

	Current Month (Feb'05)			Year to Date (11 mths to 28/2/05)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Overheads									
IT	20,228	2,600	17,628	83,596	48,600	34,996	74,162	51,200	22,962
Administration	49,414	73,839	-24,425	686,522	799,359	-112,837	811,520	873,198	-61,678
Sales & Marketing	550	0	550	2,935	0	2,935	2,385	0	2,385
Legal & financial	-10,759	7,533	-18,292	50,117	82,867	-32,749	67,100	90,400	-23,300
Overheads	8,183	3,083	5,080	72,483	84,917	-12,434	50,731	88,000	-37,269
Interest on Overdraft	474	1,350	-876	20,505	14,850	5,655	23,000	16,200	6,800
Tax & Dividends	0	0	0	0	0	0	0	0	0
Capital Expenditure:									
Computer Equipment	7,586	0	7,586	33,773	0	33,773	30,000	0	30,000
Furniture, Equipment etc.	2,436	0	2,436	60,042	0	60,042	60,000	0	60,000
Sub-Total	78,092	86,406	-10,313	1,009,974	1,030,592	-20,618	1,118,998	1,118,998	0
Overheads (Allocated by Project)									
Congestion Charging - Development (9.80%)	7,653	8,664	-1,011	98,977	100,998	-2,021	109,662	109,662	0
Congestion Charging - Procurement (14.58%)	11,394	12,898	-1,505	147,355	150,363	-3,008	163,262	163,262	0
Congestion Charging - Information Campaign (0.00%)	0	0	0	0	0	0	0	0	0
WEBS (2.60%)	1,952	2,210	-258	25,249	25,765	-515	27,975	27,975	0
One Ticket (0.00%)	0	0	0	0	0	0	0	0	0
EARL (18.14%)	14,166	16,037	-1,871	183,209	186,949	-3,740	202,986	202,986	0
SAK (0.00%)	0	0	0	0	0	0	0	0	0
Ingliston Park & Ride (0.46%)	367	416	-48	4,747	4,844	-97	5,259	5,259	0
FETA (0.00%)	0	0	0	0	0	0	0	0	0
Trams - DPOF (18.77%)	14,658	16,594	-1,936	189,572	193,442	-3,870	210,036	210,036	0
Trams - INFRACO (0.00%)	0	0	0	0	0	0	0	0	0
Tram 1 (11.89%)	9,285	10,511	-1,226	120,086	122,537	-2,452	133,049	133,049	0
Tram 2 (11.95%)	9,332	10,564	-1,232	120,692	123,156	-2,464	133,720	133,720	0
Tram 3 (11.89%)	9,285	10,511	-1,226	120,086	122,537	-2,452	133,049	133,049	0
Sub-Total	78,092	86,406	-10,313	1,009,974	1,030,592	-20,618	1,118,998	1,118,998	0
Project Costs (Total Incl. OH)									
Congestion Charging - Development	-4,810	44,554	-49,364	1,033,635	1,088,647	-55,012	1,112,974	1,131,201	-18,227
Congestion Charging - Procurement	270,108	86,908	183,199	1,848,907	1,970,802	-121,895	1,928,147	2,048,711	-120,564
Congestion Charging - Information Programme	13,774	0	13,774	299,807	600,000	-300,193	439,852	600,000	-160,148
WEBS	6,045	5,966	79	7,836,204	7,953,728	-117,524	8,082,720	7,959,694	123,026
One Ticket	2,572	4,216	-1,644	19,757	45,766	-26,009	22,256	49,982	-27,726
EARL	256,393	436,155	-179,763	2,764,117	3,785,683	-1,021,566	3,277,811	4,255,797	-977,986
SAK	12,580	12,580	0	142,936	142,936	0	164,937	164,937	0
Ingliston Park & Ride	181,847	1,112	180,735	1,259,099	2,468,428	-1,209,329	1,459,185	2,469,539	-1,010,354
FETA	11,154	11,154	0	18,103	18,102	1	26,000	26,000	0
Trams - DPOF	33,911	111,594	-77,683	1,248,546	573,442	675,104	1,330,355	1,993,627	-663,272
Trams - INFRACO	205,756	298,185	-92,429	730,479	1,925,718	-1,195,239	1,244,278	3,014,373	-1,770,095
Tram 1	55,022	80,535	-25,513	1,456,235	992,201	464,035	1,562,886	1,072,736	490,150
Tram 2	92,875	140,672	-47,797	1,005,628	1,711,149	-705,521	1,253,328	1,838,320	-584,992
Tram 3	137,860	84,596	53,264	1,542,459	1,895,570	-353,112	1,828,873	1,983,962	-155,089
Sub-Total	1,275,088	1,318,227	-43,140	21,205,913	25,172,173	-3,966,260	23,733,602	28,608,879	-4,875,277
							Spending Profile (incl O/Hds)	Secured Funding Profile	Variance
Forecast Project Out-turns									
Congestion Charging - Development							3,964,557	3,982,784	-18,227
Congestion Charging - Procurement							2,622,266	2,742,860	-120,594
Congestion Charging - Information Programme							439,852	600,000	-160,148
WEBS							10,532,647	10,532,647	0
One Ticket							184,864	184,864	0
EARL							4,309,100	5,000,000	-690,900
SAK							184,937	184,937	0
Ingliston Park & Ride							3,072,526	2,575,882	496,644
FETA							26,000	26,000	0
Trams - DPOF							5,542,000	5,542,000	0
Trams - INFRACO							0	0	0
Tram 1							6,515,150	6,025,000	490,150
Tram 2							4,415,008	5,000,000	-584,992
Tram 3							3,500,000	3,500,000	0
Sub-Total							45,268,737	45,856,774	-588,037
Comment:									
The Spending Profiles (including Overheads) are subject to revision following approval of the FY06 Business Plan.									

