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tie Board Meeting

25th July 2005



Agenda for tie Board Meeting
 @ tie offices, Verity House, Edinburgh
 @ 10.00 hrs – 12.00 hrs on Monday 25th July 2005

Item No.	Agenda Item	Resp	Timing
1.	Minutes of Meeting of 20th June 2005 and Special Board Meeting on 1st July 2005 for approval and signing – a) Approve and signing of full version of minutes	EB	10.00 hrs
2.	Matters arising	EB	
3.	Chief Executive Report – a) Chief Executive Board Report * b) Governance matters c) New project development	MH	
4.	Risk - a) Risk Report *	MH	
5.	Finance – a) Board Finance Review *	MH	
6.	Heavy Rail - a) EARL - Procurement * b) EARL - BAA South East Pier * c) SAK - Project Progress Report *	SC SC MH	
7.	Tram a) Progress Report * b) Order Issues/Parliamentary Business *	IK BC	
8.	Other Projects – a) Other Projects Progress Report *	AM	
9.	Communications - a) Communications Progress report *	MH	
10.	AOB –	EB	
11.	End		12.00 hrs
12.	Date of next meeting – Monday 22nd August 2005 @ 10.00 hrs. Venue: 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)



Item 1

Minutes of the Meeting

**held on 20th June 2005 and
Special Board Meeting on 1st July
2005**

- a) Approve full version of minutes



tie limited

Minutes of tie BOARD MEETING

In the tie Boardroom, Verity House, 19 Haymarket Yards
@ 10.00 hrs – 12.00 hrs on Monday 20th June 2005

Board Members: Ewan Brown
Andrew Burns
Gavin Gemmell (Part)
John Richards
Maureen Child

Action
By

EB
AB
GG
JR
MC

In attendance: Michael Howell, tie Chief Executive
Alex Macaulay, tie Projects Director
Stewart McGarrity, tie Tram Project Finance Director
Susan Clark, tie Project Director - EARL
Barry Cross, tie Project Development Director
Ian Kendall, tie Procurement Director
Graeme Bissett, tie Finance Director (Part)
John Ewing, Scottish Executive, Head of Transport & Planning
Damian Sharp, Scottish Executive, Head of PTMIT
Andrew Holmes, CEC, City Development Director
Keith Rimmer, CEC, CDD, Head of Transport
John Burns, CEC
Neil Renilson, TEL, Chief Executive Designate
James Papps, PUK

MH
AM
SMcG
SC
BC
IK
GB
JE
DS
AH
KR
JB
NR
JP

Apologies: Bill Cunningham
Jim Brown
Paul Prescott, tie Heavy Rail Director

Circulation: as above

Note: The Board papers are issued for the meeting only. Observers are 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 are required to confirm their copies have 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.

ItemAction
By**1. MINUTES OF THE MEETING OF 24th MAY FOR APPROVAL AND SIGNING**

The minutes were approved.

2. MATTERS ARISING

None

3. CHIEF EXECUTIVE'S REPORT *

The report was discussed.

MH informed the Board of the emerging shape of the new Scottish Transport Agency.

Later in the meeting, MH introduced François-Xavier Perin, Chief Executive of Transdev PLC who provided an overview of the key role which Transdev would play in the successful integration and viability of the Trams.

4. HEAVY RAILa) EARL – Project Progress Report *

The project progress report was presented.

The appointment of Susan Clark to Project Director – EARL with effect from 1st July was welcomed. Paul Prescott will remain as an advisor to EARL and continue to perform a lead role in SAK.

SC advised that the Bill was ready to be published before the end of June.

SC

JE advised that the Scottish Executive support the proposal to publish the draft Bill and submit to the PBU before the summer recess.

SC confirmed that a report on Project Governance will be made to the Board in July, together with the expected timetable for further action until year end.

SC

<u>Action</u> <u>By</u>

b) SAK – Project Progress & Financial Report *

The project progress report was presented.

Ministerial approval of the revised project cost is required before the Asset Protection Agreement with Network Rail can be signed. It was hoped that approval would be given shortly after 23 June when the identity of the Minister for Transport would be known

5. RISK

a) Risk Report *

The monthly Risk report was presented and discussed.

6. FINANCE

a) Board Financial Review *

The review was noted – in particular the need for agreement between SE and CEC on the longer term tram funding arrangements.

MH

b) Financial Performance Report *

The monthly Financial Performance Report was noted.

c) Executive Summary *

An extract from the tram interim outline business case submitted to CEC and SE on 30th June was provided.

7. OTHER PROJECTS

a) Progress Report

The monthly project progress reports were presented. The Ingliston Park & Ride would open in mid July. It was noted that the Fastlink busway would be closed during the first week of July for remedial work.

b) Business Development *

The position was noted. There would be discussion with CEC about the proposed extension of **tie**'s field of activity.

8. TRAM

a) IOBC AND 2005/6 Funding Status

DS confirmed that progress is being made in the sign-off of the 2005/6 funding case with conversations planned with the new Transport Minister

b) Procurement – TSS/SDS/JRC Update

IK reported on the progress of the tender evaluation for TSS and that recommendations will be presented at a special Board meeting to be arranged in early July.

IK reported on the progress of SDS and JRC with recommendations expected to be made to the **tie** Board upon completion of the evaluation process.

c) Order Issues/Parliamentary Process *

Negotiations with objectors continue and BC confirmed that **tie** had concluded an agreement with Network Rail, which would result in the withdrawal of their objection.

d) Transport Edinburgh Ltd (TEL)

NR advised that a report on TEL will be presented to the Full Council for approval on 30th June. Development of the TEL Business Plan is to be progressed.

The short list of candidates for non-executive directors of the Board of TEL has been drawn up, and final interviews would be held in July.

e) Ticketing

MH reported that **tie** in partnership with IBI had been accepted as a bidder for the proposed smartcard based concessionary fares IT system.

Action
By

DS

IK

IK

NR

NR

<u>Action</u> <u>By</u>

9. COMMUNICATIONS

- a) Communications Progress Report *

The report was noted.

10.AOB

None

11.Date of Next Meeting

Monday 25th July 2005 in tie offices from 1000 hrs – 1200 hrs

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

Ewan Brown (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 and items marked with a (C) will be made exempt as required under The FOI (Scotland) Act 2002 prior to release.*



tie limited

Minutes of tie SPECIAL BOARD MEETING
in the tie Boardroom, Verity House, 19 Haymarket Yards
@ 14:30 hrs on Friday 1st July 2005

Board Members: Ewan Brown
Jim Brown
Andrew Burns (by telephone)
Gavin Gemmell (by telephone)
John Richards (by telephone)
Maureen Child (by telephone)

Action
By

EB
JB
AB
GG
JR
MC

In attendance: Michael Howell, tie Chief Executive
Alex Macaulay, tie Projects Director
Stewart McGarrity, tie Tram Project Finance Director
Gerry Henderson, tie Tram Commercial Manager
Susan Clark, tie Projects Director - EARL

MH
AM
SMcG
GH
SC

Apologies: Bill Cunningham

Circulation: as above

1. Implementation Funding Grant *

Papers were presented outlining the conditions of the Grant offer by the Scottish Executive to CEC to support the implementation of the Edinburgh Tram Network for financial year 2005-6. The grant is to assist the work identified in tie's IOBC and the "Project Implementation Reforecast" dated 17th June 2005. The offer of grant remains open for acceptance until 15th July 2005.

CEC

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and The Act)
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2. Appointment of TSS Consultant *

A paper was presented outlining the recommendation to appoint Scott Wilson Railways Limited, in partnership with Turner & Townsend, to provide technical support services to **tie** on the Edinburgh Tram Network project.

An overview of the procurement and evaluation process was provided by AM and GH.

SC asked that as Scott Wilson Halcrow JV also operate as technical advisors on the EARL project, the Tram team should confirm that there is no conflict of interest, and that resources committed to each project will not be prejudiced. GH confirmed that this question had been addressed and that the right people would be assigned exclusively to the tram project, with no impact on EARL.

The Board approved the recommendation.

End.

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

Ewan Brown (Chairman).....

Date.....

Declaration:

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Agenda Item 2

Matters Arising



Agenda Item 3

Chief Executive Report

- a) Chief Executive Board Report *
- b) Governance matters
- c) New project development

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



Agenda Item 3a

Chief Executive Report

- a) **Chief Executive Board Report ***

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



tie BOARD MEETING – 25TH JULY 2005

Please note that this report takes account of the provisions of FOI (Scotland) Act.

Chief Executive's Report

A. General

- As widely foreseen, Nicol Stephen was elected Leader of the Scottish Liberal Democrats, and succeeded Jim Wallace as Deputy First Minister. Consequently, Tavish Scott, MSP for Shetland, was appointed his successor as Minister for Transport.
- A lunch was held with Malcolm Reed, Chief Executive Designate of the Scottish Transport Agency. Malcolm will be taking up his post in early August after a holiday.
- Bill Reeve is newly appointed from the (about to be disbanded) Strategic Rail Authority and is now responsible to Malcolm for day-to-day relationships with rail entities in Scotland (principally Network Rail and Scotrail). A dinner has been arranged for next week.
- Network Rail has announced a potentially helpful reorganisation, with the creation of a new post – Director, Scotland reporting directly to Group Chief Executive – which will provide better local linkage and remove London (hopefully) from many of their internal deliberations. Ron McAulay, whom we have all met, has been appointed to the post.
- First Group has announced the appointment of Andrew Haines to Group Director – Rail and he will be responsible for Scotrail among First's other train operators. Andrew used to work in the commercial division of Railtrack so is well known to both PP and MH.
- Following resolution of the political hiatus, there has been good forward movement in securing funding for all projects.

B. Project governance

- Significant work has been ongoing to refine project governance, and recommendations have been drafted in consultation with external stakeholders.



The core governance processes are anticipated to be similar in each project:

- A Tram Project Board ("TPB") and EARL Project Board ("EPB") are proposed, which will assume principal responsibility for each project.
- **tie** limited will delegate its powers to each of the Project Boards, reserving its powers in relation to a limited number of fundamental project parameters, including material change to cost, programme and scope.
- The Project Board will not have legal directive power and will need to develop quickly a common purpose amongst its members. The creation and maintenance of consensus throughout the process will be difficult and is the primary responsibility of the Project Board Chairman, who will also be the formal interface with **tie**'s Board.
- The Project Boards' members will be limited in number, but will be senior decision-making management in their respective organisations
- The Project Boards will define delegated authority rules for the Project Directors for each project which enable the project delivery teams to execute effectively. The Project Directors will report regularly and comprehensively to the Project Boards.
- The Project Directors will define operational relationships and structures which fit the needs of their projects, and will act as a "hub" ensuring that all of the "spokes" connecting with all other stakeholders and operational partners are operating effectively.
- In the case of the tram, there is a need to restructure the relationship with CEC to ensure this operational and decision-making effectiveness is actually set in place. The migration from **tie** to TEL is also catered for in the proposed structure.

A short supplementary paper is attached to this report to define the status further. (see Item 3b attached)

C. Tram

- A budget of £4.1M has been approved for the implementation phase, and this will be sufficient to fund work until 30 September 2005, including the start of the Technical Support Services (TSS) contract.
- The TSS contract has been awarded to Scott Wilson Railways Limited.
- The implementation programme has been modified due to this staging of the funding for the project budget.
- Consequently the start of System Design Services (SDS), Site Investigation, Utilities and the Joint Revenue Committee (JRC) work packages have been delayed until after funding approval.



- Additional funding will be required for work beyond September. The necessary delay in the commencement of the SDS, Site Investigation, Utilities and JRC work-streams has reduced the budget forecast for Tram Implementation for 2005 – 2006
- The delay to the JRC means that the new transport & revenue model would be delayed by at least 2 months to May 2006, and this will impact on the overall project, unless £150,000 of the outstanding budget can be released in August, in the event that the remaining tram budget has not been approved by this time.
- There is a backlog of change requests which need resolution before the appointment of the SDS contract, to avoid wasted expenditure. The new tram governance proposals will help.
- Parliamentary Committees were continuing with the Bill Consideration Stages until recess. The pre-recess evidence programme was not fully achieved – rescheduling awaited from Private Bills Unit.
- The supplementary bills for route changes were lodged with Scottish Parliament – 60 day objection period commenced 1st July.
- Forth Ports, Ocean Terminal, Network Rail and Transco have withdrawn their objections. Negotiations continue with a number of other significant objectors.
- Exposure to the budget, particularly for TL1, will be discussed by Graeme Bissett.

D. EARL

- The EARL bill was published earlier this month, and its formal introduction is foreseen in October, or as soon as there is capacity in the Parliament.
- Good progress has been made in securing additional grant funding from the Scottish Executive, and we have short-term comfort. The application for funding for the next two years was made at the end of May.
- Papers are attached outlining present thoughts on procurement and conclusions that have been reached with BAA about the imminent construction of a south-east extension to the terminal building.

E. SAK

- We have been encouraged to progress the letting of contracts for SAK even though the formal announcement of approval of funding is still awaited. This is clearly good news.



F. Ingliston Park & Ride and FastLink

- The Ingliston Park & Ride is ready. Due to the industrial relations problems at Lothian Buses, the launch of services on 14th July was postponed.
- The Fastlink busway was closed for 10 days over G8 week for rectification work, and good progress was made. There are still issues for resolution with the contractor, the details of which are in the attached report. This could give rise to additional unbudgeted cost for ongoing legal and technical advice, which would potentially be recoverable. Alex Macaulay will give a verbal report.

G. Finance and Risk

- The Finance and Risk reports are attached.

H. Business Development

- Work has progressed on defining a rationale for the extension of **tie**'s range of activity both geographically and in terms of projects being undertaken. (see Item 3c attached)
- With CEC's understanding, **tie** has made a proposal to Stirling Council for the management of a programme of waste management works.

I. Communications

- The report is attached.

Michael Howell

19th July 2005



Agenda Item 3b

Chief Executive Report

b) Governance matters

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

Attachment to Chief Executive's report -
Item 3b – Governance matters

tie Project Governance

We are now moving into a phase where the magnitude and frequency of decisions on **tie**'s major projects require additional board level focus.

Accordingly, it is proposed that a new governance structure be put in place for both the tram project and for EARL.

Summary of principal issues

The governance structure needs to deliver:

1. Clear accountability for outputs
2. Clear responsibility for delivery at all levels supported by clear delegation rules
3. Transparency in all respects
4. Control
5. Effective and streamlined decision-making process
6. Inclusion of all parties who have an important role
7. Exclusion of all parties with no important role

Tram

Emerging from recent dialogue, there is an emerging consensus that the governance structure for tram should incorporate :

1. CEC's role as project Promoter and part-funder
2. SE's role as principal funder
3. **tie**'s role (through its Board) as the party responsible for development and delivery of the project, with senior ownership by one individual, the Tram Project Director.
4. TEL's role as "single economic entity" to facilitate service integration work
5. Creation of a Tram Project Board ("TPB") as the principal decision-making body, with delegation to do so by **tie** limited and (subsequently) TEL
6. Delegation by the TPB to the Tram Project Director to execute the operational actions required to support delivery in all respects
7. Clarification of the interface between the Project Team and CEC's operational people

There must be migration of **tie** Board project responsibility to TEL at the appropriate time in a seamless, controlled way and avoiding overlap.

EARL

A similar analysis for EARL suggests the governance structure should incorporate:

1. SE's role as principal funder and client
2. **tie**'s role (through its Board) as the party responsible for development and delivery of the project, with senior ownership by one individual, the EARL Project Director.
3. BAA's role as the principal private sector company who will benefit from the project and who is co-funding it.
4. Network Rail's role as the operator of the rail network and the probable future owner of the majority of the assets created.
5. CEC's role as the owner of **tie**, and an important stakeholder in this extension to the city's rail network.
6. Creation of a EARL Project Board ("EPB") as the principal decision-making body, with delegation to do so by **tie** limited
7. Delegation by the EPB to the EARL Project Director to execute the operational actions required to support delivery in all respects

Partnerships UK

Partnerships UK is also a current advisory participant in the tram project and it is anticipated that this should continue. PUK's long term role for EARL is in the course of discussion.

