



**EDINBURGH TRAM
Highlight Report to the
Chief Executive's
Internal Planning Group
27 October 2010**

1 Background

This 'highlight report' is an update to the Chief Executive's Internal Planning Group (IPG) on the Edinburgh Tram Project to inform on the progress on this project and any decisions required.

The normal format has been suspended to ensure that key decisions are made that allow the Council report for 16 December to be drafted.

2 Matters Arising

2.1 Matters to Note or for a Decision

The following issues are being brought forward to the IPG for decision:

- Approval of the Project Initiation Document (PID)
- Ownership of the Tram Vehicles
- Inquiry/Lessons Learned
- Timetable for Report Drafting
- Alternative Project Management Delivery Method
- Open for Business Funding

3 Project Providence (Presented by Bob McCafferty)

In preparation of the Council report on 16 December, which might recommend termination of the tram contract, a project team has been set up pull together and evaluate the necessary information to enable the tram report to Council to be prepared with suitable recommendations. The project team will report to the project board which will consist of the IPG core members. A draft Project Initiation Document is attached as Appendix 1.

The project team will comprise; Alan Coyle, Carol Campbell, Bob McCafferty and Andy Conway. In order to progress the required work, it has been suggested that co-location of the project team would aid in the efficiency of the team. Suitable arrangements require to be discussed and arrangements progressed as a matter of urgency.

The PID is attached as Appendix 1 and provides further information on the purpose and scope of the project. The project team comprises suitably qualified individuals to evaluate the Financial, Commercial, Legal and Technical implications for the project.

A communications plan will be developed with the assistance from Lynn McMath as the project develops.

There is a significant amount of work to be completed by both **tie ltd** and Council officials to enable the report to be prepared and it was agreed with **tie ltd** that, as and when decisions could be taken, these would be reported to the IPG, as the project board, (likely to be on a

weekly basis) and that would allow both parties to focus their resources and to narrow down the options. The Council project team will meet with **tie ltd** on a weekly basis to ensure that key decisions and the flow of information is facilitated.

Council Report

The main areas to be covered in the Council report are included in Appendix 2 which sets out the main structure of the report.

Decisions to be taken:

There are five decisions to be taken. These relate to:

- Approval of the PID
- Ownership of the Tram Vehicles
- Inquiry/Lessons Learned
- Timetable
- Alternative Project Management Delivery Method
- Open for Business Funding

4 Project Initiation Document (PID) (Presented by Bob McCafferty)

The PID is attached as Appendix 1.

The IPG is asked to consider and approve the PID.

5 Ownership of the Tram Vehicles (Presented by Alan Coyle)

Currently all the tram vehicles are either complete or in production. CAF have been paid £45m of their £58m contract and currently have title to the assets. Seventeen of the tram vehicles are complete and have undergone factory acceptance testing. The current contract with CAF allows the Council to take title to the assets once they have undergone factory acceptance testing. There is an imminent decision required whether or not to take title of the vehicles. A financial evaluation of the asset value and the resale value of the vehicles and the leasing possibilities will be tabled at the IPG meeting to aid the decision making process. Recent advice suggests that the vehicles are desired in the market and that the price of the vehicles has doubled in the period since Finance Close.

The IPG are asked to decide whether the option to take title of the tram vehicles should be executed.

6 Inquiry/Lessons learned (Presented by Andy Conway)

IPG is asked to make a decision on whether this is the time for a lessons learned exercise or inquiry. The project team recommendation would be that this is not the time for a root and branch review of the project as it could deflect vital resource away from the decision making process on the project going forward. It is expected that as the options appraisal work on the next steps is undertaken that the major lessons to date would be incorporated on issues such as those noted below, and there is potential to weave that into the Council report, if required.

Key issues that derive from a lessons learnt to date, include:

- Complete the design prior to further procurement to fix project scope
- Recognised Form of Contract (tested by multiple large scale projects rather than bespoke)
- Completion of the utility works to avoid delays in construction (where possible)
- Incremental delivery to have maximum control over expenditure
- Contract Superintendence to ensure a quality product
- Robust Operating Agreement between **tie ltd**/CEC

The IPG are asked to determine if this approach is suitable or should arrangements be made for an inquiry?

7 Timetable for Report Drafting (Presented by Carol Campbell)

A timetable is currently being established, working back from the key Council meeting date in December to ensure the key tasks and decisions are made in time to make a firm recommendation to Council. A draft timetable is included in Appendix 3. The list of key issues in Appendix 4 of this report has already some timescales established for key pieces of work.

