

Transport Initiatives Edinburgh (tie) Limited

Remuneration Committee Terms of Reference  
Revised January 2008



**1. Duties**

The Operating Agreement between City of Edinburgh Council and tie Ltd sets out specific delegated responsibilities for the tie board through a Remuneration Committee and are detailed below.

*tie shall procure that it develops and has approved by the tie board a remuneration policy setting out inter alia the benchmarks and procedures for proposed bonus achievement and the project milestone outcomes to which any such bonuses are linked. Such policy to be approved by the tie board, through its Remuneration Committee, in advance of annual reporting periods as it will apply in the succeeding annual reporting period. tie's board shall confirm annually to the Tram Monitoring Officer that tie's incentivisation arrangements are aligned to appropriate Project milestones. The remuneration package, including incentivisation arrangements, of the Executive Chairman of tie will on appointment require approval by the Chief Executive of the Council and thereafter be determined annually by the tie board through its Remuneration Committee.*

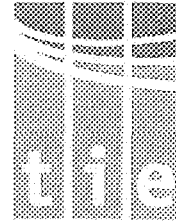
The tie Remuneration Committee will also reflect and follow best practice and review both its terms of reference and operations on an annual basis.

The Remuneration Committee of tie shall have the following duties:-

- (a) To approve remuneration packages for Executive Directors (i.e. executives who are Board members or who report directly to the Board), and for senior management reporting to Executive Directors.
- (b) To approve incentivisation arrangements for Executive Directors and for senior management reporting to Executive Directors.
- (c) To approve any alteration of terms and conditions of employment to the above.
- (d) To approve the provision of pension benefits
- (e) To review the performance and incentivisation of the Executive Directors
- (f) To review key delivery milestones aligned to reward and incentivisation.
- (g) To review remuneration and reward strategy for tie.
- (h) To review the operation of incentive arrangements for tie.
- (i) To consider and advise on any other remuneration and reward issues as may be delegated by the Board of tie from time to time.
- (j) To report to the tie Board as required

The following matters shall be brought to the attention of the Committee:-

- (a) Any defined salary structure for employees of the company and reviews to that structure that may be made from time to time.
- (b) Any significant anomalies or inconsistencies in remuneration either in respect of an individual or a group of individuals.
- (c) Recommendations to the Board regarding the content of the Board's annual report, setting out policy on executive directors' remuneration, details of individual remuneration and other terms and conditions.



## **2. Membership**

- 2.1 The Remuneration Committee shall consist of no fewer than four members of the Board of tie, two of whom shall be elected members of City of Edinburgh Council (CEC). The CEC member(s) may nominate an alternate member of the Committee who must likewise be an elected member of CEC. The Chairman shall be nominated by the Board.

## **3. Attendance**

- 3.1 The Executive Chairman of tie shall attend meetings of the Committee to discuss the performance of executive directors and other senior managers, to make proposals as defined in 1.1 above and to report to the Committee on all items covered in 1.2 above.
- 3.2 The Secretary shall also be present, and others may be invited as the Committee sees fit.

## **4. Authority**

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference, and to seek information required from any employee of tie.

## **5. Advisers**

- 5.1 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this to be necessary.

## **6. Quorum**

- 6.1 the quorum of the Committee shall be two including the member representing the CEC or substitute as defined in 2 above.

## **7. Secretary**

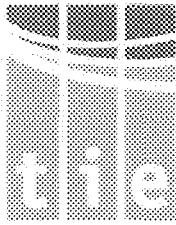
- 7.1 The tie HR Director shall be the secretary of the Committee.

## **8. Minutes**

- 8.1 The minutes of meetings of the Committee shall be signed off by the Chairman of the Committee.

## **9. Meetings**

- 9.1 The Committee may hold such meetings as it considers appropriate but shall meet at least two times per year.

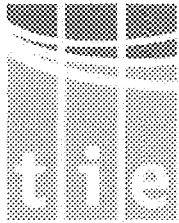


**tie Remuneration Committee – July 3<sup>rd</sup> 2008**

Executive Chairman – Willie Gallagher

Six Month Objectives – period from 1<sup>st</sup> July 2008 to 31<sup>st</sup> December 2008