Status

Remits for both project boards are in preparation. Initial consultation with the third parties has been held, in more depth for tram. The following are the key principles for the relationship between the Project Boards and the **tie** Board:

- The **tie** Board will approve the remit of each Project Board and any changes to it
- The **tie** Board will be responsible for approving material changes to scope, cost & programme of each project
- The **tie** Board will approve appointment and replacement of the Project Director
- The **tie** Board will delegate all other decision making powers to the Project Board

It is proposed that the Project Boards should each have a non-executive Chairman. The **tie** Board is invited to propose candidates for the positions.

Role of tie Board

The Chairman of the project board and the project director will report to the tie Board whenever it meets, on a frequency to be determined. The Chief Executive and Finance Director of tie will also attend tie board meetings.

The tie Board will also remain responsible to the shareholder(s) for other tie projects (at least in the short term), for financial performance, for risk overall, for determining the scope of tie's other activity, for relations with government at the highest level, and for appointment and remuneration of tie's senior management.

A formal stocktake of the Board's composition and role would also be a logical accompaniment to this proposal.

Next steps

Consultation so far has been to test level of support for the concept of the project boards and we have found universal support. Further consultation must now be held with third parties and SE to finalise the remit and constitution of each. It is desirable that the Chairman of each should participate in this process of finalisation.

The remits will be returned to tie board in August (tram) and September (EARL) for final approval.

tie Board is requested to:

- 1) endorse the principle of delegating authority to Project Boards for EARL and tram.
- 2) approve the concept of a non Executive Chairman for each and propose candidates for these roles
- 3) give approval for the consultation with all relevant stakeholders to allow final remits to be presented to the tie Board on the dates proposed
- 4) consider the implications for the tie Board itself and instruct tie management on any required actions.

MH
19th July 2005



Agenda Item 3c

Chief Executive Report

c) New project development

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

Attachment to Chief Executive's report –
Item 3c New Project Development

tie's future direction

1. Background

tie was created in May 2002 to take forward the Integrated Transport Initiative, which foresaw transport improvements funded by a congestion charge for the city. **tie's** initial big projects were the tram and the congestion charging scheme.

tie was in April 2003 awarded the project to prepare the bill for the Edinburgh Airport Rail Link which was published in June. In early 2004, **tie** was asked to project manage the Stirling – Alloa – Kincardine railway restoration project.

In July 2004, the company formally changed its name to **tie** limited, in order to improve its ability to sell its services to authorities other than Edinburgh.

In February 2005, the congestion charging referendum was lost conclusively. As a result, congestion charging was dropped. Members of the congestion charging team have been reassigned, in one case to a new scheme for the Forth Road Bridge, and the Programme Manager has been made redundant.

2. tie's core capabilities

The following are the competences developed and demonstrated by **tie**:

- Transport sector skills
- Project management
- Procurement process management
- Public sector financing models
- Risk management
- Management of private bill, public inquiry and other regulatory processes
- Management of professional consultants and advisors
- Management of public consultations
- IT and business systems design

Of these, only the transport component is specific to the needs of the transport sector.

3. The opportunity

When the plans for the Integrated Transport Initiative were laid, **tie's** role was not only to develop and implement the congestion charging scheme itself, but also to take forward many of the schemes which would be funded from the congestion charging income. That source of new work will no longer be evident.

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The capabilities that **tie** has developed can nevertheless be utilised in furthering the aims of the whole South East Scotland region, rather than just Edinburgh. In addition, those skills are applicable not only to transport projects, but to other fields of technical endeavour.

This is not a new notion. **tie** changed its name in 2004 with precisely the intention of assuming responsibility for projects for other SESTRAN authorities, and for SESTRAN itself. SESTRAN remain an extremely important prospective client, especially as it emerges in its own right as a formal regional transport partnership.

4. The issues

1. Should **tie** focus only on major transport projects – its primary *raison d'être* – or should **tie** try to replace the previous congestion charging agenda with a set of other projects?
2. If **tie** does pursue other projects, what should describe the type of project that would be of accepted interest to the company?

5. The rationale

tie is a public asset. Its people, processes, governance, skills, experience and reputation have been developed to aid the public sector drive towards efficient delivery of major infrastructure projects.

Where **tie** is able to deploy a broad set of its acquired skills, it can do so to the benefit of both its existing and potential public sector clients. Failure to deploy these skills could result in additional cost to the public sector, particularly while market demand for the skills that **tie** displays is strong, and the cost of those skills is consequently rising.

Many of these skills are transferable. For example, the team that developed the IT system for the congestion charge is now working up the specification for the back-office for the tram. The team can, if given the chance, also deploy its capabilities to the benefit of integrated and smart-card ticketing.

Having been created, **tie** as a responsible employer wishes to provide a measure of security and professional challenge to its employees that will extend into the future.

6. Benefits to CEC and tie

The existence of a portfolio of other projects will have the following beneficial effect on CEC:

1. Providing to CEC a concentrated set of focussed skills which will improve quality of delivery.
2. Giving the opportunity to CEC to access this project management capability for a wide variety of activity, including environmental management, development schemes, and flood prevention.
3. Spreading the overhead costs of tie over a wider range of projects to reduce the costs borne by CEC.
4. Largely eliminating the need for redundancy payments when projects come to an end.
5. Adding potential profit contribution from commercial activity for third parties.

There will be the following positive effects on tie:

6. Providing the promise of future professional advancement and satisfaction to existing tie employees, thereby improving motivation and morale and permitting tie to attract and employ the most able.
7. Raising tie's performance and credibility, thereby creating a virtuous circle of performance and growth.

7. Headline financials

tie cost model			
	2003/4 Actual	2004/5 Actual	2005/6 Plan
External	10,861	20,598	29,083
Staff	851	1,565	2,421
Overheads	571	1,117	1,683
	12,283	23,280	33,187
External	88%	88%	88%
Staff	7%	7%	7%
Overheads	5%	5%	5%
	100%	100%	100%

As can be seen above, the ratio between **tie**'s own costs and those of the workstreams that it supervises has been consistent. The 12%, equalling **tie**'s costs, is the proportion that **tie** will seek to improve upon. This is only likely to be feasible where the new project is of a significant size.

At the present time active discussions are taking place with local authorities within SESTRAN for **tie** to provide project management services on projects valued in total in excess of £85m.

In addition, **tie** is bidding for a major IT project for the Scottish Executive.

8. Risks

It is essential that **tie** minimise its exposure to financial liability, and any potential consequent effect upon its shareholder.

As a result of its involvement in its current portfolio of projects, **tie** carries an appropriate level of insurance. Further, Professional Indemnity insurance has been agreed and is about to be placed. Again this minimises **tie**'s exposure to project risk.

The most recent piece of work attracted by **tie** is the management of the FETA road charging project for the Forth Road Bridge. The contract structure used for this project will seek to emulate the contract with Clackmannan Council for the Stirling/Alloa/Kinross railway, where there is a "no liability" clause in the contract.

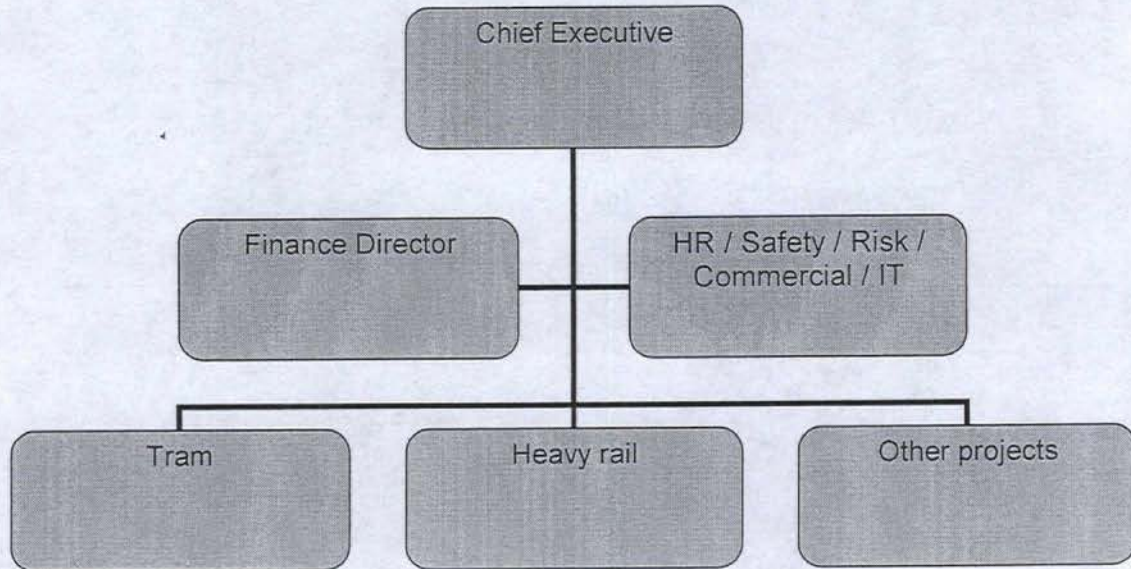
The contract structure for new work will take the form of an operating agreement to provide specific project management services and resources to the client. Strategic decisions on the projects relating to scope cost and programme remain with the client. **tie**'s role will be to advise on the implications of the client's decision. This helps to reduce **tie**'s exposure

Another area of possible significance is risk to reputation. **tie** exists to manage major projects, and this is therefore part of its normal territory. A new project would need to be assessed in advance, and approved by **tie**'s Board, to ensure the company does not inadvertently enter undesirable territory.

A final risk is that of dilution of focus. This is a function of **tie**'s overall capability, and the deployment of appropriate skills at the right levels will continue to be the right way to deal with this issue. There must be a clear management structure that will not result in dilution of effort or focus.

9. Organisation implications

If tie proceeds to develop new work it is envisaged that there will be three distinct teams within the company: tram, heavy rail and other. Each will be headed up by an executive director. The core technical teams within the three would operate independently with each having dedicated resources.



It is recommended that a more devolved governance structure is adopted, than heretofore. Each major project team will have a project board reporting to the tie board. This in turn will permit smaller and more strategic board discussion.

It is in company process where the added value and synergy arises. Such activity embraces safety, quality assurance, project and financial management procedures and corporate resources like finance, risk, IT and communications. These "group" staff would be applied and deployed across the three project teams on an as needed basis.

10. Recommendations

It is recommended that **tie** should broaden the range of its activity as follows:

- **tie** to be encouraged to consider undertaking any project for which the company has the appropriate skills, and which has the scale which will allow **tie** to operate at or below an agreed % of the total expenditure managed. It is not expected that a project with a total cost below £1 million will facilitate this desired level of productivity.
- Projects to be considered by **tie** should cover civil engineering – roads , car parks, environmental management, and transport infrastructure – and IT infrastructure – business and back office systems for such things as traffic management, ticketing or even parking.
- **tie** to make special effort to create links to the emerging Regional Transport Partnership, SESTRAN, as it emerges during 2005, to position itself as the logical deliverer for major transport projects.
- **tie** to be encouraged to get involved at any stages from feasibility through to implementation. Early involvement is more likely to lead to project leadership at later stages.
- **tie** to seek in the medium term to manage its costs so that these do not exceed the agreed % of costs under management, for each project, and for the company as a whole. Where it proves impossible to secure the work necessary to keep this ratio below the agreed level, **tie** will reduce its own overheads. The costs of reducing headcount at the end of projects must be included within the project proposal to the client.
- At this early stage, **tie** will undertake to secure sufficient work to generate income which will cover the direct costs assigned to these new projects by a factor of 2 as a running rate by the end of the calendar year 2005. A financial plan for this activity to March 2006 is in course of preparation.
- Management will undertake to review with the **tie** Board its financial progress against this plan whenever the Board meets.

The Board's response to these recommendations is sought.

MH
July 2005



Agenda Item 4

Risk

- a) Risk Report *

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

**tie Limited Board Meeting
Risk Report**

**Confidential
25 July 2005**

Ref	Risk – FETA Road User Charging Order	RAG	Mitigation	Due Date	%age Complete	Owner
1.	If there are delays to completing a contractual agreement then there could be ambiguity in our service position		Draft agreement prepared utilising SAK Agreement as base documentation. Roles and responsibilities defined. Invoices being paid. Work closely with FETA Legal to accelerate ongoing review due to be complete by end of month. Can only be finalised when PII is placed.	June 2005	90%	FETA/ tie (PM)
2.	If the timetable for the publication of guidance from the SE is unclear then the overall programme may be compromised.		Develop project programme to highlight dependences and float. Hold regular liaison meetings with SE to ensure programme assumptions are clear and timescale is achievable. Develop resource schedule for delivery.	July 2005	70%	SE

Ref	Risk - Edinburgh Airport Rail Link	RAG	Mitigation	Due Date	%age Complete	Owner
3.	If the results of the current 3 rd party STAG review uncover significant deficiencies requiring significant development then there could be a need to delay the programme to ensure documentation is sufficiently robust		Incorporate requirements raised by Scottish Executive and their advisors. Finalise Design/Development STAG Appraisal in conjunction with auditors. Ensure ongoing quality checks on demand modelling, economic test and sensitivity testing. Highlight need to resolve in order funding for beyond July is available.	June 2005	90%	SE/SWH
4.	If we fail to prepare a robust Operating Agreement for our role as Promoter then there may be an ambiguous approvals process or delays could be incurred prior to lodging Bill in Parliament.		Finalise Operating Agreement and develop internal governance arrangements. Liaise with SE regarding funding application	July 2005	90%	SE / tie (PD)
5.	If the Private Bills Unit can only deal with 3No. Bills (4No. currently lodged) then there may be delays to existing Bills or EARL Bill and additional costs incurred.		Discuss timetable concerns with Private Bills Unit. Liaise with Tram schemes regarding potential interaction between Bills. Resolve timing of Bill relative to GARL e.g. October or December. Use time to advantage in objector management and consider advance publication	Sept 2005	50%	PBU / tie (PD)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
25 July 2005**

Ref	Risk - Edinburgh Airport Rail Link	RAG	Mitigation	Due Date	%age Complete	Owner
			of 'draft' Bill for sounding. Seek Funding for development activities including technical advisor services, 'Form A' design and ground and archaeological surveys. Utilise time for objection avoidance including utilities agreements. Publish 'draft' Bill for consultation.			
6.	If we don't enter into Heads of Terms of agreements with BAA and NR before lodging the bill then they may formally object to it.		Assurance protocol and way forward agreed. Meet regularly with BAA and NR and develop Heads of Terms agreements in conjunction with advisors. Seek verification that there will be no objection from BAA and NR. Agree protective provisions with NR and carry out 'Form A' design. Conduct advance design and construction for SE Pier and Transport Hub. Review lessons from Tram schemes. Adopt a united approach with SE and GARL.	Sept 2005	45%	DLA / tie (PD)
7.	If the technical consultant has expended his budget too early then we may be provided with deliverables of reduced quality which may not stand parliamentary scrutiny.		Closely manage the advisors expectation of our requirements. Monitor the quality of deliverables. Ensure adequate internal checking is undertaken. Comment on all deliverables that are being produced including independent and cross-advisor review. Closely expenditure on parliamentary support budget.	Sept 2005	60%	tie (PD)

Ref	Risk - Tram Line 1	RAG	Mitigation	Due Date	%age Complete	Owner
8.	If there is insufficient funding delivered through the Annual Business Plan for implementation of procurement strategy and allow land acquisition and utility diversions from the Scottish Executive then		Develop a robust Plan that clarifies the expenditure for planning, negotiating, placing and acting on agreements to relocate services and acquire land. Develop a robust Annual Business Plan and Interim Outline Business Case. Support CEC in dialogue with the Executive	June 2005	90%	SE

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Ref	Risk - Tram Line 1	RAG	Mitigation	Due Date	%age Complete	Owner
	we will fail to meet operational service delivery date in 2009.		regarding procurement strategy and immediate funding requirements. Supply optioneering paper to SE.			
9.	If CEC employees are not empowered then there may be delays to the placing of agreements (removal of objections) and/or contract procurements		Develop a governance model that includes CEC in approval chain. Seek clarification of delegated authorities of CEC liaison team. Ensure that empowered individuals are responsible for review. Provide briefings on content and risks in each Side Agreement.	July 2005	60%	CEC / tie (DD)
10	If public concern and MSP influence the Committee to require us to consider Bill amendment to re-route for Western General Infirmary then there may be new objections, consultations and Bill amendments necessary		Review basis of CEC/SE approvals for current Roseburn Corridor routing including consultation findings. Review options for Telford Road and Craighleith to link to rear/front of WGI to confirm financial implications from current position. Discuss bus feeder services from tram stop to WGI with LB. Discuss access issues with WGI. Locate stop to minimise walking distance on existing route. Improve contacts with MSPs to lobby for existing route. Defend existing option at Committee hearings in October.	Nov 2005	40%	MM/ tie (PM)
11	If the reservations of the Committee are not addressed then the scheme may be delayed.		Develop plan for Parliamentary and Implementation Team inputs to ensure resolution of all outstanding Committee Observations. Liaise with objectors to ensure removal of objections. Prepare evidence to counter objections. Review the outcome of other schemes including MerseyTram.	Dec 2005	60%	tie (DD)
12	If the development of alternative routing plans at Haymarket Yards requires to be implemented then there may be new objections, consultations and Bill amendments necessary		Develop alternative routing plans with clear understanding of capital, operating and revenue implications. Report on outcome of current objection period being managed through land referencing companies.	Dec 2005	45%	MM/ tie (PM)
13	If there is a lack of resources for implementation of procurement and detailed		Develop a forward resource plan with job descriptions and programme for advertising. Review options for short-	Dec 2005	35%	tie (DD)

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Ref	Risk - Tram Line 1	RAG	Mitigation	Due Date	%age Complete	Owner
	Parliamentary stage there will be a delay to scheme implementation.		term secondments from advisors. Seek forward plans from all advisors including process for next 6-months of parliamentary process. Report specialist programme resource to conduct critical path analysis. Commence designer and technical advisor procurements.			

