



tie BOARD MEETING – 27TH FEBRUARY 2006

This report is written in the context of the provisions of FOI (Scotland) Act.

Chief Executive's Report

A. General

- A useful meeting was held with Tavish Scott, Minister for Transport, and Malcolm Reed, Chief Executive of Transport Scotland, in January. It was signalled that both EARL and tram would proceed.
- A funding plan between CEC and TS emerged that will pay for Phase 1 of the tram, from Leith to the airport, and may pay for the Granton link too.
- A meeting of the parliamentary committee attended by the Minister held on 7th February should now lead to successful passage of the tram bills.
- Likewise, the EARL bill has been submitted to Parliament with the expectation of formal introduction in mid-March, and passage by year end.
- We have had no encouragement from Borders Council regarding the Rail Link, but have been asked by TS to take an interest in reviewing project scope in the interim.
- The second Forth crossing is very much in the news, and we are exploring how best to get involved since planning work will get under way very shortly.
- Due to space constraints, the executive team and certain project, finance and risk personnel have relocated to Conference House, Morrison Street, to make room for members of the tram project design team.

B. Tram

- The relocation of members of the System Design Services (SDS) team into Verity House follows a disappointing start by Parsons Brinckerhoff. This leaves us some weeks behind schedule, and the pressure is on to ensure catch up during the balance of the year.
- Progress has been made in merging the activities of the TEL Board and the Tram Project Board by defining a new governance structure for the tram. The prospect of active sponsorship of the project is welcome.



- The role of the **tie** Board is also changed, with direct responsibility for the tram project now passing through TEL to CEC. **tie** remains responsible for delivery, and for ensuring the right resources, both human and financial, are applied to the project. Full details are contained in these Board papers.
- The first formal meeting in this context was held on 20th February.
- [GB to provide brief details of what emerged]

D. EARL

- The GARL (Glasgow) was submitted in early January. EARL was held back due to difficulties in securing a commercial agreement between BAA and TS.
- Despite these matters remaining unresolved, the bill was submitted on 15th February for formal introduction in mid-March. BAA's stance remains to be clarified.
- It has been agreed that TS will continue to hold responsibility for rolling stock procurement with **tie** providing advice. Meetings were held with rolling stock manufacturers on potential availability of new diesel trains to meet the route's requirements.
- Separate discussions also continue with Cummins, the likely diesel engine supplier.
- A revised remit for the EARL Project Board has been prepared, taking account of certain third party stakeholders' desire not to be held accountable for project decisions. Full details are contained in these Board papers.

E. SAK

- At a periodic review, it became clear that costs on the project were rising, partly due to lack of clarity about the process for agreeing changes in scope.
- Examples include additional expense on signalling in the Stirling area (£0.7M), and additional work on mineworking remediation (up to £1.7M), both of which are being assumed to serve the concerns of Network Rail.
- In addition, it has emerged that 15 private overbridges were not included in the project scope, despite the fact that some rectification cost will be necessary (c£0.5M, but under investigation). A further issue relates to the cost of acquiring land which has been given planning permission by the client.
- An effort is underway to review each of the sources of cost increase with the clear intention to bring overall project cost back to its approved target. Full details are provided in the SAK report in these papers.



F. Risk

- The Risk Report reflects our up to date view of key risks across all projects.
- The most important emerging matter is the difficulty with BAA over EARL, a problem which may not be helped by new uncertainties about BAA's future ownership.
- The papers also include a summary of tie's PI insurance position, where we are requesting that the Board confirm its comfort with the adequacy of our present arrangements.

F. Finance and governance

- The Finance Review at the start of the appropriate section of these Board papers sets out the key issues.
- The changes to the Tram and EARL governance arrangements mentioned above are described in detailed papers. In addition, the review of governance on other projects conducted last October identified some matters for follow up and these are also reflected in the papers.
- The business planning and funding approval processes similarly have important aspects for Board consideration.

G. Business Development

- Work continues to schedule on the existing projects.
- No response has been received from the Scottish Borders Council, and efforts to speak to David Hume, Chief Executive, have been unsuccessful.
- We have been asked to support TS in assessing the scope of the project.
- We observe closely the potential emerging need for a new Forth crossing and have arranged meetings both with the Transport Directorate of the Scottish Executive, and with Transport Scotland to determine how tie could be of assistance.
- Three agreements – with Fife, Stirling and FETA – have been negotiated. A synopsis is contained in the board materials and all three agreements are presented for Board approval.

H. Communications / stakeholders

- [Barry to insert appropriate words]



Michael Howell

17th February 2006