The IPG are asked to comment and approve the draft timetable.

8 Alternative Project Management Delivery Method (Presented by Bob McCafferty)

A considerable amount of work will be required to determine if there are appropriate alternative delivery methods. **tie ltd** have been asked to provide justification and benefits to them continue to deliver the tram project and that it anticipated to be provided within one week.

Initial thoughts highlight issues such as **tie ltd** being a damaged brand, and that there may be benefits in recommending an alternative delivery method for the management of the project, that addresses the issues around the perception of **tie ltd's** failure to project manage the project.

An alternative delivery method could involve the Council procuring a professional consultancy to manage the project on it's behalf with the Council managing that company.

Consideration should be given to the vehicle for management of the project following termination of the existing consortium contract.

Options are:

Option A - Continue to engage tie ltd

The existing arrangement has been in place since May 2002, with **tie ltd's** costs being fully reimbursed by the Council on a monthly basis. Their current role is to solely deliver the Tram Project and is defined in the Operating Agreement between the Council and tie ltd which was revised in December 2009. Given the uncertainty over the Project's future their current staff compliment of 87 is under review to match a variety of future options.

The option to continue with tie ltd as the Project Management role has advantages in providing continuity whilst all other aspects of the project are either changing or in a state of flux. It is recommended that if their current role is to continue that the Operating Agreement be amended to reflect greater Project Control by appointed Council officers and more robust accountability to the Council required of **tie ltd**.

Option B - In-house Project Management team

It is considered that there is insufficient in-house capability to Project Manage a Project on this scale.

Option C - Appoint New External Project Management team

Given the failure of the Project at this point, in time it may be prudent to consider engaging a new Project Management team to take forward the work to a successful conclusion. Project Management could be sought from external consultants by competitive tendering. This would require procurement through the OJEU process and therefore appointment of new Project Managers would not be in place until the mid to late 2011. Alternatively there may be scope to utilise the exiting technical support contract set up by **tie ltd** themselves. This is with technical consultants Scott Wilson and Turner Townsend, and they could take over Project Management from **tie ltd** in an incremental basis to ensure knowledge transfer. Consideration would need to be given to the contractual and legal status of **tie ltd's** employees.

Given the workload involved and the limited time available the IPG is requested to provide direction on these alternatives.

The IPG are asked to provide direction on the preferred delivery method.

9 Open for Business (Presented by Alan Coyle)

At the Tram Project Board on 21 October a paper was tabled that requested that the tram fund £180K towards the Open for Business (OfB) marketing. The paper is attached as Appendix 5. Whilst it was considered that there are many merits in funding the OfB there were concerns that much of the funding would be allocated in areas outwith the tram route and that Transport Scotland would not agree that this meets with the Grant Conditions. A clear decision is required by the Council and it is recommend that should the Council wish to fund this, that it be done directly using internal budgets.

The IPG is asked to determine if tram funding should used for the Open for Business marketing.

10 Project "Pitchfork" Update (Presented by Alan Coyle)

tie ltd continue to follow through the twin track approach from the Pitchfork report on Project Carlisle and Project Notice.

Workstream A – Project Notice/Termination(Presented by Nick Smith/Carol Campbell)

There are now nine Remedial Breach Notices (BTN) issued to BSC, Remediation plans have now been received from BSC for the first three RTN's. Three under performance warning notices have been issued by tie ltd.

Workstream B – Project Carlisle

Negotiations have not yet broken down on Project Carlisle, though a satisfactory outcome is ever more doubtful. BSC have intimated to tie ltd that they may wish to make a commercial settlement to walk away although it would appear no serious thought has gone into this proposal at this point.

Workstream C – Tram Business Case Update

Following the Council meeting of 14 October, it is likely that a redacted version of the recent refresh of the Tram Business Case, will be appended to the December Council report. It is also envisaged that a confidential presentation will be given to Council members on the more sensitive aspects of the Business Case.

List of Appendices:

- 1 Project Providence PID
- 2 Draft Council Report – 16 December 2010
- 3 Timetable for Key Decisions
- 4 Key issues that need to be determined
- 5 TPB Paper – Funding for Open for Business

Project Title and
Code

Project Providence

Background

Project Providence has resulted from the requirement to report to the 16th December Council on the future of the Edinburgh Tram Project as a result of the contractual engagement with the consortium charged with delivery of the project.