Ref	Risk - Tram Line 2	RAG	Mitigation	Due Date	%age Complete	Owner
14	If the design of Line 2 is delayed as a later downstream phase then there may be loss of economies in designer re-mobilisation.		Review the outcome of SDS and TSS tender submissions. Review the financial advantage of progressing earlier phases of the design of Line 2 within the planned commission.	July 2005	65%	tie (PrD)
15	If the fare strategy for EARL emerges as a non-premium fare then there could be significant effect on the viability of the Line 2 tram scheme		Review the sensitivity of Line 2 in the EARL Preliminary Financial Case with detailed examination of the fare options. Inform the committee and their advisors, as necessary. Undertake additional transport modelling analysis to further justify fare/patronage for EARL/Tram 2.	Aug 2005	90%	tie (PD)
16	If we are unable to negotiate away the objections in detail by BAA, Network Rail, ScotRail, SRU, Meadowfield, NIL and the Gyle then undesirable obligations could potentially be placed into the Bill.		Hold regular meetings to seek routes to withdraw objections. Establish the scope of precedent to suit our case elsewhere in the UK. Implement additional specialist resourcing. If alternative routing plans are necessary review all capital, operating and revenue implications. Apply change control for proposed alternative routing to Gyle area. Establish timetable, scope of potential concessions and areas requiring robust defence. Develop and implement a 'mini-bill' for Gyle routing.	Nov 2005	70%	tie (PM)

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Ref	Risk - Tram Line 2	RAG	Mitigation	Due Date	%age Complete	Owner
17	If the reservations of the Committee are not addressed then the scheme may be delayed.		Develop plan for Parliamentary and Implementation Team inputs to ensure resolution of all outstanding Committee Observations. Liaise with objectors to ensure removal of objections. Prepare evidence to counter objections. Review the outcome of other schemes including MerseyTram.	Dec 2005	30%	tie (DD)
18	If there is a funding shortfall for the scheme then Newbridge section may require support from additional funding by the Council.		Discuss funding options with the Council and Scottish Executive with regard to a phased system.	June 2006	20%	CEC/SE/ tie (Tram FD)

Ref	Risk - Tram Line 3	RAG	Mitigation	Due Date	%age Complete	Owner
19	If funding is not found for the scheme, then the development may be shelved for a considerable period.		Transfer to the Council on 1 June 2005. Review options for alternative funding on an annual basis in conjunction with the Council and Scottish Executive, if required.	June 2006	100%	CEC

Ref	Risk - Stirling-Alloa-Kincardine Railway	RAG	Mitigation	Due Date	%age Complete	Owner
20	If there is inappropriate allocation of risk and the bidders offer may not offer value for money or project affordability then the scheme may not proceed.		Reconcile costs to original estimates completed. Review the overall contractual risk allocation with the client and contractor. Develop breakdown of contingencies and risk management regime for implementation phase. Liaise with Scottish Executive and Clackmannanshire Council for approval to proceed against predicted total project costs.	June 2005	70%	SE

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Ref	Risk - Stirling-Alloa-Kincardine Railway	RAG	Mitigation	Due Date	%age Complete	Owner
21	If there is delay in Ministerial approval then then the target price may be invalid, work may be proceeding in an inefficient manner, programme may be unachievable or new risks may be imported.		Prepare supporting papers necessary including justification of costs, business case review, procurement strategy, proposed change and risk management and advantages and disadvantages of re-tendering works. Review robustness of funding from Clacks for tie services. Develop 'realistic' detailed programme following release of funding and confirm float. Proceed with de-risking elements including GI and design. Review adequacy of project contingencies.	July 2005	70%	tie (PM)/ SE
22	If compensation and access arrangements have yet to be resolved then there may be delays to implementation of the scheme or inflated compensation arrangements.		District Valuer advice on compensation has been sought. Make adequate allowance in budget. Seek a detailed project programme including milestones for land access and completion of negotiations from FirstNuttall. Hold ongoing dialogue with Diageo regarding timing and compensation for project commencement at beginning of July 2005.	July 2005	70%	Jacobs

Ref	Risk - Ingliston Park & Ride	RAG	Mitigation	Due Date	%age Complete	Owner
23	If the performance of our advisors to end of construction deteriorates to compromise our delivery then we may need to replace them.		Confirm to Halcrow that we are not happy with the service level provided. Establish a performance measurement protocol to highlight concerns regarding level of supervision and engagement in process to resolve difficulties. Provide additional clerk of works supervision through tie. Off-set costs of tie CoW to	July 2005	90%	tie (PM)

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Ref	Risk - Ingliston Park & Ride	RAG	Mitigation	Due Date	%age Complete	Owner
			Halcrow.			
24	If the advance warnings for additional costs and programme are all validated then there will be a project overspend.		Assess each of the potential 'compensation events' in conjunction with our advisors. Discount inappropriate claims. Establish a project forecast with the Contractor. Apply liquidated damages to Contractor (£1,000 per day) as recommended by Halcrow. Prepare for potential adjudication.	July 2006	50%	HGL / tie (PM)

Ref	Risk - Edinburgh Fastlink	RAG	Mitigation	Due Date	%age Complete	Owner
25	If there is lack of clarity of the outstanding Operational Agreements in place then we may fail to fulfil our obligations		Develop programme for the conclusion of all agreements (including 3 rd party audit, gritting, cleaning, CCTV and shelter repairs). Prioritise and resource to ensure completion.	July 2005	80%	tie (GBM) / CEC
26	If there is a need to close facility to make good on repairs (to bring in line with specification) then there will be a need to suspend operational access to Lothian Buses		Adopt a reduced speed on facility. Monitor for spalling of concrete or potential loss of guide-wheel. Develop programme with contractor to remedy defects to ensure possessions minimise disruption to operations. Grinding and edge repairs completed. Ensure adequate supervision of activities and monitor quality of repairs.	Aug 2005	90%	BB / HGL
27	If our advisors or contractors do not remedy any out-of tolerance defects or fail to demonstrate reasonable endeavours in their performance then we may have to commence a legal dispute.		Include loop system to improve the performance and reliability of scheme traffic lights. Initial Balfour Beatty survey information not of sufficient quality. Seek further detailed alignment and crack surveys. Allow access for survey works. Take strong stance that facility will be closed with consequent PR fall-out to BB unless remedial activity complete. Obtain	Oct 2005	60%	BB / HGL / tie (GBM)

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Risk Report**

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Ref	Risk - Edinburgh Fastlink	RAG	Mitigation	Due Date	%age Complete	Owner
			<p>clear report of site checks by main and sub-contractors, checks by auditors and our advisors and reasons for defect and responsibility for rectification. Agree programme for remedying defects. Consider options to recover any losses suffered by tie, the Council or Lothian Buses through Balfour Beatty.</p> <p>Seek litigation advice regarding our case and review need for independent technical expert review (witnesses) regarding cracking, vertical and horizontal tolerances.</p>			
28	If there is a lack of clarity in the roles, functions and responsibilities for tie's role as Guided Busway Manager then other parties may hold us to inappropriate obligations.		Seek confirmation of scope of role with CEC including development of internal/external lines of communication/reporting including exclusions for role as Manager. Seek legal confirmation of risks and responsibilities triggered by appropriate legislation and Agreements. Develop reports on scheme operational performance, incident, adverse weather response and potential emerging management issues. Update procedures with BB Operation & Maintenance Manual.	Oct 2005	70%	tie (GBM) / BB
29	If the Council are unable to take over operations then tie management of the operational guideway may be extended by another year.		Develop an exit strategy to allow handover of operational management to the Council. Identify personnel responsible for taking on role of Guided Busway Manager. Review desire of Council to maintain tie role for 2 nd year of operations. If necessary extend insurance requirements.	Nov 2005	10%	tie (PD)

Key





External Risk Owner	Internal Risk Owner
BB – Balfour Beatty Construction Limited	tie (DD) – tie Development Director

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<p>CEC – City of Edinburgh Council DLA – DLA (Legal Advisors) FETA – Forth Estuary Transport Authority FM – Faber Maunsell (Technical Advisors) HGL – Halcrow Group Limited (Project Managers & Technical Advisors) Jacobs – Jacobs Babbie (Project Managers & Technical Advisors) MM – Mott MacDonald (Technical Advisors) PBU – Private Bills Unit SE – Scottish Executive SWH – Scott Wilson & Halcrow (Technical Advisors)</p>	<p>tie (GBM) – tie Guided Busway Manager tie (PD) – tie Projects Director tie (PM) – tie Project Manager tie (PrD) – tie Procurement Director tie (Tram FD) – tie Tram Finance Director</p>
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Agenda Item 5

Finance

- a) Board Finance Review *

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



tie Limited

Board Meeting – 25 July 2005
Finance Review

Financial Performance Report

The monthly *Financial Performance Report* is attached as Appendix 1 and provides an up to date view of the financial position of all projects and for the company as a whole.

The following points are worth highlighting, more details in Appendix 1:

- The status of the **tie** FY06 Business Plan is described below, including the critical funding assumptions which remain subject to Executive and Ministerial approval. However, good progress has been made since last month.
- Expenditure has been below budget for this year in most projects, but the effect is one of timing rather than absolute savings against full year budget. The exception is in Tram implementation where FY06 spending will be below plan for the year due to the delay in commencing detailed design work. This will be rescheduled once funding is approved.
- Pressure is arising on the budget for Tram Line parliamentary work due mainly to the need for Supplementary Bills to execute changes to Limits of Deviation, as part of objector management.
- Risks remain on the outturn of Fastlink (exposure to rectification work) and Ingliston (contractor claims).

FY06 Business Plan

(a) Tram project - funding for year ending March 06

The award letter for the parliamentary work of £3.4m has been received. We have also had written confirmation of a proportion of the implementation funding through to end-September 2005 of £4.1m. This does not cover the majority of planned funding for the current year, aggregating to £21.9m, although a recommendation for release of the balance of funds has been put before the new Transport Minister by Executive officials, who are expecting a response by 23 July 2005. The progress is welcome, though it needs to be recorded that the outstanding request is critical since it underpins the design (SDS) and revenue modelling (JRC) contracts which are critical next stages.

(b) EARL funding

A detailed paper in support of the funding application has been submitted to the Executive for discussion and approval. The funding sought for 2005/6 is broadly in line with the tie Business Plan, but now allows for the effect of the slippage in Bill submission date and the VAT issue described below. This paper outlined the management processes tie is deploying to manage the EARL project, the detailed activities we will be performing in support of the Parliamentary process and the activities we intend to progress in advance of the main construction tender.

A dialogue is underway with the Executive on the submission. It is unlikely that matters will be concluded by the end of this month, but tie has approval to spend budget rolled over from 2004-5 and has also been assured that short term funding provision will be made to ensure the project progresses pending a final decision on the total funding package.

The risk of irrecoverable VAT described in last month's report remains an issue. There has however been a favourable response to a similar issue on SAK which should support a neutral result for EARL.

(c) Medium term funding arrangements

On both of tie's principal projects, we are moving toward agreement with the Executive on a more stable and long-term basis for project funding. Approval of the balance of Tram funding for the current year and of the submission for EARL over the next two years would go a long way to dealing with the major planned expenditure. The risk area is in the cost of the parliamentary process, which is less controllable, but any incremental sums required would be of a lesser magnitude than those already approved. Overall, therefore, good progress on the funding background whilst keeping the fingers crossed over short-term Ministerial decisions.

(d) Ingliston Park and Ride

Last month, the late change to the outturn estimate in the tie FY06 Business Plan was described. Assessment of the implications for approval of tie's business plan had to be deferred because of more pressing business. The matter will be taken up by the Audit Committee immediately prior to the August Board. The May Financial Performance Report (attached) presents tie's current estimate of the outturn spend on this project, including a judgemental estimate of the outcome of claims by the main contractor for work which is argued to be out of contract scope. The best estimate is for an outcome some £0.5m above budget. More detail is provided in Appendix 1. tie has been informed that the overrun will be met by Council funds when the final quantification of the claims is negotiated.

Business Cases

(1) Tram project

Our discussions with CEC and the Executive on the business case in June were focussed on the workstreams required to produce an Outline Business Case in early to mid 2006 and a Final Business Case at the end of 2006. This includes assessment of funding sources and, in a situation of capital constraint, the relative merits of different route configurations within the overall Line 1 and Line 2 routes. In addition, the extent of CEC financial contribution is under more detailed discussion. These discussions have highlighted the extent of work required to arrive at optimal solutions but the dialogue has been constructive on all sides.

We will require to bring together the most up to date thinking for presentation to the Council and subsequently to Parliament around September / October this year. The tie Board will receive appropriate reporting in August and September.

(2) EARL Business Case

There are no significant financial matters to report this month.

Governance

The project governance structures and processes for each of Tram and EARL have been the subject of considerable debate and assessment in recent weeks. Establishing robust governance procedures is critical to tie's ability to control the projects, including expenditure. Early agreement on revised structures is highly desirable as the spending profiles of both projects are scheduled to increase markedly in the near future.

Other matters

(1) Audit Committee

The Audit Committee meeting scheduled to precede the last Board was deferred until the August Board.

(2) Information & Communications Technology (ICT)

No material matters to report.

Graeme Bissett
15 July 2005



Agenda Item 5a – Appendix 1

Finance

- a) Financial Performance Report
(Appendix 1)*

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

Board Meeting 25th July 2005

tie

Financial Performance Report

June 2005

Prepared by Stuart J Lockhart

15th July 2005

Contents:

- 1 Key Points Summary
- 2 Project Portfolio Structure
- 3 Project Financial Commentary
- 4 Overheads Commentary
- 5 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 6 Balance Sheet
- 7 Cash Flow – Year to Date and Next Month Forecast

1. Key Points summary

Tram line 1 and 2 are now reflecting the additional costs in respect of the 'Bill within a Bill' process, for Tram line 1 this cost is estimated at £0.286m. The comparable figure for Tram line 2 for 'Bill within a Bill' is £0.225m giving an overall increase in scope of £0.511m. These additional costs represent a scope change but are not yet firm. **tie** is seeking ways to mitigate the total costs in dialogue with the Executive and PBU.

tie has received approval to roll-over funding from 2004/5 for the Tram and EARL projects and also for Tram implementation funding for the first half of 2005/6. However, approval has not yet been given for the balance of Tram implementation funding in the **tie** FY06 Business Plan. This has delayed the commencement of the principal design contract, and total spend for the financial year FY06 will be lower than Plan. **tie** will revise the Tram implementation spending profile for FY06 once the funding approval is given. **tie** is also in a dialogue with the Executive over EARL funding for this and next financial year.

