
From: Richard Jeffrey
Sent: 30 September 2009 19:23
To: Phil Wheeler
Subject: RE: Board composition - Confidential

Thanks phil.
R

Sent from my Windows Mobile® phone.

From: Phil Wheeler <Phil.Wheeler@edinburgh.gov.uk>
Sent: 30 September 2009 15:36
To: david_mackay@[REDACTED] <david_mackay@[REDACTED]>
Cc: Stewart McGarrity <Stewart.McGarrity@tie.ltd.uk>; Steven Bell <Steven.Bell@tie.ltd.uk>; gordon@gordonmackenzie.org <gordon@gordonmackenzie.org>; peter.strachan@networkrail.co.uk <peter.strachan@networkrail.co.uk>; carol.perkins@merseytravel.gov.uk <carol.perkins@merseytravel.gov.uk>; Ian Perry <Ian.Perry@edinburgh.gov.uk>; Allan Jackson <Allan.Jackson@edinburgh.gov.uk>; Richard Jeffrey <Richard.Jeffrey@tie.ltd.uk>; briancox@mythica.co.uk <briancox@[REDACTED]>; Kenneth.Hogg@scotland.gsi.gov.uk <Kenneth.Hogg@scotland.gsi.gov.uk>; Graeme Bissett (external contact) <graeme.bissett@[REDACTED]>
Subject: RE: Board composition - Confidential

David (and all)

Just to confirm: the two Tram items considered by the Council's Policy & Strategy Committee yesterday went through unanimously, although there was some discussion of both the governance and Princes Street papers. Allan supported me in ensuring that the 4 non-executives were reappointed to the tie board - congratulations to them! It was noted that there will need to be further discussions regarding the TEL board.

Since I was going to be out of the office until now, I tried to send a message to this effect to Richard and Graeme from my "Push" PDA earlier, but I don't think it worked.

Regards

Phil

Phil Wheeler
Liberal Democrat Councillor for Corstorphine/Murrayfield Ward
Convener: Finance & Resources Committee
The City of Edinburgh Council
Telephone: 01[REDACTED]

From: david_mackay@tiscali.co.uk [mailto:david_mackay@[REDACTED]]
Sent: 30 September 2009 10:54
To: Kenneth.Hogg@scotland.gsi.gov.uk; graeme.bissett@[REDACTED]
Cc: Stewart.McGarrity@tie.ltd.uk; Steven.Bell@tie.ltd.uk; gordon@gordonmackenzie.org; peter.strachan@networkrail.co.uk; carol.perkins@merseytravel.gov.uk; Ian Perry; Allan Jackson; Phil Wheeler; Richard.Jeffrey@tie.ltd.uk; briancox@[REDACTED]
Subject: RE: Board composition - Confidential

Dear All.

And for the record me too!

Regards,

David

-----Original Message-----

From: Kenneth.Hogg@scotland.gsi.gov.uk

Date: 30/09/2009 10:37

To: <graeme.bissett@[REDACTED]>

Cc: <david_mackay@[REDACTED]>, <Stewart.McGarrity@tie.ltd.uk>, <Steven.Bell@tie.ltd.uk>, <gordon@gordonmackenzie.org>, <peter.strachan@networkrail.co.uk>, <carol.perkins@merseytravel.gov.uk>, <ian.perry@edinburgh.gov.uk>, <allan.jackson@edinburgh.gov.uk>, <Phil.Wheeler@edinburgh.gov.uk>, <Richard.Jeffrey@tie.ltd.uk>, <briancox@mythica.co.uk>

Subj: RE: Board composition - Confidential

Graeme

Just to record that we discussed this, and my view is that you are right to be cautious about doing anything which might increase risk to TIE/TEL from either BSC in particular or from the taxation regime. My understanding is that by keeping the TIE Board formally in existence for the time being we could lessen these risks, and at the same time move to the new Board structures proposed.

Kenneth

From: Graeme Bissett [mailto:graeme.bissett@[REDACTED]]

Sent: 26 September 2009 11:18

To: 'Gordon Mackenzie'; Hogg KJ (Kenneth); Peter Strachan; Neil Scales; ian.perry@edinburgh.gov.uk; allan.jackson@edinburgh.gov.uk; 'Phil Wheeler'; Richard.Jeffrey@tie.ltd.uk; 'Brian Cox'

Cc: david_mackay@tiscali.co.uk; 'Stewart McGarrity'; 'Steven Bell'

Subject: Board composition - Confidential

Colleagues, you will have seen the papers on governance for last week's Board meeting. For those who could attend, the approvals requested were given by the boards. The completion of phase 1 of the reorganisation should be completed this coming week, subject to approval by the Council Policy & Strategy Committee on Tuesday 29th. Completion is also dependent upon finalising the composition of and appointments to the TEL Board, which must be concluded at the same time as the execution of the tie share transfer and related matters in order that there is no period when responsible Boards are not fully in place. Conclusion on the TEL Board composition, and as a consequence the TPB, is in the hands of CEC officials at present.

I had a session yesterday with the legal and tax advisers to nail down a few loose ends, none of which are concerning. One matter which has been nagging me is the proposed slimming down of the tie Board in parallel with the appointments to the TEL board. Although this is desirable to avoid unnecessary directorships, there are a couple of reasons why it may be better that the tie Board should remain intact for the time being. Firstly, the less overt change there is, the less scope there is for mischief from BSC. DLA have confirmed that the reorganisation creates no substantive risk to tie's contractual position,

but in the current atmosphere a challenge from BSC could emerge regardless of substance. Secondly, as the tax planning begins to take shape, the advice from PwC is that Board stability has some marginal advantage and avoids opening up a question from HMRC, even if again there is no substantive risk in the proposed slimming down.

Both sets of advisors concluded that a slimmed down tie Board was not a material threat so the decision is about shades of grey. Caution is probably the short-term watchword so my recommendation is that the tie Board should remain intact, subject to any individual decisions. This will not result in continuation of the current duplication of review and meetings, as the tie Board will still revert to a mostly statutory Board except where specific matters related to tie's contractual relationships require to be addressed formally. This is the position regardless of the tie Board composition. We can revisit the matter in the future, probably best at the time of executing phase 2 of the reorganisation which will bring LB into the corporate group and on the assumption that the BSC dispute is substantially resolved.

Please give me a call if you have any questions about this.

Regards

Graeme

Graeme Bissett

m : +44 (0

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