

Edinburgh Transport: Staffing and Governance Issues

The City of Edinburgh Council

18 December 2008

Purpose of report

- 1 To provide Council with an update on the appointment of a Chief Executive of **tie** and to report on progress on the governance and company structures required for **tie**, TEL and Lothian Buses.

Main report

Chief Executive

- 2 Following the last Council meeting on 20 November steps have been taken by the interim Chairman of **tie** to ensure that the tram project work continues as planned. An effective executive team within **tie** and TEL, working closely with Council staff, has been established. I am satisfied that this interim structure provides the required experience and continuity, together with the necessary balance of skills, to ensure that the project can be successfully progressed over the next few months. I understand that to strengthen further the existing arrangements the Boards of **tie**/TEL will shortly appoint an existing member of staff as SRO (senior responsible officer) for the tram project. This will assist with business continuity until a new Chief Executive is appointed.
- 3 The recommendations made in my report to Council on 20 November 2008 were approved and an additional recommendation was added calling for **tie** to ensure that in recruiting personnel to fill senior roles an appointment process which is open, transparent and accountable is followed.
- 4 I have discussed the appointment of a replacement Chief Executive for **tie** with the interim Chairman. We are agreed that such an appointment is necessary. Currently, the focus is on determining the leadership skills and managerial qualities and experience which are required. This will include, inter alia, experience in commercial contract management; programme and project management; financial budgeting and control; communications; stakeholder management; experience in dealing with government etc. It is anticipated that the recruitment process will commence shortly.
- 5 As Council is aware, appointments to the Board of **tie** are the direct responsibility of the Council. Appointments of members of staff of the company are a matter for the Board. However, given the importance of the position of Chief Executive of **tie**, I have agreed with the interim Chairman that either myself or a Council Director(s) will participate in any recruitment process and

will act as an advisor to the Company. It is proposed that my delegated authority be extended to cover this arrangement.

- 6 A separate report on today's Council's agenda, by the Director of City Development (Review of Council owned Arms Length Companies) proposes the setting up of a remuneration committee with an oversight responsibility for all Arms Length Companies, with stronger Council involvement than has been the case in the past. However, these arrangements, if approved, will not be in place in time to deal with these matters in relation to the post of Chief Executive of **tie**. Consequently, it is proposed that the terms and conditions to apply to this post should be determined as part of the delegated authority described above.

Future Corporate Structure

- 7 On 5 August 2008 the Transport, Infrastructure and Environment Committee instructed me to bring forward an urgent report on progress with the transfer of the Council's stake in Lothian Buses to Transport Edinburgh Limited. Several options which will deliver a new corporate structure for **tie**, TEL and Lothian Buses are currently being considered. The results of ongoing further detailed work, with an appraisal of the options, will be reported to Council in March 2009. Council will be aware that the Board of Lothian Buses has decided not to fill the post of Chief Executive of the company at this time. This is an appropriate measure and allows the Council, from its shareholder position, to consider carefully what leadership and managerial appointments are required in future for **tie**, TEL and Lothian Buses.
- 8 In reviewing options the aim is to ensure that any new corporate structure is more streamlined than the current arrangements. It is considered that a more simplified and more efficient structure, with fewer overheads and management costs, is possible. Any new entity will be charged with the objective of delivering and operating a fully integrated public transport service for the city.
- 9 Council will appreciate that changing the current structure is a complex matter. It is not capable of being completed within a short timescale. Various options will require to be tested against the objectives described above. Work is progressing on a number of matters, all of which require to be addressed in reporting to Council in March 2009. These include:
- consideration of the Memorandum and Articles of Association for the new entity;
 - a review of the governance arrangements needed by the Council for the new entity, including the Operating Agreement between the Council and the company;
 - ensuring that all proposed models for integration comply with Competition/State Aid and Companies legislation;
 - ensuring Council and new entity compliance with Transport Act 1985 obligations;
 - checking compliance of the new entity with appropriate Tax legislation;
 - assessing the implications for Infracore and other contractual obligations in a restructure with regard to the Council's role as guarantor of **tie's** obligations;

- ensuring continuing compliance with Transport Scotland Grant Funding conditions;
- reviewing the Health and Safety responsibilities of existing contracts;
- clarification of the role of the Tram Monitoring Officer;
- consultation with the minority shareholders in Lothian Buses, namely Midlothian, East Lothian and West Lothian Councils;
- reviewing the TUPE implications of setting up the new entity; and
- reviewing of communications plan for the Tram project.

Financial Implications

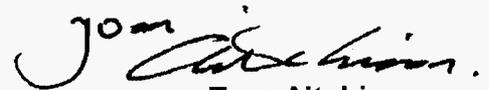
- 10 There are no financial implications arising immediately from the recommendations below.

Environmental Impact

- 11 None.

Recommendations

- 12 It is recommended that Council:
- a) notes the steps taken to ensure business continuity since the resignation of the Executive Chairman of **tie** and the appointment of an interim Chairman;
 - b) notes that the current interim arrangements under the **tie**/TEL executive team are working well;
 - c) delegates to me authority to secure any further, interim working arrangements and, in consultation with the interim Chairman of **tie** to progress arrangements for an appointment to the post of Chief Executive of **tie**; and
 - d) notes that a further report will be submitted in March 2009 setting out the options for a revised company structure, dealing with the delivery and operational aspects of integrated public transport in the city.



Tom Aitchison
Chief Executive

Appendices

Contact/tel/Email Tom Aitchison – 0131 469 3002

Wards affected City wide

Single Outcome Agreement

- Background Papers
1. Lothian Buses Service Revisions: report to Transport, Infrastructure and Environment Committee 5 August 2008
 2. Transport Initiatives Edinburgh: report to Council 20 November 2008

11/12/08.