The actual spend across the company for the month of June was £1.718m compared to budget of £1.951m. The principal variation to date is in respect of the delayed introduction of the EARL Bill which accounts for £0.245m of an under spend. There are other minor movements on other projects that result in an actual spend £0.013m above budget giving a total under spend for the month of June of **£0.232m**.

The cumulative spend for the 3 Months to end of June is **£1.028m** under plan, largely driven by 2 key elements;

- 1) £0.320m on EARL as a direct result of the delay in Bill submission.
- 2) £0.412m on Ingliston Park and Ride where costs for claims have not yet been settled.

2 Project Portfolio Structure

the project portfolio comprises:

	Projects Director	Programme Manager	Project Manager	2005/06 Expenditure Plan	2005/6 Expenditure		Variance
				(£'000's)	YTD Plan (£'000's)	YTD Actual (£'000's)	YTD Delta (%)
Tram Programme							
1 Line 1 Development & Parliamentary Process	A Macaulay	B Cross	K Murray	1,787	688	593	-14%
2 Line 2 Development & Parliamentary Process	A Macaulay	B Cross	G Duke	1,578	612	471	-23%
3 Tram Implementation - DPOFA/INFRACO Execution, Procurement & Funding	A Macaulay	I Kendall	W Fraser	17,816	1,443	1,538	7%
4 Line 3 Development	A Macaulay	-	W Fraser	134	134	82	-39%
Other Projects							
5 WEBS	A Macaulay	-	L Murphy	263	198	98	-51%
6 Ingliston Park & Ride	A Macaulay	-	L Murphy	1,511	1,487	1,075	-28%
7 FETA	A Macaulay	-	K MacLeod	80	20	13	-35%
8 One-Ticket	A Macaulay	-	S Lockhart	76	9	10	11%
9 Information Programme	A Macaulay	-	-	0	0	16	
Heavy Rail Projects							
10 EARL	P Prescott	-	S Clark	5,557	1,073	753	-30%
11 SAK	P Prescott	-	R Hudson	330	81	70	-14%
				29,132	5,745	4,719	-18%
12 Overheads	M Howell	-	S Lockhart	1,683	416	370	-11%

Variance reported if +/- 5% delta on budget

3 Project Financial Commentary

Tram Lines One & Two

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Tram 1	193,517	182,938	10,579	593,109	688,246	-95,138	2,250,222	1,786,750	463,472
Tram 2	161,671	166,191	-4,520	470,867	611,634	-140,767	1,646,122	1,577,593	68,529

The costs for Tram line 1 and 2 reflect the inclusion of the effect of the 'Bill within a Bill' process that is currently being undertaken on both lines, these costs are **£0.286m** and **£0.225m** respectively and will result in change requests being raised to the value of **£0.511m**. It should be noted that these are our best estimate based on current experience of the Parliamentary process but must be viewed as subject to variation dependant on the actual process.

All other costs can be managed within the current extent of available funding for Lines 1 and 2.

Tram Line 1 & 2 Implementation

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	630,849	662,403	-31,554	1,537,973	1,443,238	94,735	17,816,457	17,816,457	0

The cumulative position for the 3 months to end of June is a result of design work being brought forward to facilitate the removal of objections, and it is necessary for this to continue despite the delay in the appointment of SDS. This will be balanced over the financial year by subtracting the re-allocated amount from the SDS design budget, thereby undertaking less SDS design work than planned

Tram Line Three

Workstream will be completed by end-July 2005

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Tram 3	603	0	603	81,675	134,221	-52,547	110,591	134,222	-23,631

The Tram line 3 budget for 2005 – 2006 is £134k. Modeling work has taken longer than planned but will be completed in July. This cost will be accounted for in July. The predicted outturn spend against the agreed budget is c £111k, £23k under budget.

FastLink development

Important financial issues being addressed.

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
WEBS	19,619	7,088	12,531	98,454	198,060	-99,606	262,945	262,945	0

Rectification work has been carried out in July at the contractor's expense, any further developments will be monitored and reported.

ERDC Bus Priority Measures Contract

The ERDC Contract is complete and any works ongoing are considered to be snagging. An initial £53,763 has been certified in this financial year against early warning notices which have now become compensation events this was accrued from last year's budget. Negotiations have progressed and further outstanding payments should be finalised within the next month.

Other Works

A quotation for replacing the Speed camera relocated as part of the road widening on Stevenson Drive has been received this is approximately £6000 more expensive than estimated.

Works carried out by the Council's advertising Consultant Union preparing Fastlink posters has been invoiced to **tie** at the Council's request. The value of these works was £12,940. It should be noted that as these works were not contracted by **tie** that no provision was made within the existing budget projections.

Dependant on the outcome of the existing risk allocation it may be possible to accommodate these costs within the existing budget.

The Cultins Road connection to Fastlink at Edinburgh Park Station has been opened and this traffic movement continues to be accommodated safely and if it continues to perform satisfactorily will lead to a saving as the works to the Calder Road Roundabout will not be required.

ANY REQUEST UNDER FOISA FOR PUBLIC DISCLOSURE OF THIS INFORMATION SHOULD BE RESTRICTED BECAUSE OF COMMERCIAL CONFIDENTIALITY.

Ingliston Park & Ride*Important financial issues being addressed.*

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Ingliston Park & Ride	525,800	495,693	30,108	1,074,935	1,487,015	-412,080	1,510,548	1,510,548	0

The total project estimated outturn cost is £3m, compared to original budget of £2.5m. The main contractor, Border Construction, has tabled preliminary claims amounting to c£0.6m, reflecting a long list of claimed out of scope items. Certain other costs – utilities and real-time information provision – ran ahead of original budget by c£0.1m in aggregate. As is typical in these situations, a substantial proportion of the preliminary claims is expected to be negotiated away and the outturn estimate of £3.0m reflects 60% of the sum claimed ; however tie intends to negotiate for a lower outcome. The outturn estimate does not allow for the potential claim by tie for Liquidated Damages of c£0.1m, which will be pursued in the negotiations. If none of the claims were successful and LDs were agreed, the project cost would be in line with the original budget, but this is clearly an optimistic scenario. This has not changed since reported last month.

ANY REQUEST UNDER FOISA FOR PUBLIC DISCLOSURE OF THIS INFORMATION SHOULD BE RESTRICTED BECAUSE OF COMMERCIAL CONFIDENTIALITY

'One-Ticket'

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
One Ticket	3,068	3,119	-51	9,572	9,357	215	75,912	75,912	0

A number of meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. This has now been extended to GNER and Virgin. This is ongoing.

FETA

	Current Month (June '05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
FETA	3,392	6,592	-3,200	12,614	19,633	-7,019	80,412	80,412	0

The final version of the Local Transport Strategy was approved by the Feta board at their meeting on 29 June and we are currently making preparations for this to be printed. At the same meeting it was noted that **tie** would prepare a scoping report on a communications strategy. This is to be presented at the next management team meeting in August. A meeting was held with the Scottish Executive on the revised guidance but this will be subject to consultation later in the summer with publication not expected until well into the autumn. The full Charging Order in support of the Local Transport Strategy will be promoted in line with current guidance in the meantime with a view to seeking approval in principle from Ministers in November. A revised programme and resource schedule will be prepared on this basis.

EARL

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
EARL	154,280	399,528	-245,249	753,175	1,073,380	-320,205	5,557,074	5,557,074	0

The under spend on costs both in month and year to date is due to the delay in Bill submission date.

Stirling Alloa Rail Link

	Current Month (June '05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
SAK	20,456	27,161	-6,704	69,921	81,099	-11,178	329,676	329,676	0

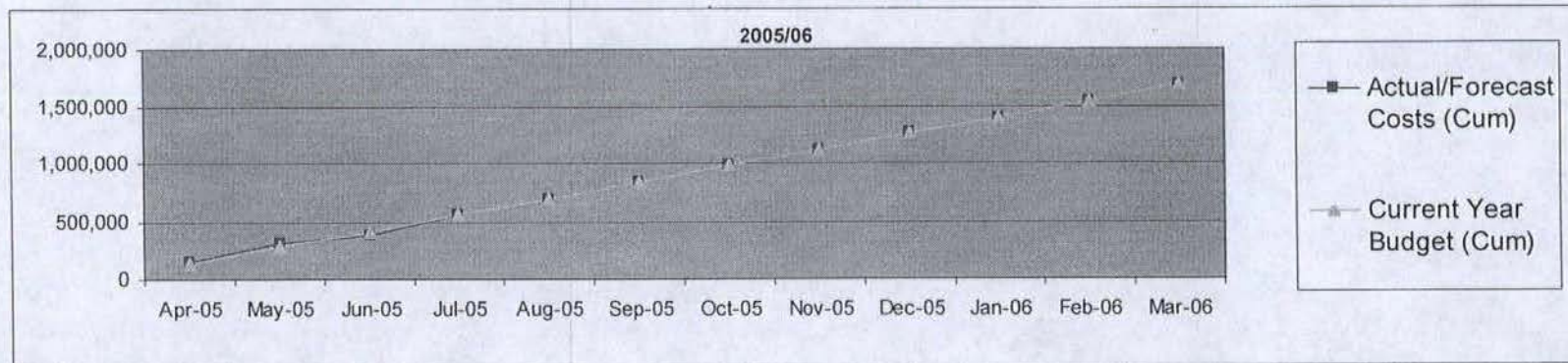
The main variance in the actual cost versus budget being down is due to reduced involvement during the first three months from the Rail Project Director.

4 Overheads Commentary

Overheads are allocated, and charged to CEC on a monthly basis, to each project pro rata as per the agreed business plan budget.

Some costs previously attributable to the Congestion Charge project have now been absorbed within overhead. These include an element of salary costs and legal fees associated with "marketing" the project.

Spend to date on IT and Telephony, Computer Equipment and Project Management software & training (Primavera) are timing issues in relation to comparisons with budget. The combined total cost to date of £130k is directly attributable to the Tram implementation project. A re-alignment of costs, out of overheads, has taken place in June.



Bank

CEC are now issued with one invoice per month. The "book" bank balance (overdrawn) as at 30th June totalled £0.963m.

Relationship with CEC

tie has issued invoices to CEC, Clackmannanshire Council, FETA and One-Ticket Limited to 30th June. Accrued costs and depreciation are not included in these re-charges to our clients.

Board Meeting 25th July 2005

5 Detailed Expenditure Report for Period Ended 30th June 2005

TRS00008524_0060

	Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Staff)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0	0	0	0	0	0	0	0	0
Congestion Charging - Information Programme	5,332	0	5,332	15,996	0	15,996	21,328	0	21,328
WEBS	5,117	2,980	2,137	11,224	8,940	2,284	36,596	36,596	0
One Ticket	3,068	3,119	-51	9,572	9,357	215	75,912	75,912	0
EARL	19,585	29,676	-10,091	81,693	89,028	-7,335	364,425	364,425	0
SAK	14,523	11,213	3,310	45,968	33,639	12,329	137,699	137,699	0
Ingliston Park & Ride	3,534	1,519	2,015	15,865	4,557	11,308	18,656	18,656	0
FETA	2,259	3,926	-1,667	5,649	11,778	-6,129	48,210	48,210	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	127,765	128,840	-1,075	338,815	336,964	1,851	1,482,557	1,480,706	1,851
Tram 1	8,787	10,029	-1,242	23,997	27,761	-3,764	120,823	120,823	0
Tram 2	8,943	9,914	-971	24,464	27,418	-2,954	119,421	119,421	0
Tram 3	0	0	0	10,800	10,894	-94	10,800	10,894	-94
Sub-Total	198,913	201,216	-2,303	584,043	560,336	23,707	2,436,426	2,413,341	23,085
Project Costs (External Costs)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0	0	0	-0	0	-0	0	0	0
Congestion Charging - Information Programme	0	0	0	0	0	0	0	0	0
WEBS	13,642	2,083	11,558	81,949	183,155	-101,206	201,905	201,905	0
One Ticket	0	0	0	0	0	0	0	0	0
EARL	126,126	349,700	-223,573	618,867	924,934	-306,066	4,949,230	4,949,230	0
SAK	2,696	8,333	-5,637	4,063	25,000	-20,937	100,000	100,000	0
Ingliston Park & Ride	521,828	493,143	28,685	1,056,391	1,479,430	-423,039	1,479,430	1,479,430	0
FETA	0	0	0	11	0	11	0	0	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	468,314	444,021	24,293	963,953	816,307	147,646	15,226,063	15,227,914	-1,851
Tram 1	181,834	166,099	15,735	551,335	640,410	-89,075	2,047,138	1,583,666	463,472
Tram 2	149,865	149,543	322	428,827	564,366	-135,540	1,445,380	1,376,851	68,529
Tram 3	603	0	603	62,792	116,122	-53,330	92,585	116,122	-23,537
Sub-Total	1,464,908	1,612,923	-148,015	3,768,187	4,749,724	-981,538	25,541,731	25,035,118	506,613
Project Costs (Total)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0	0	0	-0	0	-0	0	0	0
Congestion Charging - Information Programme	5,332	0	5,332	15,996	0	15,996	21,328	0	21,328
WEBS	18,758	5,063	13,695	93,173	192,095	-98,922	238,501	238,501	0
One Ticket	3,068	3,119	-51	9,572	9,357	215	75,912	75,912	0
EARL	145,711	379,376	-233,665	700,560	1,013,962	-313,402	5,313,655	5,313,655	0
SAK	17,219	19,546	-2,327	50,030	58,639	-8,609	237,699	237,699	0
Ingliston Park & Ride	525,362	494,662	30,700	1,072,256	1,483,987	-411,731	1,498,086	1,498,086	0
FETA	2,259	3,926	-1,667	5,659	11,778	-6,119	48,210	48,210	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	596,079	572,861	23,218	1,302,768	1,153,271	149,497	16,708,620	16,708,620	0
Tram 1	190,621	176,128	14,493	575,332	668,171	-92,839	2,167,961	1,704,489	463,472
Tram 2	158,808	159,457	-649	453,291	591,784	-138,493	1,564,801	1,496,272	68,529
Tram 3	603	0	603	73,592	127,016	-53,424	103,385	127,016	-23,631
Sub-Total	1,663,821	1,814,139	-150,318	4,352,229	5,310,060	-957,831	27,978,157	27,448,459	529,698

