



**Agenda for tie Board Meeting**  
**tie offices, Verity House, Edinburgh**  
**10:00 – 13:00 hrs on Monday 2<sup>nd</sup> October 2006**

Item No.	Agenda Item	Resp	Timing
1.	Welcome and Introduction to tie (presentation)	WG	10:00 – 10:30 hrs
2.	Minutes of Meeting of 28 <sup>th</sup> August 2006 and matters arising *	WG	10:30 – 10:40 hrs
3.	Executive Chairman's Board Report *	WG	10:40 – 10:50 hrs
4.	<b>Project Presentations and Current Reports</b> a) Tram b) EARL c) SAK d) Portfolio Projects	AH BC RH -	10:50 – 11:20 hrs 11:20 – 11:50 hrs 11:50 – 12:10 hrs
5.	<b>Functional Reports</b> a) Health & Safety * b) Organisation * c) Communications * d) Finance & Risk *	SC CMcL SW SMcG	12:10 – 12:40 hrs
6.	<b>Board Operations and Committee Structure</b>	WG/GB	12:40 – 12:55
7.	<b>Any Other Business</b>		
8.	<b>End</b>		<b>13:00 hrs</b>
9.	<b>Date of next meeting – Monday 30<sup>th</sup> October</b> @ 10:00 hrs at tie office, Verity House, Edinburgh		

\* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Afternoon:

Audit Committee  
Remuneration Committee  
Hearts & Minds

Graeme Bissett/Stewart McGarrity/Kenneth Hogg  
Willie Gallagher/Colin McLauchlan/Brian Cox  
Suzanne Waugh/Mike Connelly/Allan Jackson/  
Ricky Henderson



**Minutes of tie BOARD MEETING**

In the **tie** Boardroom, Verity House, 19 Haymarket Yards  
@ 09:30 am to 12:15 pm on Monday 28 August 2006

Directors: Willie Gallagher (Chairman)  
Maureen Child  
Andrew Burns  
Gavin Gemmell  
Phil Wheeler  
John Richards

In attendance: Keith Rimmer, CEC  
Damian Sharp, TS  
Neil Renilson, TEL  
Graeme Bissett, **tie**  
Barry Cross, **tie**  
Susan Clark, **tie**  
Stewart McGarrity, **tie**  
Suzanne Waugh, **tie**  
Julie Thompson, **tie** Executive Support

Apologies: Bill Reeve, Transport Scotland  
Andrew Holmes, CEC

Circulation: as above

WG  
MC  
AB  
GG  
WG  
JR  
  
KR  
DS  
NR  
GB  
BC  
SC  
SMcG  
SW  
JT

**Note:** The Board papers were issued for the meeting only. Observers were required to return all the papers to **tie** at the end of the meeting. Those in receipt of papers and who did not attend the meeting were required to confirm their copies had been destroyed or returned to **tie**.

\* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and The Act)  
(C) = minute exempt under Section 5b of tie's publication scheme and The Act.

**Item****Action  
By****1. EARL PROGRESS REPORT**

The Chairman asked that Barry Cross give an update to the Board on the EARL Project.

Transport Scotland (TS) have asked that some scope/design modifications be considered to address issues that arose out of discussions with BAA and Network Rail. TS would like **tie** to progress the changes as quickly as possible to ensure that the consequences are addressed through the current Parliamentary process to the previously agreed timetable. TS are taking the necessary steps to ensure that Ministerial agreement to the new course of action is secured should it prove necessary. TS and **tie** to agree a media strategy, again as necessary.

**BC****2. MINUTES OF THE MEETING OF 26 JUNE FOR APPROVAL AND SIGNING**

The minutes were approved.

GB updated the Board on the current governance position.

SAK was in good order, though noting that **tie** had less direct involvement in the project than with Tram and EARL.

EARL was subject to BAA and Network Rail involvement and guidance from TS.

Tram – subject to further revision to incorporate an independent project board. Currently Tram Project Board is a sub-committee of TEL Board. TS were concerned that this did not have enough independence. The TPB is now a single independent entity specifically authorised by CEC and TS and authorised to make decisions on the project. TS/CEC reserved powers to be drafted into the documentation before the end of this month. A revised paper will be brought to the September board.

**AH/DS**

Primary risk register being created and this will be issued on a monthly basis.