6 Balance Sheet – Month End and Year to Date Progress

	31/03/2004	30/04/2004	31/05/2004	30/06/2004	31/07/2004	31/08/2004	30/09/2004	31/10/2004	30/11/2004	31/12/2004	31/01/2005	29/2/2005
FIXED ASSETS	34,090	35,800	36,252	39,774	98,473	97,122	94,634	93,863	91,375	92,640	96,784	103,606
	34,090	35,800	36,252	39,774	98,473	97,122	94,634	93,863	91,375	92,640	96,784	103,606
CURRENT ASSETS												
Trade Debtors	2,003,455	3,221,220	3,404,964	3,083,030	3,082,234	5,188,900	5,357,348	5,385,325	7,553,865	5,551,588	4,655,862	954,697
Other Debtors	5,774	4,282	4,282	4,425	4,425	4,425	4,425	-1,575	-1,575	-3,427	-3,457	0
Prepayments & Accrued Income	20,788	20,304	20,009	1,178	883	0	0	0	0	0	0	2,317,809
CEC Loan	0	0	0	0	0	0	0	0	0	0	0	0
Petty Cash	424	62	112	69	319	25	18	48	48	48	68	68
	2,030,441	3,245,868	3,429,367	3,088,702	3,087,860	5,193,350	5,361,791	5,383,798	7,552,338	5,548,209	4,652,473	3,272,574
CURRENT LIABILITIES												
Trade Creditors	1,925,102	1,251,205	1,388,699	1,862,376	2,460,584	2,195,592	1,712,746	2,514,223	1,894,261	2,085,329	2,810,521	1,582,802
Employee Creditor	-209	577	523	53	721	169	32	40	1,437	586	-257	-227
Bank Account	-229,479	1,218,285	1,102,852	405,612	-46,864	2,326,045	1,895,795	1,637,198	3,081,926	349,478	-261,408	-766,218
Pension Creditor	11,985	12,615	13,245	10,546	10,598	9,973	10,540	11,157	11,726	12,032	12,337	11,464
Capital Grant	34,090	34,090	34,090	34,090	34,090	34,090	34,090	34,090	34,090	34,090	34,090	34,090
Accruals	239,858	715,738	854,104	750,694	670,642	654,870	1,707,197	1,182,709	2,497,047	3,007,556	2,070,544	2,366,512
VAT Payable/(Refundable)	56,514	19,465	38,960	29,879	18,870	32,401	56,643	59,754	82,307	112,018	44,734	63,307
PAYE/NIC	25,670	28,667	32,095	34,227	36,692	35,178	37,236	37,191	38,773	37,614	36,550	82,303
Corporation Tax	0	0	0	0	0	0	0	0	0	0	0	0
Other Creditors	0	26	52	0	0	1,156	1,146	299	1,146	1,146	1,146	1,146
	2,063,531	3,280,668	3,464,619	3,127,475	3,185,333	5,289,472	5,455,425	5,476,660	7,642,713	5,639,849	4,748,257	3,375,180
NET CURRENT ASSETS/(LIABILITIES)	-33,090	-34,800	-35,252	-38,774	-97,473	-96,122	-93,634	-92,862	-90,375	-91,640	-95,784	-102,606
Liabilities > 1 Year	0	0	0	0	0	0	0	0	0	0	0	0
NET ASSETS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Represented by:												
Share Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Profit & Loss Account	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at Period End	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