Board Meeting 25th July 2005

		Current Month (June'05)			Year to Date (3 mths to 30/6/05)			Year End (12 mths ending 31/3/06)		
		Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Overheads										
Administration Salaries		57,639	73,444	-15,805	186,600	220,332	-33,733	899,475	899,475	0
Recruitment & Other Staff Costs		1,724	9,167	-7,443	17,825	27,500	-9,675	110,000	110,000	0
Occupancy & Property Costs		22,753	17,966	4,787	63,722	53,898	9,823	215,594	215,594	0
IT & Telephony		-12,269	5,953	-18,223	21,731	17,860	3,871	71,440	71,440	0
Promotional Expenses		520	1,667	-1,147	3,520	5,000	-1,480	20,000	20,000	0
Legal & Financial		3,034	8,400	-5,366	12,463	25,200	-12,737	100,800	100,800	0
Insurances		10,833	11,352	-518	32,500	34,055	-1,555	136,220	136,220	0
Telecoms		1,353	583	770	2,836	1,749	1,087	6,995	6,995	0
Travel & Subsistence		3,321	100	3,221	9,806	300	9,506	1,200	1,200	0
Print, Post & Stationery		3,421	2,567	854	13,410	7,700	5,710	30,800	30,800	0
Other Overheads		2,502	-883	3,385	3,936	-2,650	6,586	-10,600	-10,600	0
Finance, Taxation & Dividends		-915	3,433	-4,348	1,927	10,300	-8,373	41,200	41,200	0
Capital Expenditure:										
Land & Buildings		0	0	0	0	0	0	0	0	0
Furniture & Fittings		0	1,667	-1,667	0	5,000	-5,000	20,000	20,000	0
Motor Vehicles		0	0	0	0	0	0	0	0	0
Computer Equipment		-33,552	3,333	-36,885	0	10,000	-10,000	40,000	40,000	0
Other Assets & Improvements		-1,370	0	-1,370	0	0	0	0	0	0
Sub-Total		58,994	138,748	-79,755	370,276	416,245	-45,969	1,683,124	1,683,124	0
Overheads (Allocated by Project)										
Congestion Charging - Development	0.00%	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0.00%	0	0	0	0	0	0	0	0	0
Congestion Charging - Information Campaign	0.00%	0	0	0	0	0	0	0	0	0
WEBS	1.46%	861	2,024	-1,164	5,281	5,965	-684	24,444	24,444	0
One Ticket	0.00%	0	0	0	0	0	0	0	0	0
EARL	14.52%	8,569	20,153	-11,584	52,615	59,418	-6,803	243,419	243,419	0
SAK	5.49%	3,238	7,615	-4,377	19,891	22,460	-2,569	91,977	91,977	0
Ingliston Park & Ride	0.74%	438	1,030	-592	2,679	3,028	-349	12,462	12,462	0
FETA	1.92%	1,134	2,666	-1,532	6,955	7,855	-901	32,202	32,202	0
Trams - DPOF	0.00%	0	0	0	0	0	0	0	0	0
Trams - INFRACO	66.10%	34,770	89,542	-54,772	235,205	289,967	-54,762	1,107,837	1,107,837	0
Tram 1	4.91%	2,895	6,810	-3,914	17,776	20,075	-2,299	82,261	82,261	0
Tram 2	4.85%	2,863	6,733	-3,870	17,576	19,849	-2,274	81,321	81,321	0
Tram 3	0.00%	0	0	0	8,082	7,205	877	7,206	7,206	0
Sub-Total	100.00%	54,767	136,573	-81,806	366,061	435,824	-69,763	1,683,129	1,683,129	0
Project Costs (Total incl. OH)										
Congestion Charging - Development		0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement		0	0	0	-0	0	-0	0	0	0
Congestion Charging - Information Programme		5,332	0	5,332	15,996	0	15,996	21,328	0	21,328
WEBS		19,619	7,088	12,531	98,454	198,060	-99,606	262,945	262,945	0
One Ticket		3,068	3,119	-51	9,572	9,357	215	75,912	75,912	0
EARL		154,280	399,528	-245,249	753,175	1,073,380	-320,205	5,557,074	5,557,074	0
SAK		20,456	27,161	-6,704	69,921	81,099	-11,178	329,676	329,676	0
Ingliston Park & Ride		525,800	495,693	30,108	1,074,935	1,487,015	-412,080	1,510,548	1,510,548	0
FETA		3,392	6,592	-3,200	12,614	19,633	-7,019	80,412	80,412	0
Trams - DPOF		0	0	0	0	0	0	0	0	0
Trams - INFRACO		630,849	662,403	-31,554	1,537,973	1,443,238	94,735	17,816,457	17,816,457	0
Tram 1		193,517	182,938	10,579	593,109	688,246	-95,138	2,250,222	1,786,750	463,472
Tram 2		161,671	166,191	-4,520	470,867	611,634	-140,767	1,646,122	1,577,593	68,529
Tram 3		603	0	603	81,675	134,221	-52,547	110,591	134,222	-23,631
Sub-Total		1,718,588	1,950,712	-232,124	4,718,290	5,745,884	-1,027,594	29,661,286	29,131,588	529,698

6 Balance Sheet

	Year Ended 31/03/2005	1 Month Ended 30/04/2005	2 Months Ended 31/05/2005	3 Months Ended 30/06/2005
FIXED ASSETS	100,649	97,692	129,658	91,779
	100,649	97,692	129,658	91,779
CURRENT ASSETS				
Trade Debtors	2,135,669	3,870,363	3,193,728	3,852,265
Other Debtors	0	2,852	1,000	3,434
Prepayments & Accrued Income	2,330,438	1,971,574	2,301,621	2,316,649
Petty Cash	55	55	85	245
	4,466,162	5,844,844	5,496,434	6,172,593
CURRENT LIABILITIES				
Trade Creditors	491,230	1,896,855	3,280,969	2,740,180
Employee Creditor	-124	2,589	4,185	683
Bank Account	1,495,301	1,874,920	-220,532	962,707
Payroll Creditors	49,798	56,572	56,890	61,367
Capital Grants	100,649	97,693	129,658	100,649
Accruals	2,330,438	1,971,574	2,301,621	2,293,827
VAT Payable/(Refundable)	98,517	41,333	72,300	103,959
Other Creditors	0	0	0	0
	4,565,811	5,941,536	5,625,092	6,263,372
NET CURRENT ASSETS/(LIABILITIES)	-99,649	-96,692	-128,658	-90,779
Liabilities > 1 Year	0	0	0	0
NET ASSETS	1,000	1,000	1,000	1,000
Represented by:				
Share Capital	1,000	1,000	1,000	1,000
Reserves	0	0	0	0
Profit & Loss Account	0	0	0	0
Balance as at Period End	1,000	1,000	1,000	1,000

Board Meeting 25th July 2005

7 Cash Flow - Year to Date and Next Month Forecast													
Jun-05													
	ACTUAL				FORECAST								
	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Totals
Balance b/forward	-1,495,301.49	-1,874,919.68	220,531.58	-962,706.62	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-1,495,301.49
Income													
Sales Ledger	30,696.12	2,468,565.32	1,392,010.80	3,852,265.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,743,537.54
Miscellaneous	0.00	2,116.03	2,765.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,881.17
	30,696.12	2,470,681.35	1,394,775.94	3,852,265.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,748,418.71
Expenditure													
Purchase Ledger	191,227.99	244,379.23	2,407,957.40	2,740,179.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,583,744.55
Expenses Ledger	1,005.16	0.00	3,623.57	683.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,311.93
Miscellaneous	218,081.16	130,850.86	166,433.17	236,964.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	752,329.61
	410,314.31	375,230.09	2,578,014.14	2,977,827.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,341,386.09
Net Movement in Month	-379,618.19	2,095,451.26	-1,183,238.20	874,437.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,407,032.62
Balance c/forward	-1,874,919.68	220,531.58	-962,706.62	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87	-88,268.87
NEXT MONTH FORECAST: Assumptions													
Income													
Sales Ledger													
Invoices issued to CEC in March				-374,114.06									
Invoices issued to CEC in April				410,641.81									
Invoices issued to CEC in May				1,764,844.94									
Invoices issued to CEC in June				2,014,862.12									
Invoices issued to Clacks in June				26,550.78									
Invoices issued to FETA in June				4,911.50									
Invoices issued to SMI in October				344.72									
Invoices issued to One-Ticket in June		Paid 11 July 05		4,223.49									
				3,852,265.30									
Expenditure													
Trade Creditors per Balance Sheet				2,740,179.93									
Employee Creditor per Balance Sheet				683.20									
Aged Creditors List @ 30/6/05				2,740,863.13									
Miscellaneous													
Pension Fund(s) - Contributions Due on 19/7/05				15,510.24									
HM C&E - VAT Return to 30/6/05 (Due for payment 31/7/05)				103,959.33									
PAYE/NI - Due on 19/7/05				45,856.52									
July Payroll				87,023.57									
Bank Interest - Quarter ending 15/6/05				0.00									
Bank Charges for month				100.00									
Petty Cash for month				25.00									
				236,964.42									



Heavy Rail

- a) EARL – Procurement *
- b) EARL – BAA South East Pier *
- c) SAK - Project Progress Report*

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



Agenda Item 6a

Heavy Rail

- a) EARL- Procurement *

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



tie Board Paper – 25th July 2005

EARL – Procurement

As the EARL project moves from the development into the parliamentary stage, we focus more on the delivery of the project and mitigation of associated risks. The EARL team is progressing with three procurement exercises over the next few months in parallel with the development of the overall procurement strategy.

Procurement 1 – Geo-technical Investigation (GI) Works

One of the biggest perceived risks associated with EARL is tunnelling under the runway at Edinburgh Airport. The project has already undertaken two phases of GI work, and it is important that ground conditions feature strongly in the main works contract documentation and selection process.

The insurance industry is taking a very risk adverse approach to tunnelling following a number of serious and costly tunnel collapses. It has teamed up with the British Institute of Tunnelling to develop a Code of Practice for tunnelling and insurance. The EARL Project will adopt the principles of this Code and will prepare a ground condition baseline report that will feature in the contract documentation.

This means further GI work will be required, and an advertisement for this appeared in the New Civil Engineering magazine some weeks ago. The value is expected to be c. £700k over next 8 months.

Procurement 2 – GI Adviser Support

Coupled with the GI works, it is felt that the best-in-class GI Adviser should be appointed to the contract. This adviser would be responsible for the preparation of the ground condition baseline report, working with tie to secure appropriate insurance cover, selection of main contractor and support throughout the construction phase of the project in dealing with any claims arising from ground conditions. It is proposed that an OJEU notice is placed for support to the project from now until completion of the project. A scope has been developed for the potential consultant and Susan Clark will give further information on the expected value of this contract at the tie board meeting. The contract is expected to run until 2012.

Procurement 3 – Technical Support Services

The Scott-Wilson Halcrow (SWH) JV is currently the technical consultant for EARL. Learning lessons from other heavy rail projects such as Larkhall – Milngavie and SAK, we recognise that Network Rail (NR) buy-in is key to

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ensuring that the scope is clear, that costs do not escalate, and that the programme is met. This can be achieved if the design is developed, and signed off by NR, and then enshrined in the overall main works contract documentation.

The current scope of the contract with SWH does not allow SWH to undertake this under the existing commission. In developing the scope for an OJEU to advertise this piece of work, the team recognised that there were some other advance works and support services which would sit best under one adviser remit, to ensure unified advice. These include utility design, risk management and planning supervision. Therefore it is proposed to publish an OJEU for this total scope during August. (A scope has been developed for the potential consultant and Susan Clark will give further information on the expected value of this contract at the tie board meeting. The contract is expected to run until 2012).

Funding position

All these have budget provision in the current funding application and the scope of activities is covered by the recent extension to funding agreed by SE.

The timescales for these are as follows:

Procurement	OJEU	Board approval
GI works	NA	September
Technical Support	25 th July – 31 st August	October

Susan Clark
19th July 2005



Agenda Item 6b

Heavy Rail

b) EARL- BAA South East Pier *

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



tie Board Paper – 25th July 2005

EARL – South East Pier

BAA published their draft Masterplan earlier this summer outlining the expansion plans for the airport. One early part of this is the construction of a new South East Pier to serve aircraft stands to the east of the existing terminal building.

This SE Pier crosses the proposed EARL alignment and the EARL team have been in discussion with BAA for many months now to agree the most suitable enabling works that will allow construction of the SE Pier whilst safeguarding the EARL route.

Agreement has now been reached to create two separate structures with BAA. The first is to connect the SE Pier to the terminal building by a bridge structure. Later, once EARL is constructed, the SE Pier will be extended back to connect in fully with the terminal.

However, we have collectively agreed that the full foundations for both the bridge and the future SE Pier extension will be designed and constructed now to avoid further disruption later. This will also achieve cost savings through using one designer and contractor, now. Agreement has been reached to procure a joint design commission and for BAA to procure the construction element of these works (which will cost in the region of £1m). Costs will be shared between BAA and tie based on the additional works required for EARL and this sharing will be accounted for in the overall finalisation of BAA's contribution towards the project.

Funding has now been identified within the EARL funding plan for this works, and approval given by SE to undertake them.

In the interim approval is required for the design phase of this work. This is a joint commission between tie and BAA. The design elements of the works are £70,535.80 and approval is sought for tie to engage this cost. Once the final contribution of BAA for both design and construction has been agreed, this will be reported back to the board.

tie Board are requested to note the position and approve the interim design work spend which is budgeted for in the 2005/6 budget for EARL.

Susan Clark
19th July 2005

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Agenda Item 6c

Heavy Rail

c) SAK - Project Progress Report*

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



Paper to: tie Board
25th July 2005
Commercial & in Confidence

Subject: Heavy Rail Update

From: Paul Prescott

Date: 18th June 2005

Stirling-Alloa-Kincardine (Project Manager - Richard Hudson)

Asset Protection Agreement

The terms of the APA were agreed with Network Rail on 4th May 2005 which allowed authorisation to be granted at NR's Investment Panel on the 6th May and final approval at NR's Investment Board on the 20th May. The APA will remain unsigned until the funding letter is in place.

Programme

Ministerial approval of the project cost is still awaited following the appointment of the new Transport Minister. At the last Operating Group, Clackmannanshire Council instructed further design and investigation works to be progressed, funded from their own funds.

It is still hoped that the Project Cost and Programme can be maintained through a re-scheduling of activities. However, the further delay in the authorisation of funding will impose additional risks even if this can be achieved.

If these issues can be overcome, the current programme for opening of the line is still April 2007.

Project Cost

For clarity, the Project Cost was presented to the Executive as follows:

- | | |
|--------------------------|--------|
| • Exclusive of Risk | £56.5m |
| • Inclusive of All Risks | £65.9m |
| • Most Likely Outturn | £62.0m |

Project Business Case

A full review of the Project Business Case has been undertaken and submitted to the Executive. The project still has a positive NPV and BCR despite the increase in capital cost.

Land Acquisition

The notices to landowners have been issued by Clackmannanshire Council, allowing access to all third party land as soon as the GVD Notices are issued. Access to Network Rail owned land will be available after the APA is signed.



Agenda Item 7

Tram

- a) Progress Report *
- b) Order Issues/Parliamentary Business *

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



Agenda Item 7a

Tram

- a) Project Progress Report *

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



tie Limited
Project Progress Report

Edinburgh Tram Project

1 – 30 June 2005

Prepared by: Willie Fraser, Project Manager

(Signature)

Approved by: Stewart McGarrity, Tram Finance Director

(Signature)

Approved by: Barry Cross, Tram Development Director

(Signature)

Approved by: Ian Kendall, Tram Implementation Director

(Signature)

Approved by: Alex Macaulay, Projects Director

(Signature)

Project Name: Edinburgh Tram

Progress Report No. 2: 1 – 30 June 2005

1. Executive Summary

1.1 Cost Status

Tram Development Line 1:

Actual to end of June: 13.8% underspend (see Section 4.1)

Annual cost forecast: 9.9% overspend (see Section 4.1)

Note: The above figures do not include the costs associated with a change request which will seek additional funding for changes in scope.

Tram Development Line 2:

Actual to end of June: 23.0% underspend (see section 4.2)

Annual cost forecast: On budget

Note: The above figures do not include the costs associated with a change request which will seek additional funding for changes in scope.

Tram Implementation:

Actual to end of June: 6.6% overspend (see section 4.3)

Annual cost forecast: On budget

Note: Tram Implementation budget was re-phased this month due to staged funding.

TL1 & TL2 Development are preparing change request of approximately £512,000 in total value. This is attributable to changes in scope associated with the promotion of a mini bill on each line. In addition, TL1 is projecting an annual overspend, and TL2 is projecting an annual underspend. Combined, the overspend amounts to £16,689, and this will be drawn from the available 'Development' contingency. We will present the two Change Requests for additional budget prior to the next meeting of the Tram Steering Group

1.2 Programme

The parliamentary programme is continuing, generally, as planned.

The implementation programme has been modified due to a staging of the funding for this part of the project budget. Consequently the start of SDS, Site Investigation, Utilities and the JRC work packages have been delayed until after funding approval. The delay to the JRC means that the new transport & revenue model will be delayed by at least 2 months to May 2006, and this will impact on the overall project. This could be brought back on programme by releasing £150,000 of the outstanding budget in August, in the event that the remaining tram budget has not been approved by this time.

