the very opposite.
2. There is good quality content here on the requirements for proper governance, especially in paragraph 3.16 – the obvious consequence may well be that only professional Board members are appointed to Boards rather than elected Councillors.

On the negative side we have the following comments to make:

1. The Report is unnecessarily bureaucratic
2. It fetters the discretion of the Board
3. It runs the risk of individual salaries being set by a Committee of the CEC rather than those recommended by the Board.
4. It assumes “uniformity of outcome” is a good result

The preferred approach would be that CEC requires all Boards to have in place the approved Remuneration Policy and Processes which should include benchmarking, job evaluation, psychometrics, how roles are advertised, bonuses and pensions etc.

Most importantly, however, CEC should approve the Policy and the Board should make the decisions within that Policy.

Some other points for consideration:

1. The emphasis should be on attracting and retaining key people

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2. There should be time limits placed on how long the Council takes to deliver reports and hold meetings etc
3. There is a lack of clarity of the Remit and composition of the Council Committee
4. The arbitrary level of £70k is wrong. It should be based on seniority and not salary levels
5. We felt it unlikely that individual Chairs or CEOs would be happy to be restricted by all the criteria set out in the Report.
6. Finally, LB seems to sit "in between"?

I am sure that when you seek further consultation with the individual Chairs and CEOs of the companies affected, there will be a similar response.

We are happy to talk further with you if that would be helpful.

Regards

David

**David Mackay**  
*Chairman*

**Edinburgh Trams**  
*Citypoint*  
*65 Haymarket Terrace*  
*Edinburgh*  
*EH12 5HD*

Tel: (+44) (0 [REDACTED])

Email: [david.mackay@tie.ltd.uk](mailto:david.mackay@tie.ltd.uk)

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