**3. EXECUTIVE CHAIRMAN'S REPORT**

The report was noted and approved.

The report focussed on the updating of the Corporate Plan, the significant changes in the Management Team and a review of all other **tie** projects. Major investment is being made in Human Resources, Communications and Health & Safety.

**4. HEALTH & SAFETY PRESENTATION**

Paul Millington presented to the Board.

Reconstruction of the original **tie** H&S documentation is underway to make it more deliverable to our employees, clients, shareholders etc. The work is about 90% complete and includes procedures for compliance, review and assisting projects with H&S requirements.

Main objective is to focus attitudes towards safety in the workplace and to empower workforce/contractors to deliver on H&S by buying into the process.

Board to attend one of the workshops being set up in the near future to gain an insight into **tie's** H&S policy.

**Board**

Paper to be developed for the next Board to assist in their understanding of their corporate responsibilities on Health & Safety. In the Tram project, the relationship of **tie**/TEL/TPB to be set out and the accountability of each board and information required on a board-cycle basis to ensure that all are undertaking their obligations from a legislative viewpoint.

**GB/SC**

## 5. ORGANISATION

The report was noted and approved.

In order for **tie** to deliver the correct resources there will be a combination of direct, short-term contract, contractors and third party resources coupled with a focus on Fit for Purpose and project delivery capability.

Clarification from TS and major stakeholders required as to **tie's** evolution, which **tie** would seek as part of a structured planning process.

## 6. HEARTS & MINDS CAMPAIGN

The report was noted and approved.

The aim of the campaign is to capture the Hearts & Minds of the people of Edinburgh and where possible to secure their support for the tram. Future developments included a visit to Dublin this week and further visits to other tram cities in Europe are being scheduled.

## 7. FINANCE REPORT

The report was noted and approved.

A comprehensive review of the costs of delivering the updated Corporate Plan has been carried out and this reflects the additional manpower resources and central service overheads required to deliver the updated Plan.

Each Project Board to look at the change requests next month for the additional costs.

**Proj  
DirS**

A report to be published on a monthly-basis on the implementation of enhanced corporate policies and procedures within **tie**.

**SMcG**

## 8. PROJECTS

The project reports were noted and approved.

On Tram, the utility diversion contract tender (MUDFA) has been reduced to two bidders and a recommendation of the preferred bidder will be made in due course to CEC, with subsequent approval by the **tie** Board.

**9. RISKS AND ISSUES**

The report was noted and agreed.

List of terminology to be included in future papers.

**Tram/  
EARL  
Proj  
Dirs**

**10. ANY OTHER BUSINESS**

GG advised the Board that this was his last meeting as a member of the Board and he had enjoyed the challenges over the years and wished everyone well for the future.

Dinner for Michael Howell and departing Board directors to be arranged for the end of September/October.

**JT**

Interviews for the posts of Non-Execs being held before CEC's September meeting.

The next meeting will be held on Monday 2<sup>nd</sup> October at 10.00 am in the Boardroom at Verity House.

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.*



**tie Limited**

**Paper to** : **tie Board**  
**Subject** : **Executive Chairman's Report**  
**Date** : **2<sup>nd</sup> October 2006**

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## 1. BOARD AND SENIOR MANAGEMENT

This is my second formal report to the Board as Executive Chairman. Since the end of August, we have maintained the forward momentum within the business and the functional and project reports provide a full explanation of the progress being made. A summary of the most important project-related matters is set out below. Before discussing the projects however, I'd like to record my thoughts on the important changes taking place at Board level and within our senior team.

Some time ago, Gavin Gemmell and John Richards indicated a wish to retire from their non-executive roles, having completed more than four years service to **tie**. Both gentlemen have made an enormous contribution to **tie's** successful development since its inception in 2002 and on behalf of the Board I would like to record our gratitude for their guidance and wise counsel over that period.

A selection process has been executed to identify new non-executives and I am delighted to welcome Brian Cox, Kenneth Hogg, Neil Scales and Peter Strachan to the Board. Each will bring unique and valuable skills to the Board. As the intensity of our project activities grows, I have no doubt that our new colleagues will make a tremendously positive impact on the successful delivery of **tie's** services to our clients.