Project Objectives

The purpose of the project is to arrive at the December Council meeting with a firm recommendation on the future of the Edinburgh Tram Project following evaluation and appraisal of all suitable options.

Project scope

The project started on the 18th October 2010 and will run to the 16th December 2010. The scope of the project is to evaluate all the Financial, Commercial, Legal and Technical implications of a key number of options that are available for the future of the tram project. The key areas for investigation are;

- i) Carry on with the existing Infraco Contract
- ii) Terminate the Infraco contract demonstrating contractor default
- iii) Terminate the Infraco contract with the implications of tie default
- iv) Terminate the Infraco in either of scenarios ii and iii and reprocure
- v) Terminate the Infraco contract and cancel the project

A thorough options appraisal will be conducted for each of the available options and all the consequences arising from each option.

Project Outputs

The key output of the project will be the report to the Council on the 16th December 2010. However in order to arrive at the recommendation in the report there will be substantial documentary evidence looking into the Financial, Commercial, Legal and Technical implications including cost analysis and cashflow forecasts, legal opinion and Engineering and Technical evidence.

Customer Quality Expectations

The expectations of the customer will be that project team members are flexible in their approach to achieve the desired outcome. The project team will ensure that all the necessary steps are undertaken to ensure accuracy and reliability of information. It is expected that the project team will keep all materials secure and that sensitive information will remain confidential. It is expected that all the required analysis will be undertaken to finish the project within the timescales allowed.

Acceptance Criteria

In order for the final product and output from the project to be acceptable there must be accurate, reliable analysis undertaken within the time target dates. The project members must be suitably qualified and competent to undertake the various workstreams that are required under the project.

Assumptions

It is assumed that all information required to undertake this project will be available within the constraints of the project timetable. It is assumed that the members of the project team ensure they prioritise and manage time effectively to insure the objectives are achieved and that there is decisive decision making by the project board.

Project Organisation Structure

Role	Names	Role description
Project Executive	Tom Aitchison, Donald McGougan, Dave Anderson, Marshall Poulton and Alastair MacLean	To act on the recommendations of the project team, take appropriate decisions and provide guidance where necessary.
Project Manager	Bob McCafferty	To manage the day-to-day activities of the project team to ensure all the required information is collated and assimilated in time to allow the drafting of the Council report.
Project Team	Carol Campbell, Andy Conway, Alan Coyle and Bob McCafferty	To undertake all the tasks and activities in order to provide robust evidence to underpin the final recommendation to Council.
Other roles e.g. HR, e-government		
Estimate of PSP input required (number of staff hours)		None

Communication Plan

A Communications plan will be developed in conjunction with the project team's work. This work will be undertaken by Lynn McMath.



Edinburgh Tram

Note: Confidential internal draft only: not for publication

LEGALLY PRIVILEGED AND CONFIDENTIAL

INTERNAL REPORT

1 Purpose of report

1.1 The purpose of this report is:-

1.1.1 to address concerns raised at the Council meeting in October about Lothian Buses;

1.1.2 to respond to the members' request at the October meeting to provide further detail in relation to the tram business case;

1.1.3 to seek Council's decision on the recommendation from tie Limited ("tie") in relation to the Infraco contract; and

1.1.4 to seek Council's decisions on a number of strategic options in relation to the tram project.

2 Key Events

2.1 By way of background, it will be helpful to consider the chronology of key events in the tram project to date.

2.2 [Alan Coyle to add this section-most of the detail should appear in the appendix of key Council decisions.]

3 Lothian Buses

[Alan Coyle to add this section, including an emphatic statement from the Council in defence of Lothian Buses and that the Council have always resisted the sale of Lothian Buses].

4 Business Case

- 4.1 [Alan Coyle to comment on the requirement from the October Council to provide further detail and append a redacted version of the Business Case.]