1.3 Issues that have/will affect Cost or Progress

A budget of £4.065M has been approved for the implementation phase, and this will be sufficient to fund progress until 30 September 2005. Additional funding will be required for work beyond this date. The delay in the commencement of the SDS, Site Investigation, Utilities and JRC work-streams has reduced the budget forecast for Tram Implementation for 2005 – 2006, see section 4.2.3.

1.4 Decisions required of Governance Team

- Agreement on a decision making process for the Tram project: There are a number of 'changes' which require to be reviewed by the Steering Group. For example, there is a backlog of Change Requests which have been raised and assessed internally within tie. Final determination on the changes is required by the project 'decision' group, prior to the commencement of SDS, to avoid the risk of re-work, additional costs and programme delay.
- Agreement to release £150,000 of the outstanding budget in August, in the event that the remaining tram budget has not been approved by this time.

2. Parliamentary Progress

- Parliamentary Committees continuing with the Bill Consideration Stages.
- Pre-recess evidence programme not fully achieved – rescheduling awaited from Private Bills Unit.
- Witness statements (number = ETL1: 300, ETL2: 37) prepared on time for post-recess objections.
- Rebuttal statements now being prepared for the post-recess objections.
- Supplementary Bills lodged with Scottish Parliament – 60 day objection period commenced 01 July.
- Forth Ports & Ocean Terminal have withdrawn their objections.
- Network Rail & Transco have withdrawn their objections.
- Negotiations are continuing with a number of other significant objectors to secure removal of objections.
- ETL1 Landscape & Habitat Management Plan completed for Roseburn Corridor.
- Noise & Vibration Policy, Code of Construction Practise & Building Fixings papers completed.

3. Public Relations & Media

3.1 Tram Events

Negotiation with the Council on the date to hold tram model event are ongoing. Initially to be held for two weeks in August, this may now be the first fortnight in September. This causes tie no problems and we await confirmation that the site at the foot of the mound is acceptable to the Council.

3.2 Website

The new tramtime look has been approved; work is underway with the new website to be delivered by 8 August.

3.3 Press Release/statement

Statements on the Liverpool situation, ICAS article and the Forth Ports withdrawal press release have all been agreed and issued.

Work is currently ongoing on the Network Rail/Royal mail withdrawal that will be issued w/b 11/7 and the Public Utilities press release which will follow. Any further withdrawals will be dealt with as they develop.

3.4 Edinburgh Chamber of Commerce

An article from **tie** will appear in the Edinburgh Chamber Magazine. The article will address moving forward with trams. A CofC breakfast is being held on 30 August with Tom Coffey in attendance, speaking positively about his experience of trams in Dublin. A stakeholder meal will be hosted by Michael Howell the evening before with 10 key (positive) stakeholders being invited along with Tom.

3.5 Letters

Response to only one letter was needed in June, although unprinted. 15 June 'Road tolls blow may curb plans for tram network'.

A letter will be sent to the Edinburgh Evening News on 6 July by NR in response to 'Overhead wires a tall order for city'.

3.6 Scottish Executive

A successful meeting was held on 23 June where communication protocols and process for approval and updates were agreed. All parties are working well together.

3.7 TEL

Thoughts have been developing on how to work closely on communications/PR and media within the tie/TEL/partnership structure. This will be a topic for discussion at the TSG meeting on 21 July.

3.8 Strategy

Work on the strategy for communications post Royal Assent (or otherwise) will start in October. This draft strategy will include the detailed communications needed for the Public Utility work and construction.

4. Project Spend: Actual Versus Budget & Anticipated Cost to Year End

Note: June month end costs, where applicable, are based on estimates and these will be confirmed upon receipt of invoices.

4.1. Tram Development Line 1

Cumulative Budget to Month End: **£688,245**
Cumulative Actual Spend to Month End: (current): **£593,108**
Difference from current to budget: - **£95,137**

Budget to Year End: **£1,786,750**
Last Months Forecast to Year End: **£1,786,750**
This Months Forecast to Year End: **£2,250,222**

Difference from current to budget: + **£463,472**

Note:

- Annual Difference: The TL1 Development budget is predicting an overspend against budget of £463,472. £286,000 can be attributed to scope increase (due to an additional mini Parliamentary Bill), and tie will present this information prior to the next TSG meeting, to pursue additional funding.
- Therefore, the predicted overspend = £177,472. However TL2 is predicting an underspend of £160,783, and this will be allocated to TL1 Development.
- The outstanding overspend on TL1 of £16,689 will be drawn from the available (TL1) contingency of £110,000, thereby addressing the overspend.
- The overspend is attributable to a higher level of technical support for each of the Parliamentary hearings.

Appendix I shows a graphical representation of actual spend against the forecast. The spend forecast on the chart includes the projected spend of £286,000 on a change of scope. It has not assumed that a change request will be approved to re-adjust budget.

4.2 Tram Development Line 2

Cumulative Budget to Month End: **£611,630.80**
Cumulative Actual Spend to Month End: (current): **£470,867**
Difference from current to budget: - **£140,763.80**

Budget to Year End: **£1,577,589**
Last Months Forecast to Year End: **£1,577,589**
Current Forecast to Year End: **£1,642,806**

Difference from current to budget: **+£65,217**

Notes:

- Month-end difference: There is an under-spend against parliamentary process, but the programme is being maintained.
- Annual Difference: The TL2 Development budget is predicting an overspend against budget of £65,217. [However, £226,000 can be attributed to scope increase (due to an additional mini Parliamentary Bill), and tie will present this information prior to the next TSG meeting, to pursue additional funding].
- Therefore, this will result in an underspend of £160,783.

Appendix II has a graphical representation of actual spend against the forecast. The spend forecast on the chart includes the projected spend of £226,000 on a change of scope. It has not assumed that a change request will be approved to re-adjust budget.

Tie plan to pursue two change requests (mini bills for TL1 and 2) which will total £512,000. This will reduce the joint overspend on TL1 and TL2 Development to a total of £16,689. This amount will be drawn from the TL1 contingency fund of £110,000, therefore addressing the predicted overspend. The TL2 contingency fund will not be affected by this adjustment.

4.3 Tram Implementation

Cumulative Budget to Month End: **£1,443,238**
Cumulative Actual Spend to Month End: (current): **£1,537,973**
Difference from current to budget: **+£94,735**

Original Forecast to Year End: **£21,872,843**
Last Months Forecast to Year End: **£21,872,843**
Current Forecast to Year End: **£17,816,457**

Difference from current forecast to original: **- £4,056,386**

Notes:

1. Month-end Difference: Design work has been brought forward to facilitate the removal of objections, and it is necessary for this to continue despite the delay in the appointment of SDS. This will be balanced over the financial year by subtracting the re-allocated amount from the SDS design budget, thereby undertaking less SDS design work than planned.

Appendix III has a graphical representation of actual spend against the forecast.

5. Programme

5.1 Planned versus Actual

Key Activities / Deliverables	Original Completion Date	Projected completion Date	Status
Appointment of SDS	27 th June 2005	30 th Aug 2005	Dependent on funding award
Appointment of TSS	27 th June 2005	18 th July 2005	Slippage due to delayed funding.
Appointment of JRC	27 th June 2005	30 th August 2005	Slippage due to delayed funding.
TL1: Achievement of Royal Assent	31 st December 2005	31 st December 2005	On target
TL2: Achievement of Royal Assent	31 st December 2005	31 st December 2005	On target
Design requirement Definition	31 st December 2005	TBA	Subject to funding award.
Completion of preliminary design (critical sections)	31 st March 2006	TBA	Subject to funding award

5.2 Programme Summary

The parliamentary programme is continuing as planned.

The implementation programme has been re-phased to account for the delay in the approval of the project budget.

The next key milestones relate to:

- Agreeing a decision making process for the project.
- Appointment of TSS
- Additional funding submission for TL1 Development

Primavera P3e is being implemented as the new planning tool for the entire project. Work is ongoing to transfer the existing programme onto the new system, and to update it to take account of budget re-phasing, and this will be completed this month.

6. Change Control

6.1 Approved Changes this Month

Tie's internal change process is continuing. There is a backlog of changes which require consideration and decision. This must be achieved prior to the commencement of SDS or the project will either proceed at the risk of re-work, which may delay the programme and subsequently increase costs.

There is no increase in capital cost to report subject to changes not having being approved by the Tram Steering Group.

6.3 Disputes, Claims and Early Warnings

Nil.

7. Risk Management

7.1 Completed Activities

The following key activities have been carried out on risk matters in the past month.

Side Agreements

- Review and summary of Risk Allocation Matrices (Obligations and Indemnities); and
- Ongoing assessment of insurable and transferable risks.

Project Insurances

- Detailed review of JRC bidder responses to insurance questionnaires in conjunction with Heath Lambert and DLA; and
- Development of programme for Owner Controlled Insurance Programme (Works, Third Party and Delay in Start Up) workstream.

7.2 Planned Activities

We are currently developing implementing activities to address the following key aspects.

- Review of Mitigations for Public Sector Retained & Shared Risks (our responsibilities);
- Review of Benefits of Investment on Risk Management Software (Strategic Thought: Active Risk Manager under consideration);
- Ongoing review of Risk Register including assessment with regard to Phasing and Element affected (immediate issues);
- Review of Project Assumptions and establishment of Project Baseline (Change Controls and Cost Contingences (comprising planned elements of investment and reserve); and
- Programme Contingency (critical path, float and key programme risks).

8. Safety Management

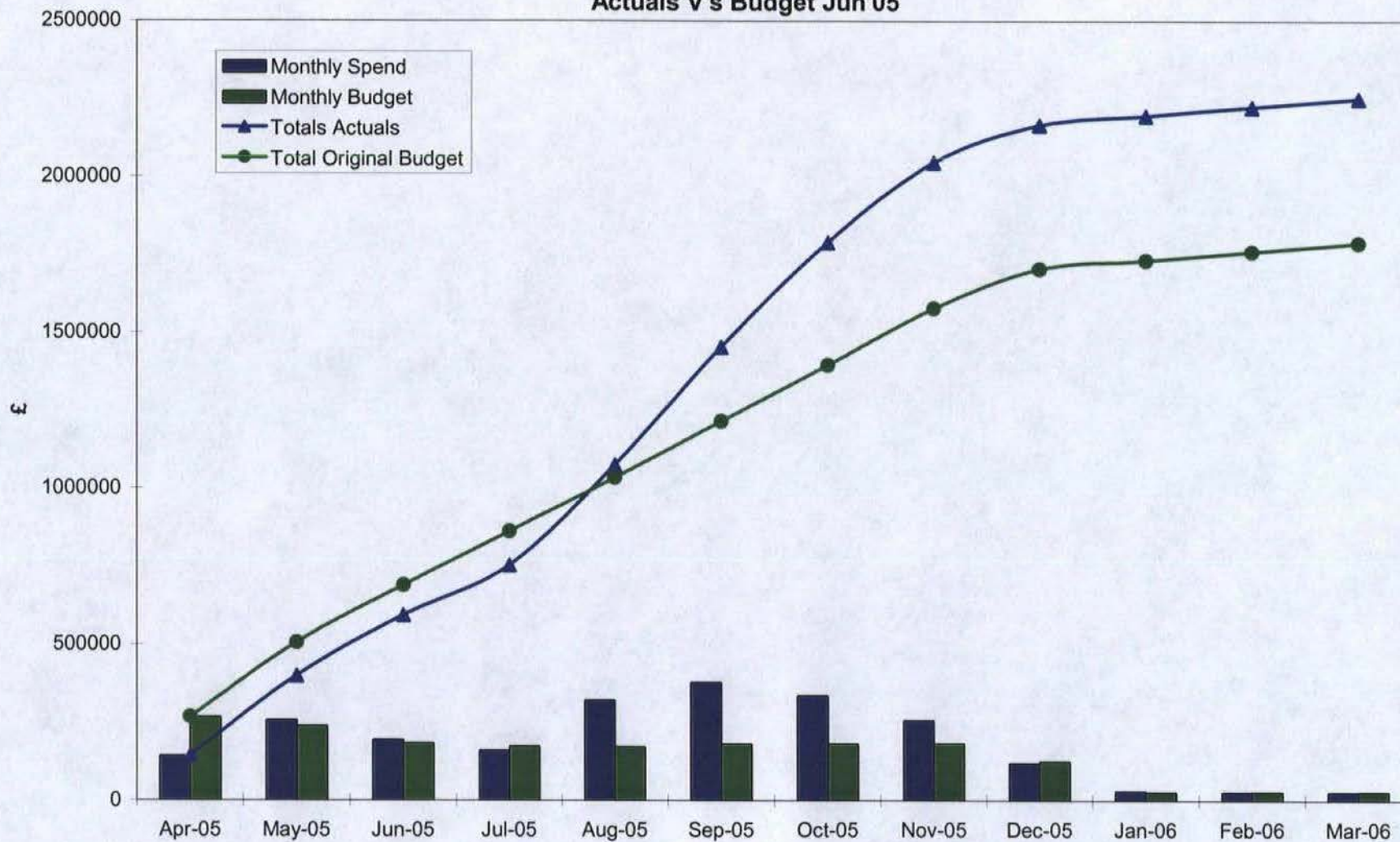
No issues. Specific safety appointments are planned following the appointment of TSS. Thereafter, a 4-week work-stream will commence to prepare the project safety strategy and plans, as appropriate for the detailed design stage of the project.

9. Decisions Required

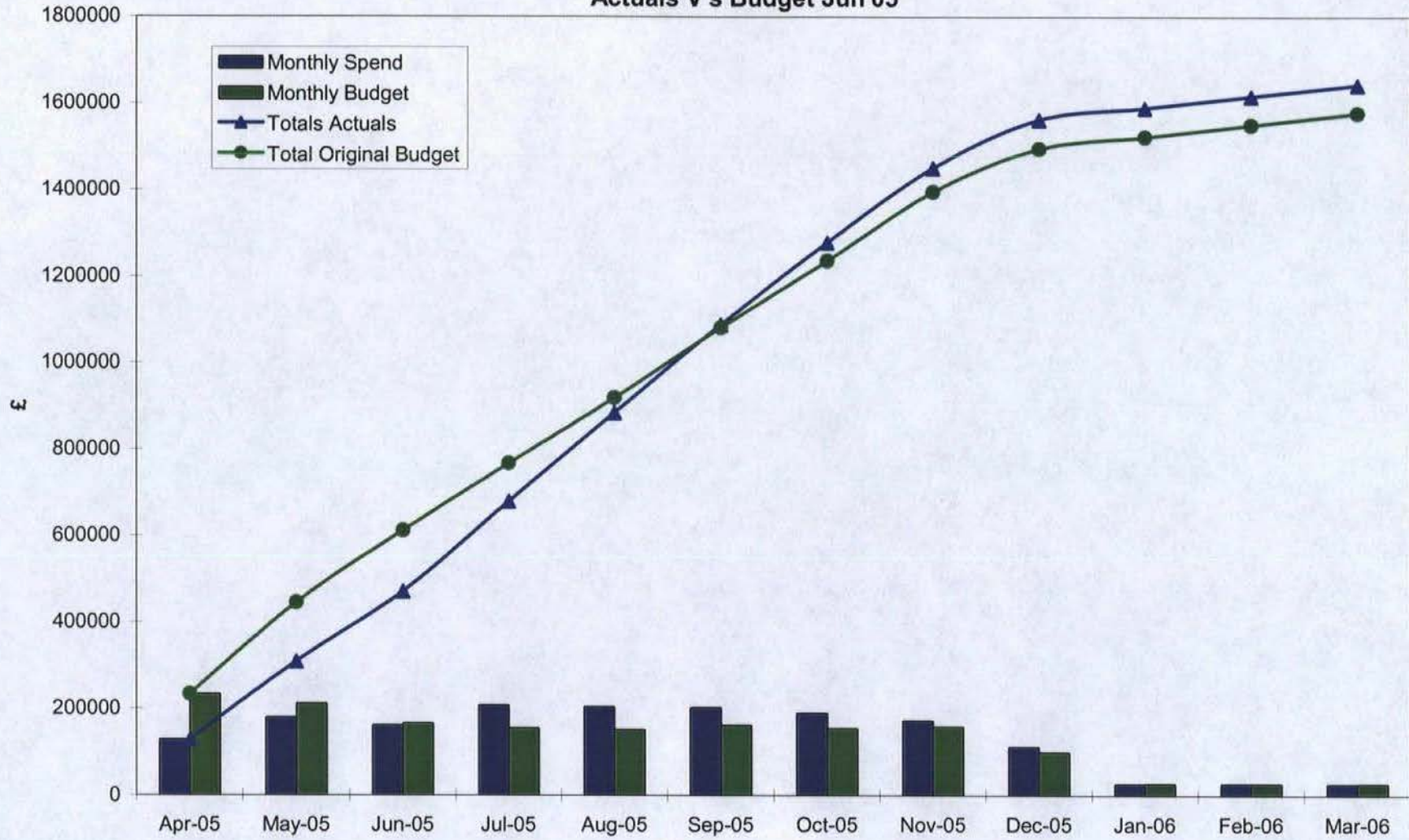
- Agreement on a decision making process for the Tram project: There are a number of 'changes' which require to be reviewed by the Steering Group. The main programme driver for a final decision is prior to the commencement of SDS.
- Agreement in principle that tie should seek additional funding award of £150,000 to prevent the budget rephrasing exercise affecting the delivery of the new transport / revenue model.

