

Joint tie Board / Edinburgh Tram Network Minutes

Tram Project Board

19th November 2008

tie offices – Citypoint II, Brunel Suite

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| Members: | | | |
| David Mackay (Chair) | DJM | Neil Renilson | NR |
| Bill Campbell | WWC | Donald McGougan | DMcG |
| Cllr Gordon MacKenzie | GMcK | Neil Scales | NS |
| Kenneth Hogg | KH | Cllr Allan Jackson | AJ |
| Peter Strachan | PS | Brian Cox | BC |
| In Attendance: | | | |
| Steven Bell | SB | Stewart McGarrity | SMcG |
| Graeme Bissett | GB | Alastair Richards | AR |
| David Crawley (part) | DC | Jim McEwan (part) | JMcE |
| Colin McLauchlan | CMcL | Elliot Scott (minutes) | ES |
| Duncan Fraser | DF | | |

Apologies: Dave Anderson, Cllr Phil Wheeler and Marshall Poulton

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| 1.0 | Opening remarks | |
| 1.1 | After welcoming everyone to the meeting, on behalf of both the tie Board and the TPB DJM wished Willie Gallagher well for the future. He noted that the project would not be where it is today without Willie's dynamism, energy, persuasion and political skills. | |
| 2.0 | REVIEW OF PREVIOUS MINUTES | |
| 2.1 | 1.2. There is a plan underway to deal with all outstanding issues this week. | SB / DF |
| 2.2 | 6.3. The detailed paper on the Carillion settlement can be provided to members if requested. | |
| 2.3 | 6.4. DMcG updated that the Tram Monitoring Officer can authorise a commercial settlement subject to ??? | |
| 2.4 | 9.5. DF updated that CEC were awaiting more information from SDS on the technical viability and traffic impacts of shifting the West End tramstop and that this should be concluded prior to the Dec TPB. Both DJM and DMcG noted that, in their opinion, the issue was closed. DF agreed to reinforce the firm TPB view to DA that shifting the tramstop would cause an unacceptable delay to the project and preclude the potential addition of a tramstop on Princes Street. | DF |
| 3.0 | Presentation and review of PD's report | |
| 3.1 | <u>Overview</u> SB gave an overview of the current progress and issues. He noted that following WG's resignation, it was "business as usual". This has also been communicated to staff, key suppliers and stakeholders. | |

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| 3.2 | <u>Safety</u> SB outlined the current safety statistics. There was one RIDDOR accident in the period involving a Carillion staff member who broke his ankle. The final report is expected imminently. He noted the 100% safety tour and inspection target and progress toward achieving it, as well as the HSE visit to Gogar and a meeting with HMRI. | |
| 3.3 | PS added that the presence of Bob Cummins has “raised the game” for health and safety on the project. | |
| 3.4 | DC stressed the importance of the visibility and leadership of senior managers in safety tours. He also stated that, now construction work has started, the foundations for future safety performance are being laid. | |
| 3.5 | <u>MUDFA</u> SB gave an update on the progress on the MUDFA works as well as the commercial negotiations held with Carillion. He noted that Carillion performance has improved but was still not at a level that was acceptable to the project and that the negotiations would be concluded by the December TPB and would be within the current risk allowance for MUDFA. | |
| 3.6 | He noted that the current programme provides for a finish to works in April 2009. This is predicated on the key issues outlined below: 1. Successful resolution of the gas diversion at The Mound and its integration with Infraco; and 2. Integration of the last of the water diversions at the Lothian Road junction. | |
| 3.7 | In response to DJMs offer of support, SB noted that once the agreement with Carillion was finalised (including incentivised targets), he would discuss it with him. | |
| 3.8 | SB also noted that the planned timing of the final negotiations (final review 21 st Nov, last drafting by 26 th Nov) would fit the timing for the December CEC meeting. | |
| 3.9 | <u>Tramco</u> SB and AR gave an update on Tramco progress including live updates on the progress of the mock-up delivery which arrived in Edinburgh during the course of the meeting. Detailed design is progressing well. | |
| 3.10 | DF noted that planning was well underway for placement of the mock-up in Princes St gardens after the festivities are concluded. Both KH and DJM stressed the importance of utilising the mock-up for public display as soon as possible, potentially in castle esplanade. AR to investigate options. | AR |
| 3.11 | <u>Infraco</u> SB summarised progress to date, noting that there was some physical progress but not where it should be against either the four-month or the contract programme. | |
| 3.12 | Although still to be formalised, an agreement in principal has been reached with the head of Bilfinger Berger (UK) regarding a practical solution to deal with change. | |
| 3.13 | SB noted that he did not expect to conclude the re-calibration of the programme until January with this to be ratified at the February TPB. He committed to updating the Boards fortnightly and giving a range of the likely estimate at the January TPB. | |