5 Infraco Contract

Termination

- 5.1 tie recommendation to terminate contract, reasons and their legal opinion on prospects of success. [Summary only-detail annexed as appendix to the report] **[tie input needed] [Carol Campbell/Nick Smith to write this section]**
- 5.2 CEC independent legal view on validity of grounds for termination [Summary only-detail annexed as appendix to the report] **[Carol Campbell/Nick Smith to write this section]**
- 5.3 Explanation of likely timescale and costs involved in litigation and consequences of failure to establish good grounds of termination (wrongful termination). **[tie/DLA input needed] [Carol Campbell/Nick Smith to write this section]**

Alternatives to termination

- 5.4 Carlisle-status of discussions and failure to reach agreement for 'mature divorce' means this is no longer viewed as a viable option. **[tie input needed] [Carol Campbell/Nick Smith to write this section]**
- 5.5 Continue with the contract -detail of pros and cons and explanation why this is not the recommended option [alternatively depending on the CEC legal opinion, it may not be possible to recommend termination and continuation with the contract may be the recommended option] **[Carol Campbell/Nick Smith to write this section]**

Recommendation

- 5.6 Council officers' recommendation regarding the Infraco contract in light of the above. **[Carol Campbell/Nick Smith to write this section]**

6 Edinburgh Tram Project

- 6.1 In the event that the Infraco contract is terminated, further strategic decisions require to be taken. The key decision is whether to cancel or continue the project.
- 6.2 The primary consideration in deciding whether to continue with the project is affordability. [**Alan Coyle** to expand on this section - what are the funding and cashflow considerations, particularly in light of uncertainty of outcome of litigation with Infraco and what is the conclusion on viability/affordability of the project]

Cancellation

- 6.3 It is important to note that there are a number of downsides to project cancellation-[add explanation of pros [Alan Coyle] and cons such as :-
- 6.3.1 requirement for reinstatement under the Tram Acts[**Andy Conway/Bob McCafferty**],
- 6.3.2 requirement to repay the Transport Scotland grant monies for tram and Gogar [**Carol Campbell/Alan Coyle**],
- 6.3.3 loss of sunk costs [**Alan Coyle**] [financial information to be detailed in appendix to report]]

Continuation

- 6.4 If the project is to continue, the following issues need to be resolved as a matter of urgency:-
- 6.4.1 Completion of assured integrated design-costs/timescales/options and pros and cons of each (continue with SDS or start again) [tie input needed] [**Bob McCafferty** to write this section]
- 6.4.2 Vehicles - Can CAF contract to supply the trams be novated-need to establish the legalities and penalties of doing this. [tie/DLA input needed] What about the tram maintenance element of the contract in the event of curtailment/incremental delivery. . [tie/DLA input needed] We should take ownership of vehicles if possible (even in the event of cancellation of the project) as the trams are a tradeable asset. [**Alan Coyle** to expand on this]
- 6.4.3 Reprourement options for civils and systems works to St Andrew Square – costs/timescales/scope (St Andrew Square/York Place?). [tie input needed] [**Bob McCafferty** to add this section]
- 6.4.4 Temporary reinstatement/making safe of works/traffic management during the reprourement phase. [**Bob McCafferty** to add this section]
- 6.4.5 Delivery method-tie is a damaged brand and should not continue as the delivery and project management vehicle. We could consider Edinburgh

Trams Limited (an existing TEL subsidiary) as the new delivery vehicle but there is a danger this could be regarded as 'tie 2' and would not address the perceived failures in project management. We should give careful thought to the alternatives, such as CEC in-house management of private sector consultants (Ove Arup or similar) who would co-ordinate/project manage delivery of the project. [Bob McCafferty to input here] This would show a step change in CEC hands-on involvement and control of the project. [Are there any other alternatives, e.g. Transport Scotland] [N.B. Chief Executive decision/approval needed for this section]

- 6.5 Management of ongoing litigation with Infraco-key tie personnel are likely to depart and this could have an adverse effect on the management of the litigation. As financial guarantor, CEC are liable for the costs of litigation and any award of damages in favour of the Infraco. CEC should take control of conduct of the litigation and any settlement discussions, and should appoint new lawyers to act for tie in the litigation. Please refer also to the next section of the report, which deals with the future of tie. [Carol Campbell/Nick Smith]

7 The future of tie

- 7.1 Definition of scope, budget and programme and resource requirements for the next 6 months – this needs to be developed in the coming fortnight, in addition CEC taking charge of proceedings. **[Alan Coyle/BobMcCafferty]**
- 7.2 Given the reputational damage to the tie brand, it is recommended that tie does not continue as the delivery company.
- 7.3 Tie should continue as a shell company as counterparty to the Infraco contract pending close-out of the contract and settlement or determination of the litigation, but for the reasons mentioned above, it is recommended that CEC should take control of the board of tie. **[N.B. Chief Executive decision/approval needed for this section]**

8 Financial Implications

- 8.1 **[Alan Coyle to add this section]**

9 Environmental Impact

- 9.1 **[Alan Coyle to add this section]**

10 Conclusions

- 10.1 **[Carol Campbell, Nick Smith, Alan Coyle to add this section]**

11 Recommendations

- 11.1 **[Carol Campbell, Nick Smith, Alan Coyle to add this section]**

Director's Name
Director of (Dept title but not using "Department")

Appendices

Contact/tel/Email

Wards affected

Single Outcome Agreement

Background Papers

Timeline for CEC approval of TEL/tie action on Infraco contract

Note: Timing references are to business days.

