
From: Richard Jeffrey
Sent: 21 August 2009 10:00
To: David Mackay
Subject: Objectives- DRAFT, CONFIDENTIAL AND FOISA EXEMPT

David, the Exec Team had a useful session yesterday discussing the Purpose, Vision and Objectives for TIE as an organisation.

We recognise the uncertainty that is created by the transition of TIE into TEL, but concluded that for the next couple of years at least it was helpful to put this to one side and focus just on the delivery of line 1a. In light of this TIE's objects are primarily project delivery objectives rather than operational objectives, the one exception being 'Prepare for Operations'

To this end, I would suggest the following objectives for TIE (and therefore for me)

- 1&2 Complete line 1a from Airport to Newhaven by May 2012 at a price less than £575m safely
Range of outcomes might be
- | | | |
|-------------------|----------|-------|
| Excellent (100%) | Mar 2012 | £560m |
| Good (75%) | May 2012 | £575m |
| Poor (40%) | Nov 2012 | £595m |
| Unacceptable (0%) | Feb 2013 | £610m |
- 3 Trams operate as part of an integrated operation with buses
Measured against operational and organisational integration
- 4 Strong public and political support for Trams
- 5 Build a team and culture within TIE that supports the company's objectives

I think it is important we agree objectives for me, so these can be used to cascade to the Exec team, and onwards to their teams.

Weighting

I suggest a weighting of 20% for each of the five objectives

Annual bonus or project end bonus

I believe that setting objectives for me based on financial year end is artificial and therefore I would be happy to have my objectives, and therefore bonuses, tied to the overall completion of the project. This feels to me that it ties my targets and rewards more closely to the needs of our shareholders. The exec team can then discuss with me whether they feel theirs should follow mine, or be tied to some real or arbitrary intermediate milestones. We might carry out a formal review process (say every 6 months) just so that there is a formal record of our agreed assessment of progress towards the objectives.

Accrued Bonus

If we move away from the idea of an annual bonus, the issue of accrued rights to bonus arises. I would like to agree what happens if I leave (not that I am planning to!), and of course this would depend on the circumstances under which I leave, and what happens if I move to TEL. I would imagine that any final bonus would be based on a maximum bonus of 50% of my cumulative salary since joining. If at any point we need to re-set objectives that are less onerous, (for example it becomes clear that the targets are unachievable) then any accrued bonus for those targets would be lost and the clock re-set to zero, with any final bonus then being based on cumulative salary since the day the targets were re-set.

There will of course be a separate set of objectives for TEL, (for example traveller/customer experience on the trams once they are running) and we should think about these once TEL is established.

I will ask Julie to put aside some time to discuss.

Regards

Richard

Richard Jeffrey
Chief Executive

tie Limited
Citypoint
65 Haymarket Terrace
Edinburgh EH12 5HD

Direct line: 0131 [REDACTED]
Fax: 0131 622 8301
Email: Richard.Jeffrey@tie.ltd.uk

www.edinburghtrams.com
www.tie.ltd