



TRANSPORT INITIATIVES EDINBURGH LIMITED

Minutes of tie BOARD MEETING

Old Council Chamber, City Chambers,
Monday 21st June 2004 @
10.00 hrs – 12.00 hrs

Board Members: Ewan Brown (Chairman)
Gavin Gemmell
John Richards
Jim Brown
Andrew Burns

In attendance: Michael Howell, **tie** Chief Executive
Graeme Bissett, **tie** Finance Director
Alex Macaulay, **tie** Projects Director
Keith Rimmer, CEC, CDD, Transport
Ronnie Hinds, CEC, Head of Corporate Finance
Jonathan Pryce, Scottish Executive
Kirsty Lewin, Scottish Executive
James Papps, PUK
Martin Buck, PUK

Part meeting:
Monica Langa, **tie**, Senior Commercial Manager
Marjory Kenny, CEC, Head of Corporate Communication
Sue Campbell, CEC, Transport Information Manager
Susan Clark, **tie** Senior Manager, Heavy Rail

Apologies: Bill Cunningham
Maureen Child
Andrew Holmes, CEC, City Development Director

Circulation: As Above +
Ewan Kennedy, CEC, CDD, Transport
John Burns, CEC, Corporate Finance

Item

1. MINUTES OF THE MEETING OF 24TH MAY 2004 FOR APPROVAL AND SIGNING

The minutes were approved with the following exceptions:

Item 3 (vi) delete Action by GB reference against “Meeting with Schools...”

Congestion Charging Presentations: replace the word “from” with “not”

003-029 tie Board Minutes- 21 June 2004.doc

Initials

EB
GG
JR
JB
AB

MH
GB
AM
KR
RH
JPr
KL
JPa
MB

ML
MK
SCa
SCI

Action By

2. MATTERS ARISING FROM MINUTES OF THE MEETING OF 24th MAY 2004

Item 3 (v) – Lothian Integrated Transport Ltd

The agreement signed by Lothian Buses had been received and was now with the Council.

Item 4(c) – Establishment of Audit Committee (24th May 2004)

John Richards has agreed to chair the Audit Committee

Item 5d (iv) Receipt of Tenders (24th May 2004)

DLA have been selected as Legal Advisors for EARL

Item 6 (c) – Trams (29th January 2004):

Meeting with Patricia Ferguson - AB advised that he has had no response to his several attempts to progress this matter.

3. CHIEF EXECUTIVE'S REPORT

a) Monthly Board Report

i. General

Key Developments this month included:

- Successful resolution of the funding from the Scottish Executive for the DPOF
- Congestion Charging Public Inquiry on schedule
- EARL – vertical alignment unresolved due to cost issues related to Edinburgh Airport's future second runway.
- Satisfactory conclusion appears within reach on SAK
- Publication by the Scottish Executive of the Transport Scotland White Paper

ii. Financial Issues

Emerging issues in relation to the tram development and procurement budget were discussed and a dialogue has commenced with CEC to address.

Funding for DPOF for FY05 is in place

tie's overheads for the year to date are below plan due to deferral of spend on the new office until the relocation at end of July.

iii. Tram

The committees for the Tram Parliamentary Bills have been appointed. Profiles on the MSP's were provided. It was noted that the Committees would meet only once before the summer recess and that this could adversely affect the likelihood of an October vote in the Parliament

iv. Congestion Charging

MH was a guest speaker at a well attended conference in Stockholm where congestion charging is also to start in 2006. MH reported that Stockholm were experiencing very similar political and financial issues as Edinburgh but had decided to hold a referendum in 2007, one year after the scheme's introduction.

v. Heavy Rail

- EARL – BAA's recent concerns about the second runway could delay the project. Matters lie between BAA and the Scottish Executive. An analysis is being carried out to inform that discussion.
- SAK – Progress has been made with Babtie and the MoU should be revised during the week 21st June. **tie** and Babtie will be forming an unincorporated JV to assume responsibility to the promoter, Clackmannanshire, for project delivery.

vi. Transport Scotland White Paper

An outline of the White Paper, including the possible implications for **tie** of a new Transport Agency for Scotland (Transport Scotland) were presented. JPr described the objectives and purpose of the Agency and advised that the Scottish Executive will begin discussions on the role of the statutory regional partnerships. It was felt that implementation of the proposed new arrangements will take up to 2 years.

It would be important for the **tie** board to ensure that **tie's** position as the procurement and delivery company for CEC was not compromised by the new arrangements

A copy of the White Paper will be distributed to Board members

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JPr also advised that his role is changing within SE; responsibility for strategy will be transferred to Frances Duffy who will attend the **tie** Board in the future. EB expressed the hope that the Executive would continue to be represented at senior level at **tie** board meetings

vii. **tie** Company Name

The corporate name "tie" has become available and MH made a proposal that the name of the company be changed to "**tie** Limited". This was approved by the Board but would be subject to approval by the Council as Shareholder. MH will write formally to the Council.

viii. Communications

AB advised that a sharper focus on the Information campaign was now being developed. Ray Perman has made some progress with the creation of a pro-growth business lobby. However responses from a number of Edinburgh's bigger businesses have, disappointingly, not been encouraging.

ix. Office Accommodation

tie will relocate to Verity House in mid/late July.

b) Risk Report

The Monthly Risk Report was discussed.

