



**MINUTES OF tie BOARD MEETING**  
**Isambard Kingdom Brunel Suite, Citypoint, Edinburgh**  
at 9.30 am on Monday 27<sup>th</sup>, August 2007

**In Attendance:**

**Directors:**

Willie Gallagher  
Peter Strachan  
Kenneth Hogg  
Brian Cox  
Gordon Mackenzie  
Phil Wheeler  
Allan Jackson  
Ricky Henderson

**Other Attendees:**

Jim Grieve, CEC  
Neil Renilson, TEL  
David Mackay, TEL  
Graeme Bissett, **tie**  
Steven Bell, **tie**  
Matthew Crosse, **tie**  
Susan Clark, **tie**  
Pat Diamond, **tie**  
Barry Cross, **tie**  
Jim McEwan, **tie**  
Colin McLauchlan, **tie**  
Julie Thompson, **tie**

**Apologies:**

Neil Scales

**Circulation:**

As above

WG
PS
KH
BC
GMc
PW
AJ
RH
JG
NR
DMac
GB
SB
MCr
SC
PD
BC
JMc
CMcL
JT
NS



**Item**

**Action by**

**1. MINUTES OF MEETING of 10<sup>th</sup> July 2007**

The minutes of the meeting were approved. Apologies were received from Neil Scales

It was noted that Transport Scotland's involvement with the **tie** Board has been withdrawn

TS were extended an invitation to join weekly meeting on EARL and SAK but declined, the meetings are being minuted and sent to TS. This was formally recognised in a letter from Malcolm Reed. The Minister also wrote to the Chairman advising he was being updated by TS.

It was hoped to be able to formally finalise **tie**'s involvement in SAK and pass it over to the relevant parties.

The Chairman expressed his gratitude from the **tie** Board to Colin McLauchlan for the work done on demobilisation of people and the closure of Verity House.

**2. EXECUTIVE CHAIRMAN'S BOARD REPORT**

The report was noted and approved.

We have now engaged with CEC on the related legal issues of the Tram project. Negotiations are nearing conclusion for both Tramco and Infraco. CEC need to be updated regularly on progress and a Legal Affairs Committee has now been formed.

EARL's profile will rise again when Parliament resumes. There will be discussions and we need to have an agreed position on **tie**'s role.

**tie** Board role and organisation structure is currently under review now that we are moving to a single project company. The Chairman assured the Board that nothing is being done that would impede tram. The **tie** Executive structure is being revisited and the Board would be updated in future months.



### 3. UPDATE OF TIE CHANGES

CMcL presented the changes affecting **tie** to the Board.

### 4. EARL SUSPENSION PLAN

We now had written confirmation that EARL had been suspended, pending the results of the TS EARL project review and that SAK was to be transferred to TS and that TS would meet costs under the terms of the existing funding arrangements between **tie** and TS for EARL and that Clacks Council would meet costs for SAK under a similar funding arrangement.

**tie** currently retains its role as Authorised Undertaker on EARL. TS are reviewing the issues surrounding the possible transfer of the AU role from **tie** to itself (or other competent party) at the close of the project review in the Autumn. Any move will be subject to a full report to the Board and will require to be subject to a legal agreement between **tie** and TS. CEC will also require to be involved. The Board felt that **tie** should retain AU as long as feasibly possible especially as no clear plans have emerged on the proposed Glasgow/Edinburgh link which may take in the airport.

EARL is currently under review however, neither **tie** nor CEC have been asked to participate in the review by TS.

The Executive will be announcing their capital expenditure plans some time after October and by Christmas there should be clarity where the capital's budget will be directed.

The AU role going forward will be held by Barry Cross and Pat Diamond. All costs will be covered by TS.

**tie** issued a notice to TSDS to abandon all services under the contract on 5 July 2007, following agreement of the suspension of the project at the EARL Project Board which meet on the 4<sup>th</sup> July. The effective date of the abandonment was 13 July in order to allow TSDS to prepare an orderly run down of design works and to assist in the mitigation of demobilisation costs.



**5. SAK PROJECT TRANSFER**

Agreement has been reached with TS and Clackmannanshire Council regarding the principles of the handover.

A detailed handover document has been prepared by **tie** and issued to TS as Senior Project Manager and Clackmannanshire Council as promoter. The purpose of this document is to record the current status of arrangements and issues for current **tie** services and responsibilities under the current agreements with Clackmannanshire.

The Board has requested it formally approves the transfer of **tie**'s roles and responsibilities. **Board**

It was agreed that a "Lessons Learned" paper would be put the October Board meeting. **SB**

**6. GOVERNANCE AND TIE BOARD ROLES**

GB took the Board through his presentation.