7 Cash Flow - Year to Date and Forecast													
Feb-05													
	ACTUAL											FORECAST	Totals
	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	
Balance b/forward	229,478.91	-1,218,284.50	-1,102,852.00	-405,611.62	46,864.12	-2,326,044.50	-1,895,794.49	-1,637,197.41	-3,081,925.71	-349,477.40	261,408.01	765,931.44	229,478.91
Income													
Sales Ledger	117.50	1,762,362.28	2,551,626.00	2,137,105.87	1,928.89	2,447,497.79	2,784,117.22	862,808.81	5,156,234.25	2,728,842.60	2,788,984.44	958,296.86	24,179,922.31
Miscellaneous	10.00	3.00	3,795.39	9,810.64	943.74	2,163.20	6,200.00	0.00	3,637.65	3,240.01	38.65	0.00	29,842.28
	127.50	1,762,365.28	2,555,421.39	2,146,916.51	2,872.43	2,449,660.99	2,790,317.22	862,808.81	5,159,871.90	2,732,082.61	2,789,023.09	958,296.86	24,209,764.59
Expenditure													
Purchase Ledger	1,297,114.74	1,537,368.70	1,750,688.04	1,520,652.47	2,266,112.03	1,889,962.36	2,361,234.29	2,191,660.37	2,290,801.50	1,896,415.30	2,115,552.62	1,582,575.00	22,700,137.42
Expenses Ledger	7,000.00	123.10	0.00	0.00	1,144.36	552.69	216.64	1,174.46	1,956.28	842.31	3,104.40	0.00	16,114.24
Miscellaneous	143,776.17	109,440.98	107,492.97	173,788.30	108,524.66	128,895.93	170,269.21	114,702.28	134,665.81	223,939.59	165,842.64	167,427.80	1,748,766.34
	1,447,890.91	1,646,932.78	1,858,181.01	1,694,440.77	2,375,781.05	2,019,410.98	2,531,720.14	2,307,537.11	2,427,423.59	2,121,197.20	2,284,499.66	1,750,002.80	24,465,018.00
Net Movement in Month	-1,447,763.41	115,432.50	697,240.38	452,475.74	-2,372,908.62	430,250.01	258,597.08	-1,444,728.30	2,732,448.31	610,885.41	504,523.43	-791,705.94	-255,253.41
Balance c/forward	-1,218,284.50	-1,102,852.00	-405,611.62	46,864.12	-2,326,044.50	-1,895,794.49	-1,637,197.41	-3,081,925.71	-349,477.40	261,408.01	765,931.44	-25,774.50	-25,774.50
NEXT MONTH FORECAST: Assumptions													
Income													
Sales Ledger													
Invoices issued to CEC in February													915,032.21
Invoices issued to Clacks in February													25,058.52
Invoices issued to FETA in February													13,089.50
Invoices issued to Scottish Parliament in February													280.00
Invoices issued to SMI in October													344.72
Invoices issued to One-Ticket in February													4,491.91
													958,296.86
Accrued Income (Month End Accruals), Fixed Asset Adjustments etc.													2,317,809.00
													3,276,105.86
Expenditure													
Trade Creditors per Balance Sheet													1,582,802.00
Employee Creditor per Balance Sheet													-227.00
Aged Creditors List @ 28/02/05													1,582,575.00
Miscellaneous													
Pension Fund(s) - Contributions Due on 19/3/05													11,464.17
HMC&E - VAT Return to 31/3/05 (Due for payment 30/4/05)													0.00
PAYE/NI - Due on 19/3/05													82,302.80
March Payroll - 28 members of staff													85,000.00
Bank Interest - Quarter ending 15/3/05													0.00
Bank Charges for month													100.00
Petty Cash for month													25.00
													167,427.80
Accrued Expenditure:													2,366,511.91
Capital Grant/Fixed Asset Purchase etc.													34,090.41
													2,400,602.32
													Accruals per Balance Sheet