JPa commented that because the term "optimism bias" has a technical meaning to the Treasury, it should not be used to describe the risk provision. It was noted that the risk provision had reduced substantially from the previous month and concern was expressed that this could be unduly optimistic.

AM advised that the risk profile on all projects is likely to shift monthly and would therefore be the subject of close scrutiny.

4. ITI –TRAMS/CC

a) Progress Reports

Project Progress reports were presented for information.

i. Trams

AM advised that only expenditure directly linked to conclusion of the Parliamentary Process was being authorised due to budget constraints.

ii. DPOF

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The dialogue on service integration will commence after Transdev's arrival in tie's office on 28th June.

iii. **INFRACO**

A persuasive Business Case will have to be presented to CEC/SE before the procurement work can be started. AM advised that a decision will be required by CEC/SE to allow early stages of procurement to commence in September to avoid potential delay to the programme.

iv. **One-Ticket**

MH was requested to present a full report on the One-Ticket scheme to the Board – this has now been set for August.

v. **Congestion Charging**

The public enquiry is progressing to its planned conclusion on July 2nd. Negotiation of the system development contracts is in the final stages with IBM and CGEY.

b) Service Integration

GB presented a paper outlining the progress made since the May board. DLA have conducted a review of the competition law. DLA will meet with legal advisors to Lothian Buses and Transdev on 22nd June. The first informal meeting of LITL (provisionally to be renamed Transport Edinburgh Limited) will be held in week beginning 28th June 2004. The objective is to set out the plan for the dialogue on the joint venture and to agree the nominees to the Board.

5. GOVERNANCE & FINANCIAL MATTERS

a) Financial Report

The monthly Financial Report was reviewed.

b) Tram Business Case Funding

GB presented a paper which outlined issues of concern for the tram development programme and the need for coordinated and urgent next steps to ensure its effective and timely continuation. The key next step is the preparation of an Outline Business Case for discussion with the Scottish Executive. A draft of this will be presented to the July Board.

JPr confirmed that the SE are keen to ensure that there is continuation of the programme and that there are no issues of principle in securing partial release of

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the £375m funding. However, they will require to be satisfied that there is a satisfactory business case.

JPr also confirmed that the DPOF funding, although at this stage drawn from other sources, would be set against the £375m.

EDI joint venture

An extract from the papers presented to The Council Executive was presented and GB advised that CEC have agreed in principle the arrangements with EDI. The proposal was now subject to Scrutiny Panel review, with a conclusion expected by end-August.

6. COMMUNICATIONS

a) Stakeholder Management Report

ML advised that the May newsletter again met with positive feedback. One major development is the agreement by the CEC to increase the parking time permitted in St Andrew Square to two hours. This was enthusiastically received by Jenners, John Lewis and Harvey Nicols who were pleased that their particular wishes had been addressed. **tie** thanked AB for his support in progressing this action.

Meetings have been arranged with various Universities and Schools; however, concern was expressed that the opportunity had been lost to communicate with students before the holiday break. It was stated that the focus of **tie**'s effort would be to communicate effectively during the autumn term.

tie are currently recruiting two Communication Managers, one to focus on business stakeholders and the other on educational stakeholders.

b) Transport Information Programme

Sue Campbell has been recruited as Transport Information Manager and provided an update on progress to date on the strategy, staffing and branding. A media action plan has been drafted. EB stated the Board were happy to allow the programme to proceed under the monitoring of the ITI Communications Committee and requested only to be advised of any obstacles along the way.

7. HEAVY RAIL

a) EARL – appointment of PR Advisors

SCI presented the evaluation of the tenders received and the supporting recommendations for the appointment of Media House as the EARL PR Advisors.

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It was suggested that Media House could also be a useful resource for some work in the ITI context. KR expressed concern about any crossover of PR activity from EARL to ITI. It was agreed that any discussion on the use of Media House should be dealt with separately by the ITI Communications Committee.

b) EARL – Geotechnical Investigation

5 tenders have been received and are undergoing a quality and price assessment. PP will advise the recommendation at the next board meeting.

c) SAK

The board authorised MH to sign off the revised MoU

8. AOB

a) Public Interest Disclosure Policy

An amendment to the paper presented to the board on 24th May was agreed. Item 3.3 of the Policy document refers.

b) Arrangements with PUK

GB tabled a paper summarising the proposed Development Partnering Agreements (DPAs) with PUK for their work on the Congestion Charging and EARL projects. The documents were in similar form to the equivalent entered into in January 2004 for the tram project. The Board noted **tie** management's decision to enter into the EARL DPA. A request for further information on the Congestion Charging Agreement was tabled by RH, which will be followed up by **tie**.

9. Date of Next Meeting

The next meeting will be held on Monday 26th July 2004 at 10.00 hrs

**Action
By**

PP

GB