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| 3.14 | DJM noted that it would be useful to all parties if members of SB's team presented to the Board, to give a firsthand account of the issues. | |
| 3.15 | In response to a question from DJM, SB was content that tie has the correct approach in dealing with BSC: 1. The team has the right resource and capability; and 2. They are dealing with the issues that are tie 's responsibility. He also welcomed the seamless transition that DJM's appointment as tie Chairman would make in dealings with the parent companies. | |
| 3.16 | PS echoed the importance of a seamless transition and offered the support of the tie non-executive directors, if necessary, in discussions with the parent companies. He added that, although technically the construction is straight forward, the challenge is taking away the barriers of the location. | |
| 3.17 | KH added that tie must have a strategic response to small issues that will be incremental in their effect. He stressed that, as the scheme is being constructed with public money, tie must receive £1 of value for every £1 spent. Although it is acceptable in private companies, under public finance rules tie cannot pay to "grease the wheels". He added that there cannot be any doubt in the contractors mind on the scope of the project's ability to pay. | |
| 3.18 | <u>Princes Street</u> SB updated the Board that the TPRG had approved a change to the blockade strategy to allow one lane of buses westbound non-stop along Princes Street. He added that although the works will still take the same amount of time, the extra costs will come from additional enabling works and a change in work methodology. He had shared a range in the associated costs with the TPRG and expected the negotiations to be closed out by 5 th December. As chair of the TPRG, MP was communicating this within CEC. | |
| 3.19 | Both DJM and DMcG stressed the importance of tie , TEL and CEC standing together if issues arise with the strategy and conversely promoting positive activities such as the mock-up. | |
| 3.20 | Discussion then centred on the decision to change the original blockade strategy and the implications of this. The main points are outlined below: <ul style="list-style-type: none"> • Although he noted that the project has to keep the city moving, SB maintained his preference for the blockade as it minimises change to the project. To hit the deadline for notifications and consultations with business groups, the decision must be made by the end of November. • KH, PS, BC and NS all concurred that it is a crucial decision to move away from what was originally contracted for and that it was important that all the information is available to be reviewed by the Boards in what is a short period of time. They also stressed that, although it will be disruptive to maintain the blockade, it is important to deliver the project on time and on budget. • DJM added that the preferred position was to maintain the blockade, but that the pressure from councillors was so intense and unrelenting that alternatives had to be considered. • NR added that, as most buses traverse the city to the bus station in the east end there is a considerable traffic flow across the city. LB would | |