Agenda Item 5c

Finance

c) Draft tie Business Plan*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Finance

c) Draft tie Business Plan*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie limited

Business Plan – 2005/06

DRAFT V7

15th March 2005

CONTENTS

1	Executive Summary
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Detailed project programmes are available for inspection which support the project plans.

1 Executive Summary

Edinburgh has one of the fastest growing economies of any major city in Europe and is facing significant expansion in employment and housing. In order to cope with this, a number of transport schemes have been identified in Edinburgh's Local Transport Strategy. These fall within a comprehensive programme of related schemes collectively labelled the Integrated Transport Initiative for Edinburgh and South East Scotland (the "ITI"). In addition to the Edinburgh-based schemes, **tie** is charged with delivering two key heavy rail projects for the Scottish Executive. The time-scale for delivery of these schemes ranges over many years ahead.

tie is a private limited company wholly owned by the City of Edinburgh Council (CEC). The operating agreement between **tie** and CEC requires **tie** to submit a business plan in draft to CEC in this case for the year to 31 March 2006 (FY06).

During 2004/5 to date, **tie** has managed the following projects:

- Development and procurement of the Congestion Charging (CC) scheme;
- Tram schemes – parliamentary process supporting two lines and preparation of the Bill for the 3rd line, early tram operator involvement, service integration and commencement of system procurement;
- Construction of Edinburgh Fastlink (formerly WEBS) ;
- Construction of Park and Ride site at Ingliston;
- Preparation of the Bill and scheme development for the Edinburgh Airport Rail Link (EARL);
- Planning for procurement and construction of the Stirling/Alloa/Kincardine railway (SAK); and
- "One Ticket" public transport integrated ticketing system.

Total outturn expenditure in the 04/05 financial year (hereinafter referred to as FY05) is forecast at £24m.

WEBS and the Ingliston Park and Ride will be largely completed this year, although **tie** will have some continuing responsibilities. The remaining projects will form the core programme for the next three years and represent the basis of this business plan

Section 2 of this plan describes **tie**'s Corporate Governance processes and Section 3 sets out **tie**'s approach to financial management. Section 4 describes the progress made on the projects for which **tie** has responsibility. Section 5 describes the initiatives undertaken by **tie** to develop and strengthen its internal processes. Section 6 provides a detailed analysis of the resource requirements, planned expenditure and sources of funding for **tie**'s projects.

The appendices provide further detail.

Of the outturn forecast for FY05 of £24m, some £10m relates to actual construction of the WEBS and Ingliston projects. The majority of the balance of expenditure relates to the development and procurement of the congestion charging, tram and EARL projects.

tie's internal costs (people and overhead) are c12% of total expenditure and are allocated to projects on an equitable basis.

The plan for FY06 is prepared on the following basis:

- **Congestion charging scheme**

This scheme has been terminated

- **Tram project – parliamentary process**

The actual expenditure will depend upon a number of variables which will drive the depth of work required by tie, principally the requirements of the Committees of MSPs and the need to respond to objectors. This is presently estimated at £3.4m for both lines 1 and 2, although as explained in the plan this is a highly subjective estimate. It is assumed some limited work on Line 3 is continued but this ceases in Q1 FY06

- **Tram Outline Business Case and Implementation**

Project implementation stage has now commenced following the grant award earlier this year. This programme is initially focussed on the development of the Outline Business Case ("OBC") which encompasses the involvement of Transdev, the procurement strategy and tender process, service integration planning and detailed system design. The total costs in FY06 are estimated at £21.9m, allowing for some slippage of FY05 spend into FY06, £2m of expenditure on third party contracts, the estimated £1.2m cost of detailed revenue forecasting in relation to a fully integrated bus and tram system and a placemaker sum of £3m relating to advance utility diversion work. Further detail is provided in Section 4. The Executive anticipate that approval for this funding will be confirmed as part of the evaluation of the Outline Business Case in spring 2005, dependent on the demonstration of tangible progress. A dialogue is underway between the Council and the Executive on funding contribution by the Council toward this activity in FY06.