Recent changes in responsibility within the Council's Executive mean that Andrew Burns will be taking up responsibility for Children & Families with the transport brief passing to Ricky Henderson. Andrew has been a formidable flag-carrier for improved public transport and has brought a strong sense of purpose to these initiatives within the **tie** organisation. Ricky joins at a particularly sensitive period in the political timetable with elections in Edinburgh and at Holyrood only 7 months away. I have no doubt his guidance will help **tie** to maintain progress on its projects in a manner which complements the policy objectives of both the Council and Scottish Executive.

We will be holding an informal dinner in the next few weeks to say a proper thank you to the departing directors and I hope all Board members will be able to join us.

In addition to changes in the Board's composition, I am delighted to report that we have concluded the search for an Engineering & Procurement Director. Steven Bell joined **tie** on 25 September and he will develop strategic engineering support and challenge to the projects as well as developing and leading the procurement initiatives across the company. Steven will also lead HSQE across **tie**. With extensive experience most recently as Managing Director and Technical Director for First Engineering Steven brings a proven track record which spans technical, leadership and strategic abilities.

My first report for the 28 August 2006 meeting covered the extensive changes in the Company since early Summer. I have included that report as an appendix to this report in order to provide new colleagues with important background information. I have also included an important appendix to the August Report, our Corporate Plan for 2006-7. This document provides a framework for the recent changes and future planning for the company and focuses on five strategic imperatives :

- **Delivery excellence** – Best in class processes and highest quality delivery
- **People** – Excellent people operating within first-rate leadership and management disciplines to enable delivery excellence
- **Communication** – Both of our own delivery excellence and the benefits of our projects
- **New Business** – To maintain critical mass, retain our excellent people and further improve delivery excellence
- **Safety** – Paramount and embedded in everything we do

The agenda for this Board meeting reflects **tie's** organisational structure, with central services providing support and challenge to the projects. We have included reports from our central service functional leaders and from the Project Directors. I hope these reports demonstrate both strong progress and a coherence of approach within the company.

The quality of project delivery is what will define our success or failure and this includes the manner in which we anticipate and meet the challenges thrown up by the complex and high profile projects in our portfolio. I am pleased to report strong progress, but we are also highly aware of the difficulties that lie ahead.

## 2. REVIEW OF PROGRESS AND ACHIEVEMENTS ON MAJOR PROJECTS

Full reports on the three major projects are included with the Board papers and will be presented by the Project Directors. Of particular note are :

### Tram

- The need for sustained better performance by our designers, Parsons Brinckerhoff, whose role is critical to the success of the tender process and hence of the whole project. Andie's report describes how this challenge is being addressed.
- The tender evaluation for the utility diversion contract ("MUDFA") utilities diversion contract has now reached a successful conclusion and the recommendations are presented to the **tie** Board at this meeting with a planned contract award date of 3 October.
- Tender returns for the vehicle contract ("Tramco") are due back on 5 October.
- The tender for the infrastructure contract ("Infraco") is planned for issue on 3 October. This is an intense process requiring complex interaction between the disciplines within our own team and with our key stakeholders. An independent Gateway review will be performed in week beginning 25 September to assess readiness for issue as further comfort on the quality of the tender documentation.
- The transport modelling which is fundamental to the business case has produced the required outputs on plan. These are now the subject of intense scrutiny by our team and stakeholders. A verbal update on progress will be made at the Board meeting.

- Following recent meetings with senior representatives of the stakeholders (Transport Scotland and CEC), significant progress has been made in resolving the remaining concerns with respect to the Governance arrangements for the project and the Board will be asked to confirm its approval of these arrangements.

## **EARL**

- The Bill received Preliminary Stage approval from Parliament on 21 September 2006. This is a major milestone and achievement for the team and for **tie**. However, the Committee Report contained a number of key concerns which **tie** and Transport Scotland will require to address urgently.
- We continue to seek progress on the linked areas of project governance, stakeholder roles and responsibilities, procurement structure and funding structure. Progress is being made with BAA in particular.

## **SAK**

- Excellent progress continues to be made on construction. The works are on programme to achieve the completion date of 1 June 2007 and a planned opening date of 14<sup>th</sup> July 2007. Formal agreement with the contractor to the accelerated programme is being progressed.
- The project team has a clear focus on cost control/reduction measures to ensure the final outturn costs on the project are contained within the current forecast.

