

TRANSPORT EDINBURGH LIMITED – BOARD PAPER– 20/3/06

BUDGET AND OPERATING PLAN 2006–07

(1/3/06 – 30/6/07)

1. Background

Transport Edinburgh Limited (“TEL”) was established in 2005 by CEC primarily to design and deliver the integrated public transport network, comprising CEC owned tram and bus, and to maximise participation in the integrated network by other transport modes and operators providing services to/from and in Edinburgh. TEL also provides general support to CEC in transport matters. The full Board of Directors were appointed in October 2005 and the company has been developing its role and operational plans since then. The primary roles of TEL are to lead the development of an integrated tram and bus system, and advise and decide on operational and commercial design features of the tram scheme. This plan is therefore designed to co-ordinate with the programme for delivery of the tramway.

2. Role and activities

It is anticipated that TEL will have four primary roles

1. Design and development of integrated tram and bus system
2. Liaison with tie to ensure technical design of the tram and tramway fully complies with TEL requirements.
3. Full participation in and approval the of business plan for the integrated tram and bus system
4. Development of other transport-related matters as requested by CEC

The specific activities which TEL will pursue are as follows :

- Liaison with tie to ensure technical specification of tramway fully complies with TEL’s requirements
- Design of tram & bus service network, including routes, timetables and frequencies
- Design of ticketing and fares policies
- Setting prices and fares
- Design and specification of fares and ticketing system
- Providing commercial and operational input to the technical design process for the trams and tramway, with essential attention to design of interchange facilities, and location and accessibility of tram and bus stops

- Providing input to the design and decision-making process for junction design and public transport priorities
- Negotiating with 3rd party operators (primarily ScotRail, FirstBus & Stagecoach) to achieve maximum possible integration of their services into the TEL network within the constraints of competition legislation
- Design and control of all commercial and operational aspects of the TEL network of integrated services
- Developing and implementing marketing strategy for the integrated network
- Design and specification of all public and passenger information systems, including real time information system
- Dealing with all customer interface issues for the TEL network
- Managing all public and media communications and relations for the integrated network
- Liaison between the integrated network and other interested parties, including community bodies, politicians, SE, CEC and BAA
- Developing proposals for new park and ride schemes
- Developing other public transport projects in liaison with CEC
- Safety management policy
- Ensuring legal compliance of all its activities

3. Resource Requirement

To do so, TEL will deploy the following resources, initially drawing on the expertise currently available, with resource input subsequently growing and developing to include dedicated full time staff as the project progresses:

- Board of Directors
- Employees
- Input of time and expertise from people employed by other CEC owned companies or CEC itself and seconded to work for TEL on either a full or part-time basis
- Third party advisors and consultants
- Certain limited third party purchases

TEL will occupy office accommodation which is used by tie's tram project team and Lothian Buses and will use administration and support staff facilities provided by both tie and Lothian Buses.

The Board of Directors comprises a Chairman, non-executives and Chief Executive:

David Mackay (Chairman), Independent non-executive appointed by CEC
 Willie Gallagher, Independent non-executive appointed by CEC
 Neil Renilson (Chief Executive), Lothian Buses plc Chief Executive
 Andrew Burns, CEC Councillor & Executive Member for Transport & the Public Realm
 Fred Mackintosh, CEC Councillor

Ronnie Hinds, CEC Head of Corporate Finance
Michael Howell, tie Limited Chief Executive
Bill Campbell, Lothian Buses plc Operations Director

Principal Employees (current employer shown in brackets)

Chief Executive:	Neil Renilson (LB)
Stakeholder Liaison Manager:	Barry Cross (tie)
Company Secretary:	Norman Strachan (LB)
Communications Manager:	Suzanne Waugh (tie)
Operations Director:	Bill Campbell (LB)
Tram Finance Manager:	Stewart McGarrity (tie)
Business Development Manager:	Nigel Serafini (LB)
Clerical and Admin Support:	Various (tie and LB)

Advisers and Consultants

Team Project Director:	Ian Kendall
Tram Services Consultant:	Alastair Richards
Corporate Adviser:	Graeme Bissett
Legal Advisers:	Brodies LLP
Tax Advisers:	PWC
Safety adviser:	tba

The directors, employees and advisers will also draw on Transdev's staff in their role as development partner and future operating contractor for the tram scheme.

4. Funding

The total costs are anticipated to be £780k in the financial year to 31 March 2007 and £200k in the period from 31 March 2007 to 30 June 2007, the anticipated date of financial close.

The costs described above are entirely focused upon, and incurred solely in order to create, an efficient fully integrated tram and bus system for Edinburgh and are consequently accommodated within the budget for the tram project. As the costs are predominately payroll and regular monthly fees, it is assumed that monthly reimbursement in equal instalments of £65k in arrears would suffice.

Financial projections

The costs detailed below are required by TEL to fund the resources necessary to enable TEL to fulfil the obligations and activities required to ensure tram design complies with TEL requirements, to deliver the integrated bus and tram network and to undertake the roles and activities detailed in section 2 above.