This plan does not address full-scale advance construction costs, which are under discussion with the Executive. These costs include the investment required to plan work on utility diversions, Network Rail interfaces, land and property acquisition; followed by spend on actual operational work in these areas. The timing and quantum of this expenditure will drive the overall programme. It is anticipated that all such work would be funded by the Executive as part of the overall construction cost. This will be assessed as part of the planned preparation of the OBC in Spring 2005.

- **EARL**

Support to parliamentary process of the EARL Bill is estimated at £2.3m and a further sum of £3.3m is proposed for procurement and enabling works related to the project to accommodate stakeholder requirements and to maintain programme but which is not directly related to the parliamentary process. As with the Tram Bills, the actual parliamentary expenditure will depend upon the requirements of the Scottish Parliament. **tie** is in discussions with the Executive about the EARL Promoter role. No costs have been reflected for this role in the Plan as the scope remains uncertain.

- **SAK**

SAK is a key project, but as presently structured will not involve **tie** in significant funding issues since these flow from Scottish Executive to the Promoter.

- **FETA - Development of A Charging Order**

tie submitted a proposal to the Forth Estuary Transport Authority (FETA) to assist them with the implementation of a Charging Order for the bridge.

tie will project manage the process and will assist FETA staff, including the Treasurer, by preparing briefs and contract documents as appropriate for the external services covering legal, financial and technical advice. External consultants would be engaged by FETA directly and **tie** would project manage and certify payments in accordance with the contract documentation. **tie** may also offer to use its own resources and consultants where specialised services were required and where insufficient time was available for procurement.

The personnel involved are existing members of staff and will normally be based in **tie**'s office for the duration of the commission.

Progress on **tie**'s projects in FY05 is set out in Section 4, together with a description of the challenges faced by each project in FY06 and the outline funding requirements. **tie** has skills in UK and European procurement, programme and project management, financial structuring and management and the management of specialist advisers on transport planning, project finance, engineering and legal issues. These skills will be brought to bear in predicting and controlling expenditure in the most cost-effective way.

tie has a unique position as a company with public sector ownership, ethos and objectives but a private sector approach to delivery. **tie** is not established for profit, and its goals are completely aligned with its public sector stakeholders in the delivery of transport projects. Since **tie** was established in April 2002, considerable progress has been made on these large-scale, complex and high profile projects against a background of new and developing parliamentary requirements. The proposals in this plan represent **tie**'s best estimate of the resources required to maintain the momentum on these projects.

Principal matters which will follow on from Plan approval

There are a number of key issues which will require to be addressed prior to the commencement of the new financial year or which will be addressed as the year proceeds.

- Ratification by **tie** Board of Corporate Objectives set out in Section 5 of this Plan and approval of the Plan by the Board.
- Final determination of plans to recover value from the investment in the ITI Business System.
- Agreement from Scottish Executive on funding to continue Tram Lines 1 & 2 parliamentary process.
- Final determination of Tram Line 3 Bill.
- Development of the tram project OBC and dialogue with the Executive on funding support. This will include Line 1 & 2 advance construction work programme and expenditure.
- Submission date for EARL Bill to be finalised, potential subsequent re-programming, expenditure re-profiling and new funding confirmed.
- **tie's** role as Promoter of EARL Bill and funding requirement to be determined.



Heavy Rail

- a) EARL – Project and Financial Progress Report
- b) EARL- Promoter Role
- c) SAK - Project and Financial Progress Report

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 6a&b

Heavy Rail

- a) EARL – Project and Financial Progress Report
- b) EARL- Promoter Role

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Paper to: tie Board, 21st March 2005
Commercial & in Confidence

Subject: Edinburgh Airport Rail Link
(Project Manager - Susan Clark)

From: Paul Prescott

Date: 16th March 2005

Project Governance

Work is ongoing to confirm tie as the Promoter for EARL. A separate paper will be tabled at the meeting outlining progress and action and decisions required.

Bill Progress

Good progress is being made with the Bill Documents. Skeletons are already in place for the Bill itself and the Explanatory Notes, with drafts due at the end of March. Drafts of maps, plans & sections are also in place, as are first drafts of the Promoter's Memorandum and Statement. A draft Environmental Statement is being reviewed within tie.