### **3. PORTFOLIO PROJECTS - STATUS**

Following the departure of Alex Macaulay, Susan Clark has taken on the management of the Ingliston Park and Ride and Fastlink (WEBS) projects. Management responsibility for FETA, the Cross Forth Ferry will fall to Steven Bell and we will terminate our role on Stirling Waste Management soon at a point which is acceptable and convenient to our client.

A report on progress across all of these projects is included in the papers.

### **4. QUALITY AND RISK REVIEWS**

In June the Board were briefed on the institution of Quality and Risk Reviews (QRR) on the major projects as an element of enhanced internal quality control over the delivery of the Projects. A key product of these QRR's is a consolidated "Primary Risk Register" for presentation to the **tie** Board and which include risks which specifically impact upon **tie** such as external perception of the company and the performance of **tie**'s management. The first refreshed Primary Risk Register is included in the Risk report presented to the Board this month.



## 5. CONCLUSION

The last few months have seen substantial change within tie. During that period we have continued to make good progress in delivering to our clients' requirements. However, we are under no illusions about the challenges ahead on all three major projects. The changes described above to our Board reinforce my confidence that tie is well-equipped to meet our delivery responsibilities successfully.

### Appendices

August Report and Corporate Plan (July 2006)



# Delivering transport projects in Edinburgh

Presentation to tie Board  
October 2006



# Content

- Edinburgh's transport challenges
- Tie's evolution, role and projects
- Relationships and governance
- Integration in Edinburgh
- Lessons learned and applied
- Success factors and future challenges



# Edinburgh's Transport Challenges

- History of failure to deliver – perception and reality
- Growing population, economy, airport and surface transport needs
- New development areas North, West and South (and East)
- Portents positive – high calibre labour force and HE sector, financial services base, high profile tourist destination
- Ambitious project roster now well underway





# Tie's evolution and role

- Incorporated 2002 to deliver the Integrated Transport Initiative
  - 4 private sector Directors including Chairman
  - 3 Edinburgh Councillor Directors
- Mid 2003 14 people, today 74 people (and c250 consulting firm people in support)
- 70% professionally qualified or graduate
- Costs managed 2003-4 £12m, 2006-7 £80m
- Project-led, shared service business model
- Public sector ethos, private sector delivery drive





# Tie's projects

## Major projects:



Edinburgh Tram



Edinburgh Airport Rail Link  
(‘EARL’)



Stirling Alloa Kincardine railway  
(‘SAK’)

TransportEdinburgh 



# Tie's projects

## Other projects:



Charging scheme for Forth Road Bridge



Environmental project in Stirling



Cross-Forth ferry feasibility



One-Ticket™ administration

TransportEdinburgh



# Principal achievements to date

1. Developed tram scheme and secured Royal Assent for the two Edinburgh Tram bills
2. Developed bill for EARL, including scheme design, now before parliament
3. Delivered Fastlink busway (Dec '04)
4. Delivered Ingliston Park & Ride (Sep '05)
5. Facilitated growth in One-Ticket to self-sufficiency





