

---

**From:** Graeme Bissett <[REDACTED]>  
**Sent:** 18 August 2006 14:56  
**To:** Reeve W (Bill); Sharp DP (Damian); 'Andrew Holmes'; 'Donald McGougan'  
**Cc:** David\_mackay@[REDACTED] 'Willie Gallagher'  
**Subject:** CONFIDENTIAL : Tram Project - Governance, Funding and related matters  
**Attachments:** Tram Governance - Agreed structure August 2006 Track Changes.doc; Tram Governance - Agreed structure August 2006.doc

\*\*\*\*\*  
This email has been received from an external party and  
has been swept for the presence of computer viruses.  
\*\*\*\*\*

### Colleagues

Here is my summary of the key points and actions agreed at yesterday's constructive meeting. Let me have comments / omissions when convenient.

I've updated the most recent governance paper to reflect the principles agreed yesterday. There is a revised clean version and the version showing changes from the previous iteration. Once agreed by the people who met yesterday, this would logically go to the September TEL Board and Tram Project Board. Your comments will be welcome and in particular please note :

1. Appendices 3A and 3B are new and will be the home for the powers which CEC and TS wish to respectively reserve. These need to be completed and circulated back to the participants in yesterday's meeting.
2. I don't believe we noted the identity of the CEC representative on the TPB's two sub-committees, which would be useful to reflect along with other members and participants in the structure.
3. I have removed the appendix which set out the grant award letter milestone approvals. The need for the TPB to report against these is retained, but since the approvals are within Bill's empowerment there is no need to set them out in the paper.

When I have the additional appendices and comments from all parties, I will recirculate the paper. To keep matters moving, can we aim to do this by Friday 1 September.

## MEETING – Tram Project, Edinburgh 17 August 2006

Attendees – senior officials from Transport Scotland, City of Edinburgh Council, tie Limited, Transport Edinburgh Limited

Note of actions agreed

## Background

- Agreed that considerable progress was now being made toward key milestones.
- Confirmed the need for controlled urgency in period to early 2007 if momentum is to be maintained. Previous timetable to 1 February 2007 confirmed. Critical dates include release of Infraco ITN (4 Oct), submission of first draft Final Business Case (9 Nov), approval of draft Final Business Case by full Council (21 Dec), approval of paper on capital cost estimates and Infraco tender returns (1 Feb)

## Governance

- Agreed to move to independent Project Board model. The attached paper reflects proposed final position.
- Bill Reeve will represent TS, Andrew Holmes will represent CEC. Each will have a designated senior alternate, who will carry the equivalent authority.
- Bill Reeve will be empowered to deal with all approvals required by the relevant grant award letter. TS Board and Ministerial approval requirements to be summarised for approval with governance model (BR / DS)
- Andrew Holmes will be empowered to deal with all CEC approvals, except those requiring 1) statutory process including “prior approval processes” specified in the Acts, principally planning related ; 2) matters of substantive public interest which require political involvement (“bikes on trams”). A simple definition statement of these matters is needed and specific matters requiring Council Executive and full Council approval will be summarised for approval with governance model (AH / DMcG)
- Issue management and papers on which decisions are to be based will require careful choreography to support the decision-making process. tie has developed a means of achieving this for discussion and approval by the parties

## Funding

- CEC reiterated that the £45m commitment will be binding. A statement was provided which demonstrates the tangibility of this contribution, consistent with previous analysis. Very little of the planned developer contributions relate to 1b, CEC will assess further options to bolster 1b contributions.
- Terms of drawdown of both CEC contribution and TS grant require agreement and documentation. This will be in the form of a draft agreed statement to support the release of Infraco ITN at end-September. Issues include timing of mutual drawdown and possible deferral of CEC contribution to match income generation (though still within construction period) ; responsibility for overrun risk, definition of causes, sharing of savings (DS and DMcG).
- The draft Final Business Case will be supported by Heads of Terms which provide a detailed basis for the political approval processes and which will form the basis of contractual terms ultimately committed at financial close.

## Phasing and cost control

- CEC, tie and TEL confirmed strong desire to see both 1a and 1b constructed, with tight control over any flourishes applied to 1a design and streetscape aspects which might reduce the chances of 1b affordability.
- TS acknowledged the need to recognise inclusion of directly attributable traffic management measures, subject to approval of need and understanding of cost implications.
- A possible scenario is that 1a passes all business case tests, but that 1a plus 1b leaves inadequate affordability headroom. A possible outcome would be approval to commence 1a and enter into

conditional commitment to 1b (go / no-go decision at CEC / TS discretion), with decision point during 1a construction dependent upon view of cost certainty at the time. This and other affordability scenarios will feature in business case documentation in December 2006 / January 2007.

#### Tram financial performance

- TS emphasised and other parties acknowledged that financial viability of entire integrated system (tram and bus) is a critical performance measure
- Acceptable modal shift must also be demonstrated
- TS underlined two critical drivers of financial performance : 1) Runtime, tram priority and reliability ; and 2) fare-setting. CEC / tie / TEL confirmed these were receiving high priority in operational design process.
- Concessionary fare scheme (local equivalent) application to tram acknowledged as essential ; business case will highlight assumptions and effect. TS will examine wider implications and how such a proposal can be implemented for Edinburgh.

Regards

Graeme

-----  
Graeme Bissett

m : 

PLEASE NOTE: THE ABOVE MESSAGE WAS RECEIVED FROM THE INTERNET.

On entering the GSI, this email was scanned for viruses by the Government Secure Intranet (GSI) virus scanning service supplied exclusively by Cable & Wireless in partnership with MessageLabs.

In case of problems, please call your organisational IT Helpdesk.

The MessageLabs Anti Virus Service is the first managed service to achieve the CSIA Claims Tested Mark (CCTM Certificate Number 2006/04/0007), the UK Government quality mark initiative for information security products and services. For more information about this please visit [www.cctmark.gov.uk](http://www.cctmark.gov.uk)