We have written to SE to enquire about the ability of the Private Bills Unit to process another Bill, as four are already listed as being in the system. The letter of response confirms that we should proceed with introduction of the Bill during June.

Costs & Preliminary Financial Case

The cost report has now been produced, and indicates that costs are close to (and within) the previous SKM costs. The STAG appraisal is now underway to ensure that the business case still stands. The Preliminary Financial Case is being developed in parallel.

Planning

We are in discussion with West Lothian Council to agree the scope for the timetabling exercise for Winchburgh Station. WLC are seeking developer funding for this.

Feedback from TRANSCO in relation to the diversion of the high pressure pipeline has indicated that the previous route can be altered to accommodate EARL.

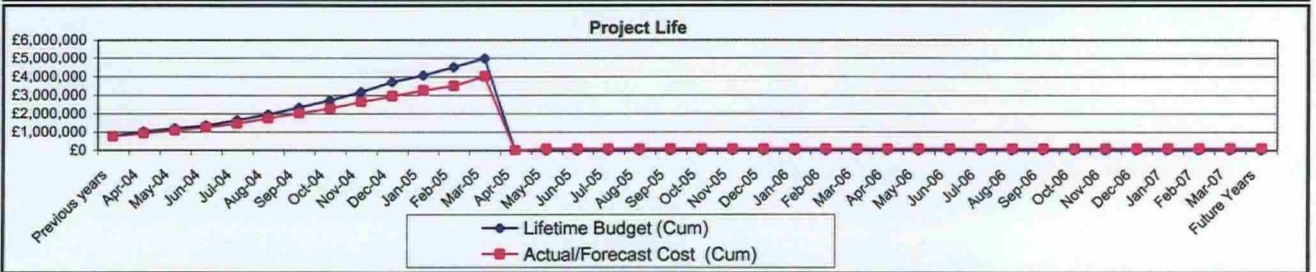
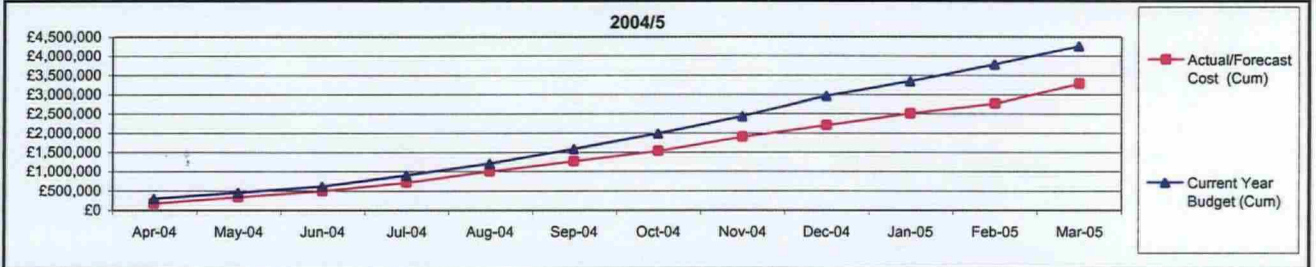
3rd Parties

Assurance protocols being developed with both BAA & NR. Protective provisions are also being discussed with NR to prevent an objection to the Bill. A Basic Services Agreement extension with NR has been agreed and signed.

SC/PGP 16.03.05

Project: Edinburgh Airport Rail Link		Project Manager: Susan Clark			
Report for Month Ending: 28-Feb-05		End Date:			
Start Date:		Overall Progress Status			
Expenditure 2004/5		Project Life Funding			
77%		116%			
Progress Key:		Finance Key:			
On track for successful completion as programmed.		Within 10% of estimate			
Issues have arisen which may delay completion or require discussion/direction.		10 - 20% outside estimate			
Issues have arisen which will delay completion.		>20% outside estimate			
Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Cost Report	9-Dec-04	9-Dec-04	28-Feb-05	IP	
2. STAG Report	18-Feb	18-Feb	04-Apr	IP	
3. Finalise ES	03-Mar-05	03-Mar-05	07-Apr-05	IP	
4. Submit Bill	10-Mar-05	10-Mar-05	20-May-04	IP	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£744,204	£744,204	£744,204	£744,204	£744,204	£0
2004/5	£4,255,796	£4,255,796	£4,255,796	£4,255,796	£3,277,811	£977,985
2005/6	£0	£0	£0	£0	£287,085	£-287,085
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£4,309,100	£690,900



Technical, Environmental
 Cost report produced in costs in line with original SKM costs. First draft of Environmental Statement delivered and being reviewed by a number of statutory bodies. First deliverables from STAG delivered and audit ongoing by WSP.

