

Tram Project Board
Remit –
FINAL DRAFT
Approved [24 October 2005]

Items highlighted in this draft to be completed before Remit is signed off.

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1. What is the Tram Project Board?

The Tram Project Board is a body consisting of the key stakeholders who have influence in facilitating the development and delivery of the Tram Project. These key stakeholders include tie, CEC, SE, TEL, Lothian Buses and Transdev. The Board will also include a representative from PUK. The TPB exists to “champion” the best interests of the Tram project.

The tie Board will delegate substantial decision making to the TPB – these responsibilities and those retained by the tie Board are described in section 5. In turn, the TPB will delegate authority to the Tram Project Director. He or she will then create delegated authorities to operate day to day within the tram team.

The Delegated Authority Rules from the tie Board to the TPB and from the TPB to the Tram Project Director are attached. The Project Director will also be required to report all significant below-threshold matters for review by the TPB, identifying cumulative effects as appropriate.

The TPB remit is approved by the tie Board.

A list of next step actions to be monitored by the TPB is included at the end of this Remit. It is anticipated that these will feature as agenda items at future TPB meetings.

2. Membership

Core	Deputy
Non-Executive Chairman – Gavin Gemmell	tbc
Michael Howell, CEO, tie	Graeme Bissett, FD, tie
Graeme Bissett, FD, tie	Michael Howell
Ian Kendall, Tram Project Director, tie	Barry Cross, Tram Deputy Project Director, tie
Andrew Holmes, CEC senior representative	Keith Rimmertbc
Damian Sharp, Head of PTMITMajor Projects, SE	John Ramsey, Deputy Head of Major Projects (Tram)tbc
Neil Renilson, TEL CEO Designate / LB CEO	Bill Campbell, LBTbc
Transdev Project DirectorAndy Wood, Transdev Project Director	tbc
James Papps, PUK	Martin Buck / Michael Gerrard, PUKtbc
TEL NXDs (^)	n/a

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Commentary

In due course, the Chairperson would be either the Chair of TEL or a NXD of TEL, probably to be crystallised when TEL takes on formal project responsibility from tie (see below). The prospective TEL Chairperson and NXDs would be invited to the TPB meetings as observers until TEL takes over.

Attendance as deputies by persons with lower authority levels than those stipulated above should be by exception only to ensure the TPB remains a senior level body.

Attendance by specialist members of respective operational teams – eg for tie the Project Finance and Communications leaders – may be

appropriate, but the TPB must avoid the tendency to over-populate its meetings.

(^) *Observer*

3. Vision

To be agreed by the TPB in an initial session to ensure all parties have a clear shared view of the Project objectives, the remit of the TPB and practical working issues.

It is particularly critical that limiting factors are acknowledged by all members of the TPB at the outset. These include the need to handle parliamentary processes effectively ; the need for rigorous coordination of activities with consequential impact on other aspects of the project or on other parties' interests ; and the need to ensure that particular parties' interests do not drive up cost.

4. Frequency

The TPB will meet monthly. The Chairperson may ~~change~~increase the frequency of the meeting if thought appropriate. ~~Specially-convened meetings may be required exceptionally.~~

5. Responsibilities and delegated authorities

5.1 tie Board

The intent is that the TPB will take over most of the authority vested in tie Limited through approved delegated authorities, whilst retaining ultimate overall control of the project and retaining the ability to restructure or disband the TPB. The delegated authorities are described in the attached document, while a companion schedule sets out the precise delegated limits.

These arrangements will change when the tie Board hands over formal responsibility to the TEL Board, who will inherit the responsibilities set out in the delegations. At that point, the tie Board's responsibilities will be focussed on delivery under contract to TEL (see below).

The tie Board, at its discretion, may delegate any aspect of its responsibilities to the tie CEO, who may take the actions he considers necessary through his delegate or through the tie Executive Board.

5.2 Tram Project Board

- 5.2.1 Members of the Project Board are required to “champion” the best interests of the Tram project within their respective organisations.
- 5.2.2 Members of the Project Board are expected to identify any potential hurdles to the project from their organisation’s perspective. They are then responsible for trying to resolve this within their own organisation on a proactive basis. It is recognised that the Project Board cannot legally bind the organisations represented unless this is explicitly accepted. However, it is expected that the Board members will have the authority to take decisions which will be effected by their respective organisations as appropriate. It is also expected that the members will take effective steps to manage any issues of dispute in a manner which does not impede progress or result in undue cost.
- 5.2.3 The Project Board can make recommendations to the tie Board with respect to the ongoing governance arrangements of the project to ensure its effectiveness through implementation of the project. This may result in changes to this remit.
- 5.2.4 The Project Board can make recommendations to the tie Board with respect to the ongoing Project Management arrangements to ensure progress to timetable is maintained.
- 5.2.5 The Project Board can make recommendations to the tie Board with respect to major changes to scope, cost & programme.
- 5.2.6 The Project Board can approve changes of scope, budget & programme within its Delegated Authority Rules.
- 5.2.7 The Project Board should ensure that effective mechanisms are in place to manage the project and in particular that :

5.2.7.1 Rigorous controls over expenditure are in place and being operated effectively, including monthly comparison of expenditure and outputs against budget

5.2.7.2 Effective change control processes are in place and are operating effectively, both within the delegated authority limits provided to the Project Director and between the Project Director and the Project Board

5.2.7.3 Effective risk management procedures are in place

5.2.8 The Project Board will approve a) the procurement strategy ; b) procurement steps and award of all contracts except the main work(s) contract(s) ; and c) publication of OJEU and invitation to tender for main works contract ; in accordance with the Delegated Authorities

5.2.9 The Project Board will ensure that a process is in place for Stakeholder communication and will monitor its progress. This will encompass public consultation and external communication in relation to the parliamentary process.