END

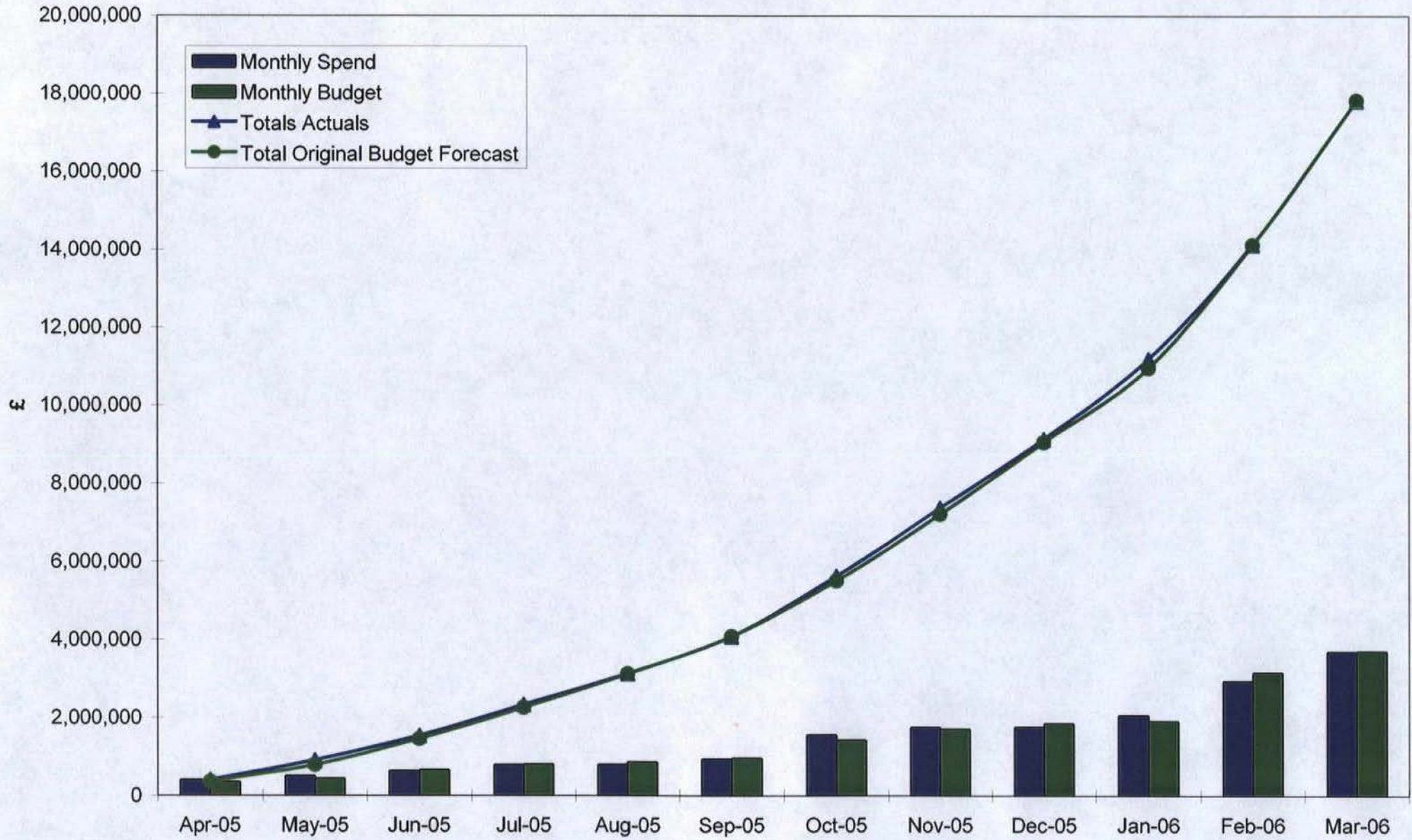
Tram Line 1 Actuals V's Budget Jun'05



Tram Line 2
Actuals V's Budget Jun'05



Actuals V's Budget Jun'05





Agenda Item 7b

Tram

b) Order Issues/Parliamentary Business *

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



tie Board Meeting – 25th July 2005

Subject: Order Issues / Parliamentary Business

Statutory Processes - Line 1 & 2 Status Report

The Private Bills for Edinburgh Tram Line 1 and 2 have started taking oral evidence in the Consideration Stages of their respective Parliamentary Committee processes. Site visits took place on the 7th and 8th, a joint meeting on the 14th, and line specific meetings on 21st, 22nd, 27th, and 28th. These meetings dealt with the common section through Haymarket and many of the commercial objectors. The Parliament is now in the summer recess with meetings recommencing in September, and are scheduled on broadly a weekly basis through into November.

The PBU has decided the grouping and scheduling of the appearances of the various Objectors. Post recess witness statements have been submitted by the promoter's witnesses and by objectors. These statements have been exchanged and rebuttals are being prepared in July and August.

Activity	TL1	TL2
Written Statements submitted (post recess)	300	37
Rebuttals submitted (post recess)	Ongoing	Ongoing

tie is still anticipating completion of the Consideration Stage and the Final Stage, and achieving Royal Assent to the Bills by the end of December 2005, although this depends entirely on the progress of considering the Bills by the Committees.

Supplementary Bills for route amendments (2 on TL1 and 2 on TL2) have been lodged with the Parliament. The 60 day objection period is running over the summer recess so that the overall programme for the Main Bill is not affected.

Objector Numbers and Status

Work continues, in parallel with the Parliamentary evidence preparation, in trying to seek to resolve the concerns of formal objectors to the Bills. It is intended to try to achieve resolution with as many as possible to reduce the need to appear before the Committees.

A great effort continues to be put into this negotiation work although drafts of agreements may continue to be exchanged up to the last minute. 4 objections have been withdrawn during the last month (Network Rail, Forth Ports, Ocean Terminal and Transco). Consensus has been reached with a number of objectors on some aspects of their objections and effort is now being made to get them to advise the PBU of this fact. It is acknowledged that a number of objections on each line will not be withdrawn as agreement will not be reached with the objectors and the issues will have to be examined at the Committee hearings.

Completion and Approval of the Design Manual

Since the Planning Committee approval of the Draft Tram Design Manual, no comments have been received on the content of the draft Manual. Discussions have also continued from time to time with **tie** over the role and evolution of the draft Manual. **tie** has now passed the earlier work over to the City Development Department to refine and update the content. City Development Department have now refined the draft Manual involving input from **tie** where appropriate. The refined draft Manual was approved by the Council in June and is now out to formal public consultation.

The draft Manual will evolve through the consultation process and is due to go back to Council in September.

In addition to this, the various Planning Committee reports make reference to the need for a Tram Public Realm Strategy. Progress with this has been limited by resource constraints within the Council, but an update on this work was provided to the Planning Committee in June. Concerns remain over funding for this work, but that will also be addressed in the report.

Historic Scotland Protocol

Historic Scotland have withdrawn their objection to the Tram Bills and a keystone in their agreement to withdraw is a consultative protocol involving the establishment of a Design Working Group. Historic Scotland will participate in the design development through this forum allowing them involvement in the design during its development.

Geoff Duke / Kevin Murray
19/07/05



Agenda Item 8

Other Projects

a) Other Project Progress Report *

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



tie Board Meeting

25th July 2005

Other tie CEC Projects -Update

1.0 Fastlink - Guided Busway Contract

As intimated to the previous meeting Balfour Beatty have been notified of a number of defects

1. Vertical running Surface
2. Signals at the pedestrian crossings
3. Gauge of the P.C.C. kerbs over the bridges
4. Deformation of the joints at the end of the slipformed upstands
5. Cracking of guideway surface
6. Spalling of the kerb upstands predominantly on the westbound lane

Balfour Beatty has accepted 1 to 4 above as defects and has proposed rectification.

Tests were carried out over a weekend closure on the 10th and 11th of June to test various grinding equipment to bring the vertical running surface within tolerance, carry out temporary repairs to the spalling of the kerb upstands and further assess the rectification of the bridge kerbs. Following this they carried out further works over a 10 day closure between the 2nd and 10th of July to bring 1,3 and 4 into tolerance.

Balfour Beatty has accepted No 2, the signals, as a defect and has installed an alternative control system to rectify this. This is being monitored.

Extensive cracking surveys have been carried out and reports produced by Carl Bro the designers. Carl Bro considers and Halcrow supported that cracking is inherent in Continuous Reinforced Concrete Pavement design. A small percentage of the cracks required remedial action which was carried out during the 10 day closure. The performance of these cracks and the repairs is being closely monitored. However during the repair work to the Kerb upstand edges concern was raised over the effect of these cracks on the upstands. Halcrow carried out a full survey and this has been submitted to Balfour Beatty for comment.

Balfour Beatty consider that the spalling to the kerb upstands has occurred due to drivers entering guidance with damaged guide wheels and not using adequate care to exit the guideway on single sided guidance or requesting recovery. tie have been forced to concur that on occasion this has occurred however the long term durability of the upstands is in doubt and forms the basis for the defect notification.

It is recommended that an assessment of the risks and costs associated with the remedial measures and potential for latent defects be considered further. The final form

of rectification has yet to be fully proposed and agreed. tie are receiving ongoing support from Halcrow during this defects correction period and investigations are continuing. tie have also initially briefed and instructed Dundas and Wilson to commence evaluation of all outstanding contractual issues with a view to identifying areas that may need to be pursued through litigation.

The programme for resolution of these matters is therefore still in flux. If rectification can not be agreed by negotiation and full legal support is required then this could cost approximately £5000/month. It is further noted that such a review would normally require the engagement of independent technical experts to assist in mitigation and liability matters. It is recommended that a provisional budget of £50,000 be set aside to cover these costs. It is intended that this spend be recovered but this is dependant on the final outcome. Therefore, it is noted that these tie, technical and legal costs have not been included in the budget to date.

2.0 Fastlink – Other Works

A quotation for replacing the Speed camera relocated as part of the road widening on Stevenson Drive has been received this is approximately £6000 greater than estimated.

Works carried out by the Council's advertising Consultant Union preparing Fastlink posters has been invoiced to tie at the Council's request. The value of these works was £12,940.00. It should be noted that as these works were not contracted by tie and that no provision was made within the existing budget projections.

Dependant on the outcome of the remaining risk allocation it maybe possible to accommodate these cost within the existing budget.

The Balgreen Road bus stop improvement will be carried out from the 18th of July, during the School holidays in order to reduce the impact on the adjacent schools.

The Cultins Road connection to Fastlink at Edinburgh Park Station has been opened and traffic is being monitored through the Station Access Road. At present this movement is being accommodated safely and if it continues to perform satisfactorily will lead to a saving as the works to the Calder Road Roundabout will not be required.

3.0 Ingliston Park and Ride

Construction Works remained on Schedule for completion and handover to allow the Launch to be held on the 14th of July in parallel with Hermiston Park and Ride. However, the launch of both Ingliston and Hermiston Park and Ride sites has been postponed due to industrial action by Lothian Buses drivers as Lothian are unable to staff the new services required while the present work to rule is in place.

The site has been approved for a Park Mark security certificate.

During the final construction some minor alterations were instructed to the internal screens of the reception area and a shelter was relocated from CETM to accommodate any contraflow bus measures imposed during events requiring police control of Eastfield Road.

These costs can be accommodated within the small contingency included within the existing estimates.

The power supply which is still delayed should be complete by 29th August 2005. The contractor has supplied and is maintaining a generator of adequate capacity to supply the site until the permanent service is provided. Snagging will be carried out during the first year's defects correction period.

Prepared by :- Lindsay Murphy 19/07/05

Approved by:- Michael Howell 19/07/05



Agenda Item 9

Communications

- a) **Communications Progress Report ***

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



tie Board Meeting – 25th July 2005

Communications Progress Report

Communication management:

- **Trams**
- **FETA**
- **Communication strategy and partners**
- **Ingliston Park + Ride Launch**
- **Fastlink**
- **Media/press**

Trams

A detailed update on progress and work plans for the past and coming months is attached. Events of note are:

Tram Model Event

Negotiations with the Council on the date to hold tram model event are ongoing. Initially to be held for two weeks in August, this may now be the first fortnight in September. This causes **tie** no problems and we await confirmation that the site at the foot of the mound is acceptable to the Council.

Tramtime Website

The new tramtime look has been approved; work is underway with the new website to be delivered by 8 August.

Press Release/statement

Statements on the ICAS article and the Forth Ports, Network Rail/Royal Mail withdrawal press release have all been agreed and issued.

The Landscape and Habitat Management Plan release, TSS release and Public Utilities release will follow in the coming weeks. Any further withdrawals will be dealt with as they develop.

Edinburgh Chamber of Commerce

A CofC breakfast is being held on 30 August with Tom Coffey in attendance, speaking positively about his experience of trams in Dublin. A stakeholder meal will be hosted by Michael Howell the evening before with 10 key (positive) stakeholders being invited along with Tom.

Media Drinks

tie will be hosting an informal media drinks event on 27 July. Journalists from the Evening News, Scotsman and Holyrood have been invited along with representatives from the Council, Scottish Executive, Lothian Buses and Transdev.

Letters

A letter was sent to the Edinburgh Evening News on 6 July by Neil Renilson in response to 'Overhead wires a tall order for city'.

Strategy

Work on the strategy for communications post Royal Assent (or otherwise) will start in October. This draft strategy will include the detailed communications needed for the Public Utility work and construction.

Bill within Bill

All work to ensure that the website, advertising and media were ready for the Bill within Bill timescales for lines 1 and 2 was delivered on time.

FETA

A communication scope for FETA's Local Transport Strategy has been finalised. This scoping report also provides a resource recommendation and a cost guideline. This document will be taken to the management meeting in August and then to the FETA Board meeting in September.

Communication strategy and partners

tie and CEC continue to work together to ensure a partnership approach on all projects, where relevant. Work currently concentrates on the Ingliston Park & Ride, trams and the next edition of Outlook.

A successful meeting was held on 23 June where communication protocols and process for approval and updates were agreed for trams with the Scottish Executive. All parties are working well together.

Ingliston Park & Ride Launch

The Ingliston and Hermiston P+R sites were scheduled to launch on Thursday 14 July, with the service being open to the public on Monday 18th July. Ingliston P+R site is complete and was ready for the launch on the 14th July and operation on the 18th.

Confirmation was received from Neil Renilson on 11 July that there will be industrial action by Lothian Buses drivers resulting in a Saturday service being operational and the postponement of new services, including Ingliston and Hermiston Park and Rides. Following this information the decision was made by Andrew Holmes of the Council that the launch should be postponed.

Contact has been made with all those attending to let them know of the postponement. Further information on launch and operation dates will follow as soon as we are aware of developments.

Fastlink

The week long closure of Fastlink from 1 - 10 July received press interest through two articles and public letters. The interest was based on the works and a situation where a guidewheel came off a bus and hit a taxi.