Bill Process
 Decision on Promoter still not finally resolved and this may impact the submission date of 9th May. Promoter's Memorandum & Statement progressing well.

PFC
 Work now started in earnest to produce PFC now that information being delivered from STAG and cost report. Meetings being arranged with SE to review both STAG and PFC to ensure they are fit for purpose prior to submission of the Bill.

Agreements
 Agreement reached with NR to roll forward with existing Basic Services Agreement pending introduction of a new suite of agreements between NR/SE. Discussions are ongoing about inclusion of protective provisions in the Bill to prevent an objection. Negotiations have commenced with Baa re funding contribution.

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: _____ Project Director's signature: _____

Date: 10/3/05 09/03/2005 Date: 09/03/2005



Heavy Rail

b) EARL- Promoter Role

*** = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)**

EARL BILL PROMOTION

Advice to tie Limited

Introduction

This note reviews the position reached as at 11 March 2005. We are aware that discussions have taken place between tie and DEC and tie and the Scottish Executive concerning matters covered in our earlier February and March 2005 advice notes to tie. We have been asked by tie Project Management to focus on the option involving tie as Promoter of the EARL bill and to identify risks and mitigation measures. We have advised tie on these matters in June and August 2004.

Scottish Executive ("SE") Position on Promotion

1. The SE position can be summarised as follows:
 - SE is focused on the short term issue of formally identifying a Promoter for EARL;
 - SE is not able to give any assurance that tie will continue to implement EARL as Authorised Undertaker post Royal Assent;
 - SE is not receptive at present to a block shift of either promotion or delivery responsibility for EARL, SAK, Borders and Airdrie-Bathgate to tie or TIS, as envisaged under the tie TIS proposal;
 - SE wishes to settle upon a Promoter selection for EARL as soon as possible;
 - Beyond stating what is not acceptable regarding Promoter identity options, SE has made it clear that they are unable to share the views of their legal and procurement advisers with tie.
2. There are a number of constraints which we understand the Scottish Executive perceives. These are:

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- 2.1 SE cannot have a stake¹ in any new entity created to promote EARL. This is because the SE considers that ownership would result in any bill being taken as a hybrid bill, needing new (but as yet unwritten) parliamentary process. This will not be sanctioned by Ministers for policy reasons.²
- 2.2 SE is concerned that a promoter entity owned by someone other than SE could be instructed to stop work on EARL without the Scottish Executive having any say in the matter.
- 2.3 SE is concerned to achieve clear transfer of risk as to responsibility for EARL promotion and implementation.

Preliminary Recommendation

Before tie Board takes any final decision, tie obtains a written statement from the Scottish Executive as to how it views the issues raised by the Scottish Executive's requirements for tie's function as Promoter. This will enable a measured review of SE's official position. We do not consider it is correct for the tie Board to assume responsibility for promotion of EARL and management of grant funding without a description from SE of what its immediate and longer term expectations as to the EARL promotion are. Without this, we do not see that (a) tie can advise its sole shareholder with confidence on commercial issues (b) tie will not receive legal advice based on best information and clear guidance from the funder of EARL (c) there is an appreciable risk that solutions are devised which do not address all known facts, intentions and exposure.

The Preferred Option for EARL Promoter

3. Based upon known requirements, the following options for the identity of the formal Promoter of the EARL Bill exist:
 - CEC
 - tie (in its current form)

¹ This appears to cover de minimis or non-controlling interest

² It should be noted that the advice of parliamentary counsel to tie is that this process is achievable at risk of some cost and delay; this course of action would not, however, suit current EARL timetable requiring bill submission in early May.

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- Network Rail
- a new single purpose entity (public or private company)
- a non-departmental public body.