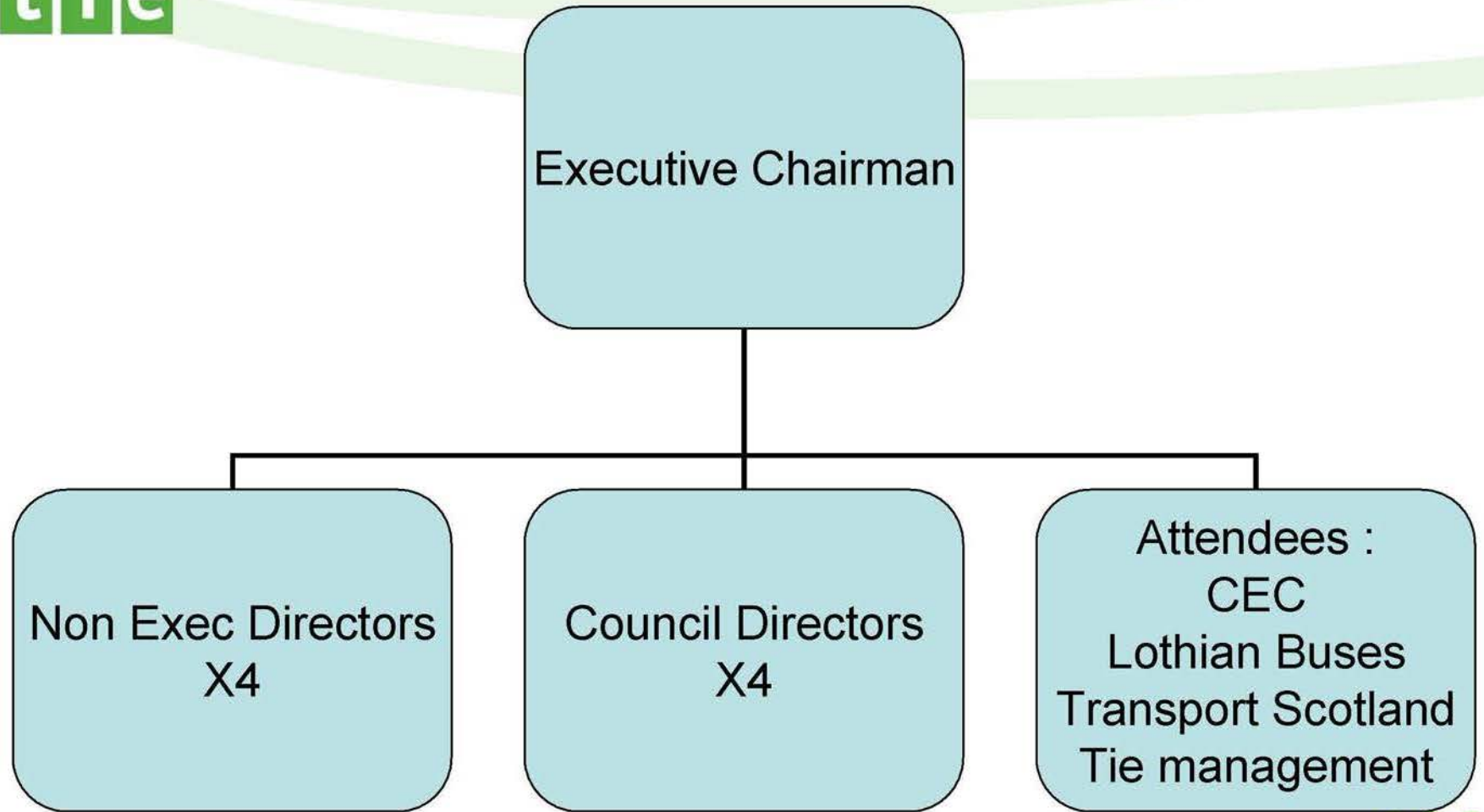


## Lessons learned and applied...

- Earlier recruitment for key roles in major projects
- More visibility of programme to stakeholders and consistent involvement
- Earlier emphasis on public communications
- Earlier integration dialogue
- Better anticipation of project roster



