

10.00am Thursday 28 May 2015

Transport for Edinburgh Ltd - Appointment of Non-Executive Directors

Item number 7.5
Report number
Executive/routine
Wards

Executive summary

There will shortly be a number of vacancies on the boards of Lothian Buses and Transport for Edinburgh. The Nominations Committee of Transport for Edinburgh have carried out a recruitment exercise and now seek Council approval for the appointment of new non-executive directors. Approval is also sought to amend the composition of the Board of Edinburgh Tram to allow for the appointment of three non-executive directors.

Links

Coalition pledges P19 P50
Council outcomes CO8
CO22 CO26
Single Outcome Agreement SO1

Transport for Edinburgh Ltd – Appointment of Non-Executive Directors

Recommendations

- 1.1 To recommend that Council:
 - 1.1.1 Agrees to amend the composition of the Board of Edinburgh Tram to include three non-executive directors;
 - 1.1.2 Subject to 1.1.1 above, approves the appointment of Charles Monheim, Charlene Wallace and Andy Neal to the Board of Edinburgh Tram for a period of 3 years;
 - 1.1.3 Approves the appointment of Charles Monheim as Chair designate of Edinburgh Tram;
 - 1.1.4 Approves the appointment of Jim McFarlane, Susan Deacon, Tony Rose, Mark Yexley and Charlene Wallace to the Board of Lothian Buses for a period of 3 years;
 - 1.1.5 Approves the appointment of Jim McFarlane as Chair designate of Lothian Buses;
 - 1.1.6 Approves the appointment of Jim McFarlane and Charles Monheim to the Board of Transport for Edinburgh for a period of 3 years; and
 - 1.1.7 Agrees to extend the appointment of Donald McLeod as a non-executive director of Lothian Buses for a further 2 years; and
 - 1.1.8 Agrees to delegate authority to the Director of Services for Communities (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.

Background

- 2.1 The Council, on 22 August 2013, approved the composition of the Board of Transport for Edinburgh and the Board of Edinburgh Trams. Subsequently, the Council entered into Shareholder Agreements with both Transport for Edinburgh and Lothian Buses in October 2013 to govern the Council's oversight of these companies. Further detail on these arrangements was recently reported to the Governance, Risk and Best Value Committee on 21 May 2015. As part of these arrangements, it was envisaged that the Board of Transport for Edinburgh would comprise seven non-executive directors of whom four are elected members of the Council with the remaining three being appointed on the basis of having suitable transport experience. The Board of Edinburgh Trams is currently composed of four executive directors drawn from Transport for Edinburgh and its subsidiary companies (Lothian Buses and Edinburgh Tram).
- 2.2 In regard to Lothian Buses, the Transport Act 1985 allows for a maximum of seven and a minimum of three non-executive directors to be appointed to its Board. On 12 December 2013 the Council approved the appointment of appointment of 3 new non-executive directors and to extending the appointment of three existing non-executive directors until July 2015.
- 2.3 A number of non-executive director positions on the Board of Lothian Buses and the Board of Transport for Edinburgh have become or are due to fall vacant because of resignations or the expiry of the term of the appointment. As a consequence the Transport for Edinburgh Nominations Committee has carried out a recruitment exercise and held short-leet interviews on 28 and 29 April 2015.

Main report

- 3.1 The recruitment exercise carried out by Transport for Edinburgh attracted an exceptionally strong field of well qualified and experienced candidates. The Nominations Committee is therefore able to recommend appointments for all the vacant positions on the Boards of both Transport for Edinburgh and Lothian Buses.
- 3.2 The current composition of the Board of Edinburgh Tram does not include non-executive directors, but Transport for Edinburgh believe Edinburgh Tram would benefit from the independent, external scrutiny and expertise that non-executive directors can bring. It is therefore proposed that the Council approves amending the composition of the Board of Edinburgh Tram to include three non-executive directors.

- 3.3 Following the interviews the Transport for Edinburgh Nominations Committee wishes to appoint the following non-executive directors:

Board of Lothian Buses

Jim McFarlane - Chair
Susan Deacon
Tony Rose
Mark Yexley
Charlene Wallace

Board of Transport for Edinburgh

Charles Monheim
Jim McFarlane

- 3.4 Subject to the Council approving the necessary amendment to Board composition the Nominations Committee also wish to appoint the following to the Board of Edinburgh Tram.

Charles Monheim - Chair
Charlene Wallace
Andy Neal

- 3.5 For the purposes of continuity during a time of change and for the particular financial skills that he brings it is also proposed to extend the appointment Donald MacLeod, one of the existing non-executive directors of Lothian Buses, for a further two years.
- 3.6 Jim McFarlane currently holds a part-time role as an interim General Manager of Lothian Buses, a role he would continue to hold alongside his role as a non-executive director and Chair of Lothian Buses, assuming the recommendations in this report are approved.
- 3.7 It should be noted that the Council does not require to approve the proposed appointment of the Chair of the Board of Edinburgh Trams, this being a matter for that Board to determine.

Measures of success

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

Financial impact

- 5.1 There are no financial impacts as a result of this report

Risk, policy, compliance and governance impact

- 6.1 The appointment of non-executive directors to the boards of Lothian Buses, Edinburgh Tram and Transport for Edinburgh helps to ensure there is good governance, management of financial risk and independent, external scrutiny of the operation and management of these companies. Non-executive directors owe, by law, certain fiduciary duties to the company to act in its best interests.

Equalities impact

- 7.1 The recruitment process for the non-executive directors was carried out in accordance with Transport for Edinburgh's Recruitment policy which complies with the relevant equalities legislation.
- 7.2 Transport for Edinburgh and its companies provide high quality, accessible transport and which helps to promote social inclusion.

Sustainability impact

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

Consultation and engagement

- 9.1 The Nominations Committee included the Convener and Vice Convener of the Transport and Environment Committee as well as two of the existing non-executive directors from Transport for Edinburgh.
- 9.2 The minority shareholders were consulted on the recruitment and officers attended the interviews in an observer capacity.

Background reading/external references

Edinburgh Tram - Preparing for Operations – The City of Edinburgh Council 22 August 2013

Transport for Edinburgh Ltd and Lothian Buses Board Composition – Transport and Environment Committee 29 October 2013

Transport for Edinburgh Ltd – Appointment of Non-Executive Directors and Lothian Buses Board Composition

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Links

Coalition pledges	P19 - Keep Lothian Buses in public hands and encourage the improvement of routes and times P50 – Meet greenhouse targets, including the national target of 42% by 2020
Council outcomes	CO8 – Edinburgh’s economy creates and sustains job opportunities CO22 - Moving efficiently – Edinburgh has a transport system that improves connectivity and is green, healthy and accessible CO26 - The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SO1 – Edinburgh’s economy delivers increased investment, jobs and opportunities for all
Appendices	None