

Edinburgh Tram – Governance Arrangements

Policy and Strategy Committee

29 September 2009

1 Purpose of report

- 1.1 To consider the relevant governance documents relating to Transport Edinburgh Limited (TEL), tie Limited (tie) and the Council in terms of the decision of the Council meeting on 20 August 2009.

2 Main report

- 2.1 At its meeting on 20 August 2009, the Council approved certain key changes to corporate governance arrangements for tie and TEL. To bring to a close phase 1 of the proposed governance changes, the Council directed that the draft Operating Agreement between the Council and TEL and draft Memorandum of Understanding among the Council, tie and TEL be reported to this Committee for final approval.
- 2.2 The drafts of the Operating Agreement and Memorandum of Understanding are appended to this report and the main terms of these documents were summarised in the report to Council on 20 August 2009. In regard to the governance and oversight of bonus arrangements, it is the intention of the Chief Executive to report further to members on remuneration matters in relation to the Council's arms-length companies.
- 2.3 The Committee should note that, following the decision of Council on 20 August 2009, the Articles of Association of tie have been amended to allow ten directors to be appointed to the board and Richard Jeffrey has also been appointed to the board of tie.
- 2.4 In this regard, the terms of office of the four external Non-Executive Directors of tie were scheduled to end on 20 September 2009. The Directors are:
 - Kenneth J Hogg;
 - Brian Cox;
 - Neil Scales and
 - Peter Strachan.

2.5 In order to retain continuity over the transition period, it is recommended to the Board of **tie** that the terms of these Non Executive Directors be renewed for a further three-year period.

2.6 The transfer of the Council's shares in **tie** will take place as soon as possible after the signing of the Operating Agreement and Memorandum of Understanding.

3 Financial Implications

3.1 The proposed changes to the governance arrangements will lead to a more cost efficient and streamlined organisational model.

4 Environmental Impact

4.1 The revised governance arrangements proposed should assist the Council in achieving its goal of integrated and efficient public transport within the City of Edinburgh.

5 Equalities

5.1 There are no adverse equalities impacts arising from this report.

6 Recommendations

6.1 It is recommended that Committee:

- a) notes the contents of this report;
- b) approves the terms of the Operating Agreement and Memorandum of Understanding and grants authority to the Council Solicitor to sign these documents on behalf of the Council;
- c) approves the renewal of the term of office of the four Non Executive Directors as described in paragraph 2.4; and
- d) notes that the transfer of ownership of **tie** will take place as soon as possible after the signing of the agreements referred to above.


Jim Inch
Director of Corporate Services

20/09/09

Appendices

Appendix 1: Memorandum of Understanding

Appendix 2: TEL Operating Agreement

Contact/tel/e-mail	Jim Inch, Director of Corporate Services; telephone 0131 [REDACTED] jim.inch@edinburgh.gov.uk
Wards affected	City wide
Single Outcome Agreement	Supports National Outcome 1 – 'We live in a Scotland that is the most attractive place for doing business in Europe'.
Background Papers	City of Edinburgh Council - Tram Update Report on 20 August 2009