# Tie Board

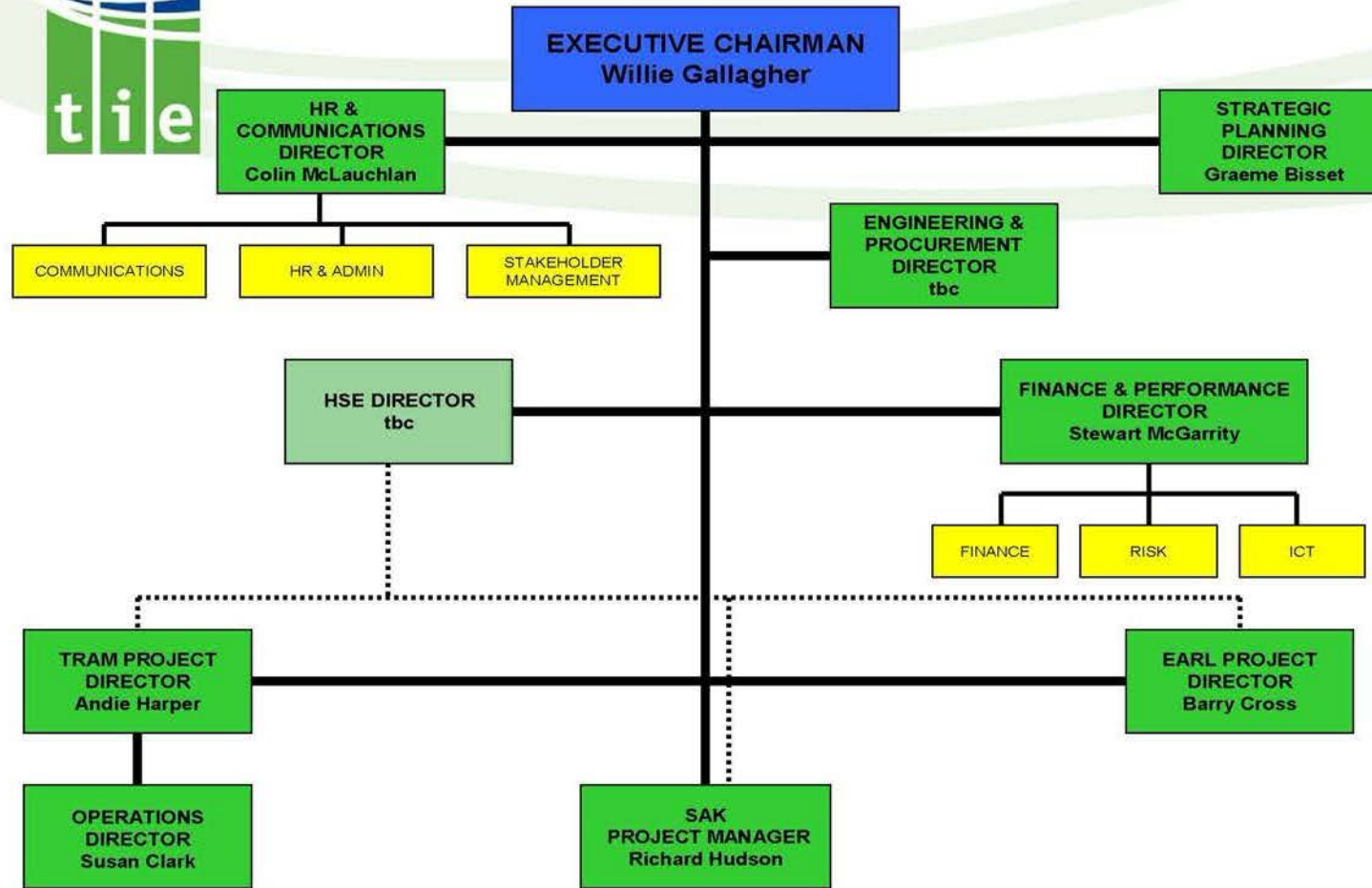






# Tie Executive Board

## tie EXECUTIVE BOARD





# Programme Governance

- Project Initiation Document
- Programme Board
  - Client, Funder, Involved Parties, tie
  - Agreement on baseline Programme, Costs & Deliverables
  - Change Management
  - Resourcing
- Tie Programme Director
- Workstream Managers
  - Finance, Procurement, Design, Construction etc.