Timing	Action
D-50 (8 October)	Appointment of Shepherd + Wedderburn as external legal advisors by CEC.
D-50 to D-45 (8-15 October)	CEC to provide S+W with background information and preliminary instructions.
D-45 (15 October)	Deadline for tie /DLA to provide a collated pack of the information currently available in relation to proposed grounds for termination of the Infraco contract, including instructions to Richard Keen Q.C with all supporting documents; all RTNs and UWNs and Infraco responses (if any) on RTNs 1-5.
D-45 to D-25 (15 October to 11 November)	tie to keep CEC advised of any developments and provide all additional information which is relevant to the legal assessment of the grounds for termination, including any Infraco responses on RTN 6, 7 and 8, and any new RTNs.
D-25 (11 November)	Infraco deadline to respond to RTN 9
D-25 to D-19 (11 to 19 November)	tie to keep CEC advised of any relevant developments and provide all additional information which is relevant to the legal assessment of the grounds for termination, including any Infraco response on RTN 9.

Timing	Action
<p>D-19 (19 November)</p>	<p>Deadline for tie to provide CEC with all remaining information, including the opinion of Richard Keen Q.C, to allow S+W to finalise their legal assessment and instruct Senior Counsel on behalf of CEC.</p>
	<p>Deadline for CEC to receive copy TPB Report including full reasoning behind the recommendation to the board, and all supporting documentation</p>
<p>D-9 (3 December)</p>	<p>Deadline for CEC to receive Senior Counsel’s opinion on prospects of success.</p>
<p>D-8 to D-1 (6 December to 15 December)</p>	<p>Draft Report to Council is finalised.</p>
<p>D-1 (15 December)</p>	<ol style="list-style-type: none"> 1. Meeting of TPB 2. Meeting of TEL Board 3. CEC to receive TEL’s formal recommendation and request for approval under clause 2.22 of the TEL operating agreement (as per the TPB Report) 4. Report to Full Council is published.
<p>D day (16 December)</p>	<p>Full Council Meeting</p>

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
1	Do we want to terminate Infraco	Assess Strength of Legal Case and Cost Implications		13/12/10		Dependant on Counsel opinion	CC/AC	
1a	What is the status of the contractor's obligations under CDM?			05/11/10				
2	If we terminate Infraco – do you want to cancel the project	Establish all implications		05/11/10				SC
3a	If we terminate the Infraco Contract – should the project carry on straight away but re-procure	Status of sub-contractor contracts. Consider risks						
3b	What do we carry on with and what do we re-procure (Construction)	Costs/Business case						
3c	How do we rectify any existing defects and what should be re-instated for the interim period	Consider status of sub-contractors contracts. Site inspection CEC/Tie		05/11/10			BM/ACo	SC?
3d	If we continue the project do we complete the design first	Full Business Case Assumptions need to be examined in terms of breakeven costs between Capex and Revenue Impacts of financing costs.????		29/10/10			ACo	
		Costs, programme and scope to be established		29/10/10			ACo	SMG

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
3e	If we re-procure what type of contract and delivery method do we use	Subject to workshop		12/11/10			BM	SC
3f	What degree of site supervision/governance should be deployed	Subject to workshop		12/11/10			BM	SC
3g	Are consents still valid	Assess consents		12/11/10			ACo	SC
4	If we terminate the Infracore Contract – should there be a 6 month break to decide on the future of the project	To be ratified by IPG – dependant on 2 above		5/11/10				
5	Do we novate CAF back to tie – in effect still purchase trams.	Pro's/Con's Market Value of Asset Leasing Value of Asset Proof of interest. How many sets do we need to operate to SAS?		27/10/10				
6	What do we do about Siemens materials off site	Assess status of materials on site		5/11/10				
7a	What do we do about the design	Status of extent of design being assessed		12/11/10				