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| | <p>not have a problem with terminating services at an alternative location, but other bus companies may. He added that the original blockade had been predicated on the removal of the statues and central parking on George Street, which had already been decided against due to issues with Historic Scotland and traders on George Street.</p> <ul style="list-style-type: none"> • From a governance perspective, GB noted that although it reports to the TPB, the TPRG has no decision making ability. He added that the decision has to be made on the best traffic management solution and the cost and programme impact of that. This should go to the TPB for discussion before CEC makes the final traffic management decision. • GMcK was prepared to back the blockade, but echoed the non-executive directors' request for all of the information. He also questioned whether it was possible to compensate the traders as well as the motives of the people lobbying against the blockade. • AJ added that he believed that the project and the Council had not kept the public informed well enough and lacked a "Champion". • In response to DMcG's question if the statues and parking on George Street could be removed, DF stated that the planning process for the temporary removal of the statues is four months long. <p>It was resolved that SB would provide the full range of options and the financial (including risk) and time implications of each to the tie Board and the TPB asap. The Boards, TEL and CEC would then all stand as one and back the decision made.</p> | SB |
| 3.21 | <p><u>Gogar interchange</u> SMG updated that, although the TS preferred option is the one with the least impact on the tram project, it is not the best outcome for transportation. He stressed the need to ensure the project is immunised from any effect of the interchange. This cannot be done until detailed design is complete and it has been priced by BSC. SB added that there will be little impact on the project if the decision was made and instructed (from TS via CEC) now. However, if it was delayed until next year it would be harder to minimise the impact and TS are aware of this.</p> | |
| 3.22 | <p>Discussion then centred on the reputational impact on tie and the tram project if a sub-optimal option was chosen. The main points are outlined below:</p> <ul style="list-style-type: none"> • KH, BC, PS and NS all expressed concern at the potential impact on the "World class tram system" if there was a 100m walk at a key interchange. KH stressed that it was important that tie explicitly stated their opinion on the option chosen. • SB noted that the option that is the best transportation solution needs land that is outwith the LoD and a 12-month timeframe for a TWAS application would be optimistic. • GB expressed caution about suggesting an alternative option and argued that it was the tie Boards role to deliver the tram as instructed by CEC. • DJM stated that there is no doubt within TS and CEC what the tie / TPB view is, but agreed to write another letter to TS after their next meeting reinforcing that. | DJM |
| 3.23 | <p><u>Governance</u></p> | |

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| | GB gave an update on the governance structure and noted that the Finance, Commercial and Legal sub-committee was likely to be formally started in early 2009. It was likely that the Legal Affairs Committee would form the basis of this and a remit would be presented to the December Board. | GB |
| 3.24 | GB noted that following the departure of Willie Gallagher and NR, the structure will be reviewed to both maintain control of the project and allow effective decision making. DJM added that he had already engaged with Tom Aitchison to that effect. | |
| 3.25 | The TPRG remit was approved by the TPB. | |
| 3.26 | <u>Finance</u> SMcG confirmed the current financial position – outturn for 08/09 of £126M (revised down from £139M following TS request) and AFC of £512M. | |
| 3.27 | He noted that resources across CEC, tie and TEL were being reviewed to ensure the right allocation to the project. DJM added that Deloitte were also looking at the project governance, structures and organisation. | |
| 3.28 | Discussion followed on the effect on the tram system on the delay to the final solution for Picardy Place. DF stated that the formal submission from SDS was expected imminently but the track alignment had not been changed, the gyratory shape was fixed and there would be no impact on the MUDFA works. He added that if there were any changes to the service requirements of the development then Henderson Global will need to deal with that directly. DF and DMcG agreed that any additional cost to tram would be funded by CEC. | |
| 3.29 | It was agreed that any decision on Phase 1b would be delayed until at least February 2009. | |
| 3.30 | SB offered to provide a condensed version of the change situation to members directly. | |
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| 4.0 | Network extensions | |
| 4.1 | SMG briefly covered progress on Phase 1b and the South East tramline. | |
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| 5.0 | Risk | |
| 5.1 | JMcE briefly presented the top 10 tie corporate risks, highlighting the effect of the response to traffic issues impacting tie 's reputation and weaknesses in MUDFA management procedures to the Boards. | SB |
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| 6.0 | HR and communications | |
| 6.1 | CMcL briefly updated on HR and communications activity over the period. He noted that some positive feedback had been received and that best practices had been identified in the recent FOISA assessment. | |
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| 7.0 | AOB | |
| 7.1 | DJM wished Neil Renilson well for a long and happy retirement. He described Neil as unique and energetic and recognised the transformation of Lothian Buses and his contribution to public transport in Scotland. | |
| 7.2 | Date of next meeting on 17 th December 2008. | |

Prepared by Elliot Scott 20th November 2008.