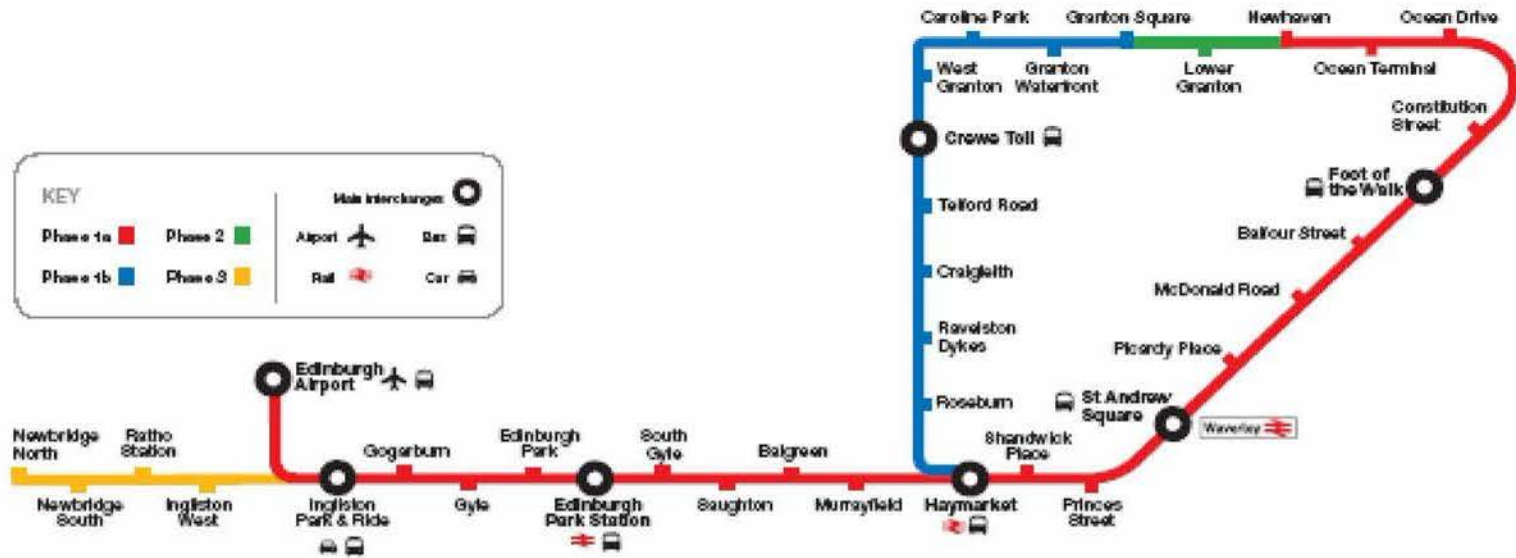
# The CEC Family

- CEC owns Lothian Buses plc, tie Limited and Transport Edinburgh Limited (TEL)
- Blood is thicker than water !
- We now have a settled structure focussed on integrated service delivery, including dialogue with third party operators
- TEL has a pivotal role in the post-Parliamentary world as an active arm of the Promoter, CEC.
- Governance arrangements are critical, structures are developed but success is wholly dependent on shared objectives and working relationships





# Edinburgh Tram Network



TransportEdinburgh



# Learning from UK experience

- Reduced level of risk at tender stage for major contracts as a result of:-
  - Greater certainty of design
  - Removal/reduction of Utility risk
  - Knowledge of vehicle type at time of tender
  - Planning approvals
  - Traffic regulation order approvals
  - Bus/tram integration
  - Separation and sharing of revenue risk





# TEL Role

Prior to tram operation

Develop integrated bus/tram system

Prepare for operation

When tram operational

Own and manage the integrated system

Transdev contracted to TEL to operate tram

LB owned by TEL

TEL is the financial clearing house for CEC

3<sup>rd</sup> Party agreements



# Who is TEL?

Chairman  
CEO

David Mackay (NX)  
Neil Renilson (ex CEO Lothian Buses)

Directors

Bill Campbell (ex Operations Director LB)  
Willie Gallagher (NXD, Exec Chairman tie)  
Donald McGougan (Dir of Fin CEC)  
Fred McIntosh (Elected Member, LibDems)  
Ricky Henderson (Transport Convenor)



# Who is tie ?

- **Executive Chairman** Willie Gallagher
- **Directors**
  - Brian Cox
  - Kenneth Hogg
  - Neil Scales
  - Peter Strachan
  - Maureen Child
  - Ricky Henderson
  - Alan Jackson
  - Phil Wheeler



# Service integration scorecard

- Common ticketing
- Interchange – bus / tram, rail
- Park and Ride
- Public Information systems
- Common back office
- Brand, livery, marketing, management





# Why do we need a **tie**?

- Existing Local Authorities have a diverse range of responsibilities
- It is difficult to respond quickly to change
- Difficult to recruit high calibre staff
- Ethos of tie : “just do it, professionally”
- Structure of tie : speed of decision-making, adaptability, shared services + common goal, proximity to success / failure
- Project delivery needs focus and drive – and clear accountability
- Local Transport Partnerships in their infancy
- A model that is transportable





# tie's future

- The two main projects have particular challenges :
  - **Tram - inflationary cost pressure, stakeholder management and governance, highly complex programme management**
  - **EARL is recognised as a project of international interest in the sector with significant engineering and network integration challenges and a critical need for effective interfaces with key stakeholders including Network Rail and BAA.**
- Retention and development of our people against a backdrop of changing project demands is the major internal challenge
- We will seek to develop our role with TS and support SESTRAN – our local RTP – and constituent authorities and consider working for other authorities / RTPs on request
- We will seek to add projects to develop tie's critical mass
- The over-riding objective is successful project delivery and client satisfaction – no different from any other business !



THANK YOU