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
		by TSS. Cost to completion required. Ability to retain existing completed design to be confirmed. See 3d above						
7b	How do we complete the design	Dependant on answers to 7a above		12/11/10				
7c	Who	Dependant on answers to 7a above		12/11/10				
7d	How long	Dependant on 3d and 7a above		19/11/10				
7e	How much			19/11/10				
8	When can a reliable cost and programme estimate for Airport to St Andrew Square be provided	Dependant on decisions on design and construction procurement. Interim costs required to inform Council decision in December 2010.						
9a	Do CEC still wish tie to manage the project	Subject to discussion at IPG		19/11/10			TA	RJ
9b	In not, who							

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
10	If the Infraco contract is terminated, what is the state of the physical works. Who will manage security of the sites	Does this differ from 3c?		5/11/10				
11	What are the funding implications	Cashflow and Funding requirements to be established		29/10/10			ACo	SMG
		Cost estimates required for the following scenarios :- (1) Continue with contract (2) Carlisle (3) Terminate and continue 'with cause' (4) Terminate and continue 'without cause' (5) Terminate and cancel 'with cause' (6) Terminate and cancel 'without cause' All continue scenarios to consider to SAS, continue to FOLW, continue to OT,		12/11/10			ACo	SMG

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
		continue to NH?						
12	What should be the scope/objectives and budget for the next 6 months	If we assume tie remain for the next 6 or so months the scope of works and objectives must be established		19/11/10			ACo	
		Along with the scope a budget must be established for that scope and tightly controlled and monitored.					ACo	
		If expenditure is not design critical it should not be approved (eg ticket machine procurement)					TPB Members	RJ
		We need to establish the Council resource that is required and what the scope of the interface with tie is.					AC	

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
13	Governance	More rigorous governance must be established.		19/11/10				
		Timescales must be established for next two months work						
		CEC should have an empowered clear leader established to make decisions on the project.						
		FCL committee should be properly formalised						
		High level Lessons Learned exercise must be established looking at design and contract issues.						
		Stage management of approvals in the lead up to December						

Item	Question	Information Required to inform decision	Answer	Estimated Date	Date of Decision	Comments	CEC Officer	Tie Officer
		meeting must be established.						
		Speak to Transport Scotland on waiver of 30 day notification period.		29/10/10			ACo	
14	Who should provide future legal advice on the project			27/10/10			CC	SC

Key:

Susan Clark (SC)	Carol Campbell (CC)
Tom Aitchison (TA)	Alan Coyle (ACo)
Richard Jeffrey (RJ)	Andy Conway (AC)
Stewart McGarrity (SMG)	Bob McCafferty (BM)

Paper to: TEL Board
Subject: Open For Business Funding Contribution
Preparer: Mandy Haeburn-Little

Meeting date: 21st October 2010

Introduction

Board members will recall at the last meeting that the Director of Communications made a commitment to formalise the request for financial support to continue the Open for Business project after the end of March 2011. The original funding agreed by the Board 2 years ago will have been spent by then.

When the original OFB funding was agreed, it was intended to run during the period of the construction works. For reasons of the delay to the works, the planned spend and campaign delivery has fallen out of synchronised time with the construction programme. The Open for Business group comprises representatives from the following organisations:

- Chamber of commerce (chair)
- Federation of small businesses
- Princes Mall and Retail Policy group
- West End retailers
- Leith traders (LBA)
- Essential Edinburgh
- DEMA
- Edinburgh Trams

There is no doubt that the support shown by the Board not only for the Open for Business project, but also for community and stakeholder engagement undertaken in the last year, (including Sparkles, the animation of Princes Street, a number of initiatives in Leith and support for the West End) has been a deciding factor in integrating the organisation within the City in a way which had not been achieved before. Such support has also led to a much closer understanding between the business community and Edinburgh Trams. One of the points that has become very apparent from this closer understanding is that had the trams been positioned as supporting economic development within the City at the outset then this would have been a clearer message for people to understand.

At the Board meeting in June of this year, the Director of Development for Edinburgh City Council, Dave Anderson, requested that Mandy Haeburn-Little should undertake a review of all the community support initiatives now being undertaken across the City. This led to the formation of the City Collaboration Steering group. Since then, three meetings of the City Collaboration Group have taken place, and the Board has been updated verbally by MHL on the considerable progress made by the group at the last two Board meetings

Members of the City Collaboration Steering group

- Chair of Essential Edinburgh
- Head of Economic Development, City Council
- Chief Executive DEMA
- Chief Executive Edinburgh Chamber of Commerce
- Head of Enterprise and Innovation, City Council
- Business Manager, City Council
- Director of Communications and Customer Services, Edinburgh Trams (chair)

There are also direct links to the concept for a citywide website managed by DEMA and the Dressing Group chaired by the Director of Planning, John Bury.