6. Interface with Other Groups

Tram Project Director - a designated individual within tie will be the Tram Project Director responsible for all aspects of the project, including, but not restricted to, procurement ; design ; development of business cases and funding sources (including funding from CEC and SE) ; parliamentary process and management of secondary legislation (TROs) ; public consultation and external communication ; land and property acquisition and construction. These responsibilities incorporate the management of the interests of and relationships with

Transdev, Lothian Buses, Network Rail, other stakeholders (such as BAA and Forth Ports) and all advisers.

It is the responsibility of the Tram Project Director to report regularly and comprehensively to the TPB on programme, scope / quality and cost.

CEC – the tie Board and not the TPB is the direct interface with CEC as its shareholder and as scheme Promoter.

The Tram Project Director will ensure that a dedicated member of the tram project team is responsible for the operational interface with CEC on matters including traffic management, planning, public consultation and external communication , legal and financial matters.

CEC will create a new post for a dedicated responsible person who will report to the Director of City Development and who will be the direct interface with the appropriate person in the tram project team, as set out in the previous paragraph. This CEC appointee will be responsible for ensuring that CEC's interests in matters including traffic management, planning, public consultation and external communication , legal and financial matters are properly coordinated and represented in operational dialogue with the tram team.

SE – as the principal funder to the project, the Scottish Executive will participate fully in the TPB. be expected to focus its interests and requirements through the TPB. It is acknowledged that there will be a requirement for parallel discussions with CEC, tie Board and other parties but it is requested that discussion on key issues is channelled through the TPB. The Executive will focus in particular on matters relating to the business case, scope and cost of the tram network.

It is recognised that the emergence of the Transport Agency will require to be factored in to the governance structure and processes in a manner which complements the involvement of the Executive.

The operational interface with the Executive will be focussed on a small operating group, led by tie with Executive officials and including other parties as necessary. This group will have no formal decision-making authority of its own but is designed to ensure views are

exchanged timeously and that the Executive is kept fully aware of progress at an operational level.

TEL – in the period prior to TEL’s formal acceptance of responsibility for the tram project from tie Limited, it will be the responsibility of the Tram Project Director, working with the TEL CEO Designate, to ensure that service integration activity is effectively handled under the legal auspices of TEL. This activity will include dialogue with other transport operators, but at this stage it is not anticipated that these parties would have representation with the TPB. This may change ion the future if effective integration agreements are designed.

7. Change control process

This is a critical area which requires careful definition. The change control process relating to the TPB and the definition of delegated authority by the TPB to the Tram Project Director are two sides of the same coin and the documentation needs to reflect this. The concept of creating a Project Definition Statement to support this process has merit and will drive a decision-making culture at an early stage.

The tram project team has an established change control process which needs to be related to the delegations it enjoys through the Tram Project Director from the TPB.

It is particularly important that matters which require approval by Council departments of the full Council are clearly accommodated in the procedures. The Tram Project Director has responsibility to develop these procedures in collaboration with CEC.

With respect to the interests of the Scottish Executive, it is important that the change control procedures and delegated authorities are aligned with the conditions of the grant award letters applicable to each stage of the project, while ensuring that appropriate freedom is offered to the TPB and the Project team to get on with running the project.

8. Voting & Escalation

The TPB is not a legal entity, but has powers delegated to it by the tie Board, which in turn is legally empowered under its Operating Agreement with CEC.

The TPB Chairperson is responsible for seeking so far as possible that a workable consensus on all key issues is achieved within the group. Where this cannot be achieved, each person on the board has one equal voting right. Members, speaking on behalf of their respective organisations, have the right to reserve their position where there is dispute but will be expected to take effective steps to resolve any such dispute.

The TPB is a critical element of the project governance process. It is necessary and reasonable to assume that members will act in the interests of the project, unless there is an important conflict with the interests of their respective organisations. Any such conflicts should be addressed at the operational level so far as possible, under the direction of the Tram Project Director. In the event that the conflict cannot be resolved at operational level, it is the role of the TPB Chairman to determine how best to manage the matter, including the process of meetings, dialogue etc required to reach a resolution.

The Chairman of the TPB will be responsible for ensuring that disputed matters are managed effectively including communication with and involvement of the tie Board and other key stakeholders.

9. Tie Limited handover to TEL

This needs to be closely controlled to ensure continuity of experience and of processes and also to ensure that there is no duplication of reporting lines. In the period until tie hands over to TEL, TEL requires to be populated at Board and senior management level and the TPB

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should take an active role in ensuring that this process is handled effectively.

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It makes sense to select a date when there is a substantive change in the project's progress and which is realistic in programme terms. It is currently anticipated that the main options are:

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• Handover at the point of OBC approval in Spring – Early Summer 2006; or

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• Handover will be at the point of FBC approval and financial close on vehicle and systems contracts (late 2006 – early 2007).

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It is important that TEL's role as "single economic entity" is borne in mind. At this point, tie Limited's relationship with the project will change structurally but tie Limited will retain full delivery responsibility, contracted to TEL, and will therefore be able to minimise the actual level of disruption to the delivery process.

10. Next steps – actions

- a) Define Tram Team Delegated Authorities and Change Control procedures and have approved by TPB. These must fully incorporate the interface with CEC. (tie to lead)
- b) Establish a modus operandi for the Executive operating group (tie to lead, agree with SE)
- c) Confirm common vision and Project Definition Statement (tie tram team to lead)
- d) Finalise Deputy membership
- e) Summarise principal workstreams as a basis for TPB agenda setting

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Attachments :

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Explanatory notes on tie Board / TPB and TPB / Tram Project Director
Delegated Authorities and supporting schedules setting out thresholds.

Summary of principal workstreams

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