The Final Business Case is currently being prepared and will be ready in advance of financial close in January 2008.

The key objectives are the governance and management processes within the project to maintain progress and control against a revised funding backdrop.

Control over expenditure forecasts and the design and conclusion of funding arrangements.

Monitor risk transfer from Council perspective.

Transport Scotland have withdrawn from regular monitoring, placing full responsibility on CEC. Arms-length monitoring is in place.

Gateway Review 3 scheduled for late September/early October.

We are still estimating the same figures of £500m for Phase 1a. Phase 1a will be contracted for and Phase 1b will be optional at the behest of the Council. Alternatives could be:



1. Simultaneous construction of Phase 1a and 1b.
2. Omit 1b

There has been a delay due to the change of government. £60m was awarded in September 2006 to cover the period to financial close. The work continued during the period of uncertainty with Executive approval but the funding awarded was not meant to cover the full final year. We expect further funding between now and financial close to cover the deficit of c£5-10m required. Discussions are taking place at the moment with TS to review the funding agreement.

If funding is not forthcoming from TS the programme would slip by a couple of months. It may be possible that CEC could provide short term funding from their commitment.

The draft funding award letter was received last week and is currently being reviewed and redrafted.

There are 2 main areas requiring attention:

1. the letter only addresses Phase 1a and:
2. the protection offered to CEC and tie in the event of default by TS is not acceptable

The latter issue is being dealt with by both tie's and CEC legal advisers.

The business case does now not include EARL, as instructed by TS.

The paper needs to be submitted to the Council at least 1 week prior to the distribution of their papers for their meeting on 25<sup>th</sup> October.

GB/JMc

The Chairman of TEL wanted to record that the greater level of involvement by both middle and senior management of CEC has been much appreciated.

Sessions briefing Councillors on the current status of the project are currently underway. The first session was held at the beginning of August with a further session scheduled for 28<sup>th</sup> August.

## 7. TRAM PROJECT

MUDFA – Safety was being managed actively with 2 incidents being reported and currently under investigation.



Work commenced in earnest on Section 1a on 9 July and the subsequent Section 5a (Haymarket Depot) had commenced.

Section 1B (Leith Walk) will commence next week.

Gogar depot is currently having some redesign work carried out but the work will finish on time.

Action being taken in partnership with SDS to reduce under performance, some progress already been noted.

The Board was concerned that the award from Manchester may impact on the progress in Edinburgh. This was being closely monitored and any significant impact would be reported back to the Board. It was suggested that a list of those essential to the project be drawn up.

The MUDFA sub committee will review how the programme is progressing.

#### Procurement

A series of meetings are being held to discuss contract, commercial, technical and VE programme.

We are on the verge of selecting the preferred tramco bidder and the BAFOs were received on 3<sup>rd</sup> August.

Infraco BAFO's were returned on 7<sup>th</sup> August and an evaluation is currently underway.

An intensive series of negotiation meetings from 15<sup>th</sup> August have commenced and will conclude with the best deal achieved.

#### SDS Claim

**tie** is seeking high level assurance for future SDS management performance.

Lessons need to be learned from SDS for future regarding under performance issues.



Value Engineering

JMcE introduced himself to the Board and asked for support from CEC in ensuring we adhere to the budget.

**8. FINANCE AND OTHER PAPERS**

Finance report to period 4 records an under-spend of £11m against plan.

**tie** statutory accounts were signed off post the Audit Committee and a minute is included underneath

The Company Secretary was instructed to send a copy of the audited Accounts of the Company for the year ended 31 March 2007 to the City of Edinburgh Council as the sole member together with the requisite notice, in terms of Section 253(1)(b) of the Companies Act 1985, informing the sole member of its right to require the laying of the Accounts before a general meeting.

In line with CEC Code of Guidance for Council Companies, directors are requested to Register their interests on a monthly basis. PD to check whether monthly is appropriate with the Council or can this be done on a quarterly basis.

**9. AOB**

a) Board Away Day

Board away day to be held on 29<sup>th</sup> October 2007. It has been decided to hold the event in Glasgow to tie in with the Awards dinner that evening.

JT

7. The date of next scheduled meeting is Monday 24th September at 9.30 am.

Signed and approved on behalf of the Board of **tie** limited by:

Willie Gallagher (Chairman).....

Date.....

**Declaration:**



*Agenda Items marked \* indicate that a report or relevant paper on this subject was attached and will be made available under FOI(S)A but will be subject to review under Section 5b of **tie's** publication scheme and The FOI (Scotland) Act 2002. The contents of these minutes will be reviewed by **tie** prior to release and items marked with a (C) may be deemed exempt according to the provisions of The FOI (Scotland) Act 2002.*