The group agreed to keep their objectives very simple as their role is to oversee and agree the process for the journey, whereas the individual workstreams will be delivered by individual appropriate organisations.

The objectives are agreed as :-

- To improve market share for the City
- To improve business performance across City
- To improve stakeholder communication

This collaboration group is the first model of its kind and as such should not be underestimated in supporting change and development at every level in the City. The group has not sought public awareness, believing that the priority has been to integrate working and initiatives for the betterment of the City. The current economic climate also adds to the value of this joined up one family approach to marketing the City.

Previous Board meeting

At the last Board meeting , the City Council's Head of Economic Development, Greg Ward, attended to give an overview of some of the in depth research now being undertaken across the City. This research will form the cornerstone of future marketing planning for Edinburgh as a whole and will provide an unique insight into the business needs of the City over the next ten years. This research has indicated that one of the strongest unique "appeal" aspects of businesses in Edinburgh is the tailored or non "cloned" tone of the City. This reinforces the fact that it is the small and niche hotels, restaurants and businesses, and indeed products, that give Edinburgh such an individual flavour.

Understanding these business needs is core to providing the right level of support to the City. We know (through the intelligence provided by the core members of City Collaboration) what approach to business support is most beneficial to the businesses. It is clear that the same issues relate to businesses no matter what size they are.

Those issues are:

1. Direct support and advice (face to face)
2. Public relations and marketing support
3. Mentoring
4. Input to centralised marketing campaigns for the city as a whole
5. Opportunities to continue to develop themed or localised community activity (for example west end/ Leith)
6. Practical support with the realm (cleaning etc)

Working together, the Collaboration Group has looked at how, by pooling their resources , they could provide a menu of services to support businesses over the next two year period in the most practical way. In effect, this will give Edinburgh an unprecedented advantage in both addressing the needs of the city overall and in marketing the City through one cohesive set of campaigns managed through DEMA.

On this point, already DEMA have been successful in attracting funding support from the top fifteen retailers in the city who welcome the move towards an agreed cohesive marketing plan for the next two years, - a winter (sparkles), spring and summer campaign every year).

- Google on-line support across the City
- Business Hub to be carried by libraries
- Business Support Grants from East of Scotland Development Fund
- Training via Business Gateway
- Graffiti cleanup
- Marketing and Website advice
- City Ambassadors to business
- Economic spend data
- Business mentoring
- Retail input to campaigns

Menu of services

Following extensive business consultation a new strategy of providing direct support to the businesses was adopted by the OFB group five months ago. The collaboration group believes that the most cost effective and effective means of delivering this support is to introduce three city ambassadors (one managing the other two) who will be briefed and ready to advise businesses on the support that they may receive. In order to provide support for the length of the route these three ambassadors will each have a geographical responsibility for part of the route and hence City.

- Central
- East
- West

Each of these ambassadors would also have a small budget to enable them to carry out their role. The three ambassadors will be managed by CEO of Edinburgh Chamber of Commerce and the Director of Communications and Customer services at Edinburgh Trams. The ambassadors will be employed by the Edinburgh chamber of commerce which already has very effective models in place for employing and managing other associated city roles.

The proposal

The proposal therefore agreed by the Collaboration Group is to request an additional period of funding which will facilitate the three appointments for a period of 18months (April 2011 – September 2012). This timeframe will ensure that part of the rephrased tram route will be operational. The timeframe will also allow for a proper evaluation of the work provided by the ambassadors.

The financial support sought is at the same level as that previously and is £180,000.

Achieving this level of support will lead to the delivery of this first Citywide model of partnership working, forging a positive message for the City whilst promoting investment footfall and tourism during a time of enhanced public austerity.

Decision(s) / support required

The TEL Board is requested to:

1. Approve the proposed funding contribution of £180,000 for the Open For Business initiative.

Proposed

Name: Mandy Haeburn-Little

Date: 21 October 2010

Title: Communications Director

Recommended

Name: Richard Jeffrey

Date: 21 October 2010

Title: Chief Executive

Approved

.....Date:
David Mackay on behalf of the TEL Board