<b>Objective</b>	<b>Deliverable</b>	<b>Weighting</b>
<b>tie</b>	<p><b>Safety</b></p> <ul style="list-style-type: none"> <li>• Lead enhanced safety leadership and safety performance throughout tie <b>Q3 2008/09</b></li> </ul> <p><b>Organisation and People</b></p> <ul style="list-style-type: none"> <li>• Develop and launch strategic business development opportunities with key funding stakeholders – CEC and TS <b>Q2 2008/09</b></li> <li>• Develop new Corporate Plan which clearly sets out the future strategy &amp; direction of tie.</li> <li>• Have in place fully populated tie Delivery Organisation to support above <b>Q3 2008/09</b></li> </ul>	<p>10% (8%)</p> <p>20% (20%)</p>
<b>Tram</b>	<p><b>Financial Performance</b></p> <ul style="list-style-type: none"> <li>• Manage Cost of 1(a) within £512m <b>Q3 2008/09</b></li> </ul> <p><b>Programme</b></p> <ul style="list-style-type: none"> <li>• Business Case for 1(b) complete <b>Q2 2008/09</b></li> <li>• Commencement of Leith on-street Infraco Construction <b>Q2 2008/09</b></li> <li>• Completion of MUDFA Programme V7 <b>Q3 2008/09</b></li> <li>• SDS Design Complete <b>Q3 2008/09</b></li> <li>• Readiness for Princess Street Closure <b>Q3 2008/09</b></li> <li>• Agree with Transport Scotland Plan for development of GOGAR Schedule <b>Q2 2008/09</b></li> </ul>	<p>30% (25%)</p> <p>30% (15%)</p>
<b>Stakeholder Relationship</b>	<ul style="list-style-type: none"> <li>• Continue to have full support of and engagement with key Stakeholders, e.g. CEC, Politicians &amp; TS.</li> </ul>	<p>10% (7%)</p>
<p>Salary £175,270 Bonus Pot £43,817 Bonus 75% £32,862.75            Bonus Paid 60% £19,717.65 Bonus Banked 40% £13,145.10</p>		



**tie Remuneration Committee – January 2008**

Executive Chairman – Willie Gallagher

Six Month Objectives – period from 1<sup>st</sup> January 2008 to 30<sup>th</sup> June 2008

<i>Objective</i>	<i>Deliverable</i>	<i>Weighting</i>
<b>Tram Procurement</b>	<ul style="list-style-type: none"> <li>• Achieve full Financial Close with TramCo and InfraCo novated into InfraCo with a FBC of £498m <b>Q4 2007/8</b></li> <li>• Get agreement with the wider Stakeholder Programme the InfraCo Construction Programme to protect the £498m <b>Q4 2007/8</b></li> </ul>	<p>30%</p> <p>Score £512 = 45%</p> <p>Achieved 100%</p> <p><b>TOTAL = 21.75%</b></p>
<b>Tram MUDFA</b>	<ul style="list-style-type: none"> <li>• Ensure that City Centre MUDFA proceeds on the accelerated Plan with acceptance of extensive Traffic Management Measures <b>Q1 2008/9</b></li> </ul>	<p>30%</p> <p>Achieved 100%</p> <p><b>TOTAL = 30%</b></p>
<b>Tram InfraCo</b>	<ul style="list-style-type: none"> <li>• Effective mobilisation and commencement of Infraco operations <b>Q1 2008/9</b></li> </ul>	<p>10%</p> <p>Achieved 75%</p> <p><b>TOTAL = 7.5%</b></p>
<b>GOGAR Interchange</b>	<ul style="list-style-type: none"> <li>• Agree with Transport Scotland Plan for development of GOGAR Schedule <b>Q1 2008/9</b></li> </ul>	<p>10%</p> <p>Achieved 75%</p> <p><b>TOTAL = 7.5%</b></p>
<b>tie</b>	<ul style="list-style-type: none"> <li>• Have in place fully populated tie Delivery Organisation <b>Q4 2007/8</b></li> <li>• Have tie Executive Leadership Team and key senior managers on 3 year long-term incentive plan which "ties" them into 1(a) delivery and deliverables <b>Q4 2007/8</b></li> <li>• Develop new Corporate Plan which clearly sets out the future strategy &amp; direction of tie. <b>Q1 2008/9</b></li> </ul>	<p>10%</p> <p>Achieved 100%</p> <p><b>TOTAL = 10%</b></p>
<b>Stakeholder Relationship</b>	<ul style="list-style-type: none"> <li>• Continue to have full support of and engagement with key Stakeholders, e.g. CEC, Politicians &amp; TS.</li> </ul>	<p>10%</p> <p>Achieved 100%</p> <p><b>TOTAL = 10%</b></p>
SALARY £175,270 BONUS £38,011 60% £22,807 40% £15,204		<b>TOTAL 86.75%</b>