Telephone cover was provided throughout the closure and statements were issued explaining the need for the closure, the reasons for the choice of date and the situation leading to the guidewheel article. Close contact with the Council and Lothian Buses were maintained with information being shared prior to response being made.

The spotlight remains on Fastlink following public letters questioning the need for closure, the project management and linking the work to that of trams. In response a letter, with input from **tie**, has been sent to the Evening News from Andrew Holmes of the Council.

A **tie** meeting is planned for 22 July to discuss future Fastlink PR. An update will appear in next month's board paper.

Media/press

Edinburgh Outlook

The next edition of Outlook, due out in September, will cover looking after the environment, landscape management, the construction code of practice and the impact on design on the environment. We will also look at the benefits of trams for the disabled. A project update will also show.

22 & 23 June 2005 – Journalists Visit

tie hosted a small dinner for 13 journalists the evening of 22 June. The following day the journalists visited **tie** offices from 10.30-11.45am where they received update presentations on Stirling Alloa Kincardine, Tram and EARL projects. Both events were well received.

The Board is asked to note the position.

Suzanne Waugh
19th July 2005



**tie Tramlines 1 & 2
Communications Timeline: April 2005 – 2006**

(UPDATED 6 JULY 2005)

Community	Political	Stakeholder	Media	Other/Generic
June 2005				
<p>Leith Festival Debate: Briefing provided to BC.</p> <p>Information Packs Sent to tie for approve</p> <p>Newsletter: Drafting of Traveltime – with changeable section for 7 regional issues:</p> <ul style="list-style-type: none"> • City/West End/ Haymarket • Leith • Granton/Waterfront • Craigleith • Saughton/ Carrick Knowe • Gyle/Airport • generic <p>WS to source and include 'benefit' case studies</p> <p>Cross-Group Initiative: Replica Tram proposal – availability, display area and permissions, costing</p> <p>Park and Ride Support: Leaflet drop to Fife towns Event support?</p>	<p>Meetings Sarah Boyack MSP (Lab) (Edinburgh Central) Tues 7 June 2.30 (SP)</p> <p>Cllrs Munro (Lab, Harbour) and Attridge (Lab, Lorne) Monday 20 June 4pm (City chambers)</p> <p>Cllrs Gilchrist (Cons, Murrayfield) and Cllr Jackson (Cons, Trinity) Wednesday 22 June 1pm, City Chambers</p> <p>Cllr Andrew Burns Wednesday 22 June 3pm, City Chambers</p> <p>Cllr Maginnis (Lab, Granton) Wednesday 23 June 9.15am, City Chambers</p> <p>Cllr Wheeler (Lib Dem, transport), Tuesday 28 June, 10.30am, tie offices</p> <p>Margaret Smith MSP, (Lib Dem, Edinburgh West), Friday 1 July 1pm</p>	<p>Events: Prep for ECoC business breakfast -August (Completed)</p> <p>Transport Event: Event for Transport Co-ordinators (leaflets to be sent in July) (Transport co-ordinators being researched)</p> <p>Action Plans: Work up 6 month action plans for each key stakeholder (ongoing)</p> <p>Stakeholder Mailing: Packs to be approved and sent to property solicitors. (Completed)</p> <p>Lothian Buses: Meeting with LB to discuss integration of messaging Updated on messaging provided by Suzanne Waugh)</p> <p>SPOKES Meeting</p>	<p>Journalist Meetings: Evening News (Editor) – put on hold Scotsman (9 June) – complete.</p> <p>Event: Media drinks at the Tun (Arranged for 27 July)</p> <p>Media Activity:</p> <ol style="list-style-type: none"> 1. Forth Ports release out 2. TSS Tender award drafted (July issue) 3. Response to ICAS story - statement 4. ECoC Business Comment article drafted and submitted 5. 60-day objection release drafted for approval. Story pulled. 6. Roseburn Listed bridges - statement <p>Outlook:</p>	<p>TGWG meeting: 29 June</p> <p>tie Comms Meeting: 8 June</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings: Community/Media: 21/06 Stakeholder/political: 24/06</p> <p>Scottish Executive protocol: 23 June</p> <p>Gillespies: 28 June</p> <p>Generic activity:</p> <ul style="list-style-type: none"> • Media awareness session • Provision of evaluation proposal (Ongoing) • tramtime.com overhaul proposal submitted and accepted (site live 8 August)

Community	Political	Stakeholder	Media	Other/Generic
June 2005				
<p>Faces of Tram: Source and research case studies Draft ads and leaflets – do you want more info?</p> <p>Text Service: Research text service</p> <p>Exhibitions: Prepare Roadshow to start July</p> <p>Visual Suite: Briefing meeting 14 June</p>	<p>Susan Deacon MSP (Lab, Edinburgh East and Musselburgh) does not want a meeting, only information/action points.</p> <p>Community Councils: Mailing letter drafted and to be approved by tie</p> <p>Holyrood: Editorial and research staff invited to media drinks reception at The Tun</p> <p>Scottish Executive Provided updates on Cabinet reshuffle and appointment of Tavish Scott MSP as Transport Minister</p> <p>Monitoring Provided weekly monitoring reports and updates of important announcements/publications as appropriate.</p> <p>CLGs:</p> <ul style="list-style-type: none"> • Baird Drive CLG – 8 June • Trinity-Starbank CLG – 15 June • Leith Walk CLG – 22 June • Joint Craigleith/West End CLG – 29 June 	<p>Meeting between Barry Cross and Sandy Scotland from SPOKES on 01.07.05. (Completed)</p>	<p>Page / story plan submitted for CEC.</p> <p>Broadcast Packages: In progress. Video not suitable.</p> <p>Visuals: Meeting attended. Images agreed as :</p> <ul style="list-style-type: none"> • Murrayfield • Gyle • Roseburn Corridor • Playhouse Theatre <p>Delivery date to be August.</p>	<ul style="list-style-type: none"> • Upload of new documents (Land Management, Route Change, Route Change Map, Construction Code of Practice) complete • Budgeting and 6-month stage budget review/ breakdown • Uploading of Parliamentary Bill revision documents

Community	Political	Stakeholder	Media	Other/Generic
July 2005				
<p>Information Packs Draft with tie for approval</p> <p>Newsletter: Writing of Traveltime (for issue in Aug) – with changeable section for 7 regional issues:</p> <ul style="list-style-type: none"> • City/West End/ Haymarket • Leith • Granton/Waterfront • Craighleith • Saughton/ Carrick Knowe • Gyle/Airport • generic <p>Cross-Group Initiative: Replica tram: - recce complete - costs sourced - tie to approve costs - refurb to be booked in with Bombardier - CEC to confirm venue as mound of Sept exhibition agreed with tie</p> <p>Park and Ride Support: tie to confirm</p> <p>Faces of Tram: Sourced case studies and quotes drafted - awaiting approval</p>	<p>Meetings Mike Pringle MSP, Thursday 28 July, 10.30am, Scottish Parliament</p> <p>Set up meetings with Priority 2 MSPs: Mark Ballard (Green) Awaiting dates from assistant</p> <p>Set up meeting with Councillor Longstaff after Trades holiday</p> <p>Set up meeting with Kenny MacAskill MSP after G8.</p> <p>Organise meeting with Colin Fox MSP (Soc) on social inclusion benefits</p> <p>Organise meeting with Jane Davies at Scottish Executive (Health Planning and Quality Division) – possibly attend with stakeholder</p> <p>Meeting with CEC LM and MM to meet with Sue Campbell and Brian Sharkie on July 27, 2pm.</p> <p>Community Councils Send letter to community councils and attend meetings as required</p>	<p>Events: Private transport, commercial transport and utilities stakeholder lunchtime event (Reviewing database and organising date, format and venue)</p> <p>Transport Event: Event for Transport Co-ordinators (leaflets to be sent in July) (Transport co-ordinators being researched)</p> <p>Action Plans: Work up 6 month action plans for each key stakeholder (Ongoing)</p> <p>Tracker Partners: Approach commercial/retail companies about rental price tracker Approach ELTB for tourism tracker (Ongoing) Finalise ESPC Tracker</p> <p>Networking: Park and Ride launch</p> <p>BLG: Leith BLG (Will attend)</p>	<p>Media Initiatives:</p> <ol style="list-style-type: none"> 1. Replica Tram – pre-release 2. Royal Mail/Network Rail release (drafted) 3. Cycling provision 4. TSS Tender (Drafted) 5. Roadshows – release of planned dates and times 5. Withdrawal – TBC 6. Sarah Boyack Editorial article (tbc) 7. Surveyor Magazine – DPS to be drafted by WS <p>Meetings: Meeting with political journalist (tbc)</p> <p>FAM Trip: Dublin visit for media in progress (Made initial approach to Ger Hannon)</p> <p>Replica Tram: Media matrix planning</p> <p>Event: Media drinks at the Tun Bar, 27 July (Invites sent out, venue</p>	<p>TGWG meeting: ---</p> <p>tie Comms Meeting: 6 July</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings:</p> <p>Community – TBC Stakeholder – TBC Political – TBC Media – TBC</p> <p>Generic Activity:</p> <ul style="list-style-type: none"> • Budgeting • Uploading of Building Fittings Paper to website • Approvals of website stages (First stage copy with tie for approval)

Community	Political	Stakeholder	Media	Other/Generic
<p>Text Service: Set up text service - BT/Vodafone to confirm</p> <p>Exhibitions: Prepare Roadshow to start August Copy drafted Costs received</p>	<p>Newsletter Mailing: Draft letter for key political contacts to be sent with <i>Travelttime.</i></p> <p>Replica Tram: Invites to August event</p> <p>Key Dates: Scottish Parliament Summer Recess: 2 July – 4 September House of Commons Summer Recess: 28 July – 10 October</p> <p>CLGs Trinity-Starbank Wed 27 July 7pm</p>	<p>Replica Tram: Invites to Sept Event (Will invite supportive stakeholders, BLG members)</p>	<p>arranged.)</p>	

Community	Political	Stakeholder	Media	Other/Generic
August 2005				
<p>Exhibition: Start of roadshows – city centre, Western General Hospital, Gyle, Ocean Terminal Airport</p> <p>Faces of Tram: Ad campaign and leaflets tbc</p> <p>Replica Tram: Work up interactive exhibition visuals City centre display</p> <p>CLGs: Monthly meetings Invite visit to tram display</p> <p>Newsletter Printed and distributed</p> <p>Text Service operational</p>	<p>Events: Event at tram display</p> <p>Community Councils Meetings with community councils, as required</p> <p>Conference Season: Investigate possible fringe events or attendance at Autumn political conferences – WS to attend meeting with Media House on possible corporate event.</p> <p>CLG: Leith Walk CLG Tuesday 3 August, 6.30pm</p> <p>Lower Granton Road CLG Monday 8 August, 6.30pm</p> <p>Baird Drive CLG Wed 24 August, 6.30pm</p> <p>Ratho Station CLG tbc</p> <p>West End CLG tbc</p> <p>Craigleith CLG tbc</p>	<p>Events: Business Breakfast at the Edinburgh Chamber of Commerce hosted by tie. Guest: Dublin Chamber of Commerce (Organisation of event progressing)</p> <p>Key stakeholder dinner meeting to be held on 29 August (Being organised in conjunction with breakfast)</p> <p>Environmental, tourism and heritage stakeholder event</p> <p>Disability stakeholder event (Reviewing database and organising date, format and venue)</p> <p>Private transport, commercial transport and utilities stakeholder lunchtime event (Reviewing database and organising date, format and venue)</p> <p>Event for Transport Co-ordinators (leaflets to be sent in July) (Transport co-ordinators being researched)</p> <p>Commercial Property</p>	<p>Events: Event at tram display – drinks reception Dublin/Edinburgh COC event – media attendance and briefings</p> <p>Media Initiatives: 1. INFRACO Tender Issue – Construction / phasing and Construction Code of Practice</p> <p>2. Release of visuals to EN for planned feature</p> <p>3. Tom Coffey interview</p> <p>4. News feature linked to ad campaign and leaflets</p> <p>Meetings: MH/Tom Coffey – Evening News Political journalist tie/stakeholder interview Scotsman</p> <p>Commercial property linked release/media attendance at event</p> <p>Trade media interest in event</p> <p>Faces of Trams: Case study based feature</p> <p>Media Stunts:</p>	<p>TGWG meeting: 10 August</p> <p>tie Comms Meeting: 3 August</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings:</p> <p>Community – TBC Stakeholder – TBC Political – TBC Media – TBC</p> <p>Generic Activity Budgeting</p>

Community	Political	Stakeholder	Media	Other/Generic
August 2005				
		<p>agents' event and provision of packs</p> <p>Collateral: Production of a brochure for businesses – benefits, sound bites and contact details. Encouragement onto database. (Drafting of brochure has started)</p> <p>Newsletters: Traveltime newsletter HTML newsletter for businesses & employers (To be started)</p> <p>Stakeholder Action: Support audit for call to action packs (To be started)</p>	<p>Planning for Royal Assent eg: Caley Brewery</p> <p>Features 5 August: Planning Magazine Urban Design feature</p>	

Community	Political	Stakeholder	Media	Other/Generic
September 2005				
<p>Sponsorship: Community Event (in line with programme)</p> <p>Environmental Campaign: Nature walk planning Schools poster competition Stakeholder group liaison</p> <p>Newsletter: Writing of Traveltime (for issue in November)</p>	<p>Meetings: Meetings with community councils, as required</p> <p>Briefing: Briefing to key contacts on outcome of consultation on Haymarket Yards and Gyle amendments</p> <p>Briefing on business case to go to key political contacts</p> <p>Events: Cross-party briefing to MSPs/MPs/Cllrs with panel from tie and tram champions to outline further work planned for Consideration Stage</p> <p>SNP Party Conference: 21-24 September</p> <p>Holyrood: Holyrood Transport Quarterly</p> <p>Key Dates: Scottish Parliament returns from recess 4 Oct</p> <p>Holyrood Strategic Environmental Assessment Conference</p>	<p>Tracker Partners: Audit of trackers</p> <p>Event: tie to speak to residential property event (To be organised)</p> <p>BLG: Leith BLG</p> <p>Internal Comms: Provide tram updates for internal publications (to be started)</p>	<p>Meetings: Evening News Editor</p> <p>Media Initiatives: Tram installation (one off photocall) Tram display launch (media event) Launch of tram name Community event Press release on tracker projects</p> <p>Parliamentary Linked: Pro-active media based on key evidence (pre-session)</p> <p>Pro-active Feature: Editorial feature in Holyrood Magazine</p> <p>Features 2 September: Planning Magazine, Transport Planning Feature</p> <p>26 September: Commercial Property Monthly Scotland feature</p> <p>24 September: Estates Gazette Scotland Feature</p>	<p>TGWG meeting: 7 September</p> <p>tie Comms Meeting: 7 September (to be rearranged)</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings: Community – TBC Stakeholder – TBC Political – TBC Media – TBC</p> <p>Generic Activity: Budgeting</p>

Community	Political	Stakeholder	Media	Other/Generic
October 2005				
Environmental Campaign: Nature walks Competition launch (with named trams) CLG: Monthly meetings	Briefing: Draft key messages and technical details for MSP briefing in anticipation of final tram debate Meetings: Final meetings and site visits with LOR MSPs and Councillors Support: Encourage positive press comments from Cllrs and MSPs in final push ahead of debate Key Dates: House of Commons returns from recess 10 October	BLGs: Leith	Media Initiatives: Schools programme (classroom visit with press - tbc) Parliamentary Linked: Pro-active media based on key evidence (pre-session) Meetings: Briefings with all journalists pre-debate Scotsman Features: 14 October: Property Week Scotland feature 15 October: Local Government News Urban Space Planning feature 17 October: Local Government Executive Community Transport feature Outlook: Submit copy for November issue	TGWG meeting: TBC tie Comms Meeting: 5 October Weekly comms update meeting (BC/SW/LC) Group Meetings: Community – TBC Stakeholder – TBC Political – TBC Media – TBC Generic Activity: Budgeting



Agenda Item 10

AOB –