

10.00am, Thursday, 28 June 2018

Transport for Edinburgh Ltd – Appointment of Director and Non-Executive Directors of Lothian Buses Limited and Edinburgh Trams Limited

Item number

Report number

Executive/routine

Wards

All

Council Commitments

Executive Summary

Appointments to the boards of Lothian Buses Limited (LB) and Edinburgh Trams Limited (ET) were made in 2015 after a recruitment exercise carried out by Transport for Edinburgh (TfE). These appointments were made for a period of three years, and are now coming to an end. Therefore, alternative appointments or re-appointments require to be made to the boards of LB and ET.

Lothian Buses

The board of LB has agreed to make the following appointments and re-appointments:

1. the appointment of Graham Moorhouse as executive director, with responsibility for finance; and
2. the re-appointment of Susan Deacon, Tony Rose, Charlene Wallace, Mark Yexley and Jim McFarlane as non-executive directors (NEDs) for the period from 1 July 2018 to 30 June 2020. These appointment and re-appointments require the approval of the Council.

The Council is asked to acknowledge that:

1. Jim McFarlane will continue as Chair of the board of LB if re-appointed as a NED; and

2. LB has commissioned an external organisation to recruit one NED with financial expertise to replace Donald MacLeod from 30 June 2018. Once an appointment is made, a report will be presented to Council for ratification.

Edinburgh Trams Ltd

The board of ET has agreed to re-appoint Charlene Wallace and Andrew Neal as NEDs for a period of two years from 30 June 2018. These re-appointments require the approval of the Council.

The Council is asked to acknowledge that:

1. Charlene Wallace will assume the position of Chair of the board of ET if re-appointed as a NED and in this case her appointment to the board of LB will not be progressed;
2. ET has commissioned an external organisation to recruit two NEDs, one to replace Charles Monheim, and the other to bring additional construction and development expertise to the board.

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1. Recommendations

- 1.1 To recommend that Council:
 - 1.1.1 approves the appointment of Graham Moorhouse as executive director of LB;
 - 1.1.2 approves the re-appointment of Susan Deacon, Tony Rose, Charlene Wallace, Mark Yexley and Jim McFarlane as NEDs to the board of LB for the period 1 July 2018 to 30 June 2020;
 - 1.1.3 approves the re-appointment of Jim McFarlane as NED to the board of LB for the period 1 July 2018 to 30 June 2020, and acknowledges that he will continue as Chairman if re-appointed;
 - 1.1.4 approves the re-appointment of Charlene Wallace and Andrew Neal as NEDs to the board of ET for a period of two years from 30 June 2018 to 29 June 2020;
 - 1.1.5 acknowledges the appointment of Charlene Wallace as Chair of ET from 1 July 2018, following Charles Monheim's stepping down as NED and Chair on 30 June 2018, and acknowledges that her appointment as NED of LB will not be progressed in these circumstances;
 - 1.1.6 acknowledges that ET has commissioned Fast Forward to recruit two NEDs, one NED to replace Charles Monheim, and the other will bring additional construction and development expertise to the board;
 - 1.1.7 acknowledges that LB has commissioned FWB Park Brown Limited to recruit one NED with financial expertise to replace Donald MacLeod from 30 June 2018;
 - 1.1.8 agrees to delegate authority to the Executive Director of Place (or such other officer as he shall nominate) to exercise all voting rights and powers of control available to the Council to procure or facilitate the foregoing.

2. Background

- 2.1 On [22 August 2013](#) Council approved the process for the various corporate and operational documents required for the governance of tram operations.
- 2.2 Under the provisions of the majority shareholder agreement entered into among TfE, the Council and LB on 28 October 2013, LB undertakes that it shall ensure that, save with the prior written consent of the Council, LB shall not effect or propose certain reserved matters. The appointment of directors and NEDs are reserved matters.
- 2.3 Under the provisions of the majority shareholder agreement entered into among TfE, the Council and ET, ET undertakes that it shall ensure that, save with the prior written consent of the Council, ET shall not effect or propose certain reserved matters. The appointment of directors and NEDs are reserved matters.
- 2.4 NEDs were appointed to the boards of LB and ET in May 2015 for a period of three years. The Transport Act 1985 allows for a maximum of seven and a minimum of three non-executive directors.
- 2.5 There will shortly be the need for appointment and re-appointments to be made to the respective boards to ensure that minimum requirements are met.

3. Main report

- 3.1 The recruitment exercise carried out by TfE in 2013 attracted an exceptionally strong field of well qualified and experienced candidates, and resulted in the appointments for all the vacant positions at the time. The boards will benefit from the re-appointment of the candidates appointed in 2013, together with the appointment of Graham Moorhouse to the Board of LB.
- 3.2 The boards wish to re-appoint the following non-executive directors:
Board of LB
Jim McFarlane - Chair
Susan Deacon
Tony Rose
Charlene Wallace
Mark Yexley
Board of ET
Charlene Wallace - Chair
Andrew Neal
- 3.3 Additionally, the board of LB wishes to appoint Graham Moorhouse as Executive Director of LB, with responsibility for finance.

- 3.4 The Council should note that if Charlene Wallace is appointed Chair of the board of ET, she will not take up her appointment as a NED of LB.
- 3.5 It should be noted that the Council does not require to approve the proposed appointment of the Chair of the board of ET, this being a matter for that board to determine.
- 3.6 ET has commissioned Fast Forward to recruit two NEDs. One NED will replace Charles Monheim, and the other will bring additional construction and development expertise to the board.
- 3.7 LB has commissioned FWB Park Brown Limited to recruit one NED with financial expertise to replace Donald MacLeod from 30 June 2018.

4. Measures of success

- 4.1 Delivery of a safe, efficient, and cost effective integrated transport operation for the city.

5. Financial impact

- 5.1 There are no financial impacts arising from this report.

6. Risk, policy, compliance and governance impact

- 6.1 The appointment of directors and NEDs to the boards of LB and ET helps to ensure there is good governance, management of financial risk and independent, external scrutiny of the operation and management of these companies. NEDs owe, by law, certain fiduciary duties to the company to act in its best interests.

7. Equalities impact

- 7.1 The recruitment process for NEDs will be carried in accordance with TfE's Recruitment policy which complies with the relevant equalities legislation.
- 7.2 TfE and its companies provide high quality, accessible transport which helps to promote social inclusion.

8. Sustainability impact

- 8.1 The principle operation undertaken by TfE and its companies contributes greatly to towards a high quality, accessible and well-integrated public transport system. This reduces dependency on car travel, reduces congestions and emissions.

9. Consultation and engagement

None

10. Background reading/external references

None

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11. Appendices

None