Of these five options, the Scottish Executive has (a) indicated informally that using **tie** within the *status quo* is its preferred option (b) rejected the case for a non-departmental public body (NDPB) as promoter. This option³ would answer many of the legal and practical difficulties which attach to the other four options but we are instructed not to explore the NDPB route as a platform for EARL bill promotion and project implementation on account of SE policy reasons. The table below indicates the key risks and benefits for each of the remaining four options:

Promoter	Benefits	Risks
CEC as Promoter	<ul style="list-style-type: none"> • no issue in relation to a hybrid bill requirement • clear public accountability • limited action necessary to formalise mandate 	<ul style="list-style-type: none"> • lapse of political will • not resourced to promote and no natural sponsor within CEC • legal authority to promote heavy rail bill requires CEC full Council Section 82 resolution to mitigate <i>vires</i> risk • decision-making, communication and scope of authority between CEC, tie and SE cumbersome and ill defined • tie ends up remaining "<i>de facto</i>" promoter without direct authority
NR as Promoter	<ul style="list-style-type: none"> • no issue as to hybrid bill • some English experience as promoter • logical due to position as ultimate asset owner and operator • EARL commissioning and project acceptance facilitated 	<ul style="list-style-type: none"> • likely to cause lengthy delay • tie role uncertain or non-existent • serious doubt over NR corporate delivery capacity • negative impact on project credibility in market • BAA unlikely to accept • departure from stated SE stance in

³ We understand this rejection is for policy reasons.

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Promoter	Benefits	Risks
		<p>EARL consultation</p> <ul style="list-style-type: none"> • interface with SE remains fragile and SE ability to oversee NR limited • EARL unsuitable in size and profile as a NR pilot project • EARL relegated by other priorities
tie as Promoter	<ul style="list-style-type: none"> • continuity and private bill process • expertise in place with planned resource • enhancement of tie viability as implementer on other rail projects in Scotland • decision-making simplified and control of information, negotiations and process under one roof • tie's authority as a counter party for private sector reinforced • preserves EARL programme and momentum • communication channels established 	<ul style="list-style-type: none"> • potentially stricter proof as to tie's ability to deliver post Royal Assent since tie is subsidiary of local authority • direct responsibility for costs of promotion and liabilities incurred in obtaining and preparing for use of powers (ie CPO compensation, discharge of third party obligations) • need for CEC position on support for EARL to be formalised clearly • no commitment for SE to tie's role post Royal Assent • condition attached to grant funding may create (a) hybrid bill or (b) procurement issue on any transfer of authorised undertaker role as instructed by SE • possible VAT consequences for CEC
EARL Promoter Entity (EPE I) (private)	<ul style="list-style-type: none"> • Bill can remain Private Bill since EPE entity unconnected to SE • dedicated project delivery vehicle created for EARL • tie can direct and influence establishment of EPE and supply of EPE resources • removal of CEC link to national project • assures SE that change of priority by CEC could not influence EPE capacity to service EARL 	<ul style="list-style-type: none"> • EPE not subject to public accountability regime • potential procurement and increased state aid risk issues with selection of private sector party for promoter role and grant funding receipt • EPE unusual status for party promoting £500m public infrastructure project • conditions imposed on grant funding from SE may create (a) hybrid bill (b) procurement issue on transfer of authorised undertaker role as instructed by SE

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Promoter	Benefits	Risks
EARL Promoter Entity (EPE II) (public)	<ul style="list-style-type: none"> • no hybrid bill issue provided guarantor is not SE • removal of CEC link to national project, assuring guarantor is not CEC • EPE subject to public accountability regime (ie the procurement/regime, project preparation guidelines, freedom of information obligations) • as for EPE I • less risk of procurement issue selecting EPE II as promoter 	<ul style="list-style-type: none"> • conditions attaching to grant funding create (a) hybrid bill (b) procurement issue on delegation of authorised undertaker role as instructed by SE after Royal Assent • no obvious public sector owner for EPE II • time required to authorise

tie as formal Promoter of EARL

4. We are instructed to develop this option in terms of (a) the actions/issues requiring legal input and (b) analysis of assessable risk borne by tie in its capacity of Promoter. There are several issues we have advised previously are necessary in order to make the transition to tie becoming formal Promoter. Each of these is tabled below, alongside the action currently recommended:

	ISSUE	ACTION
1.	With tie as Promoter of EARL, CEC is not actively involved in promotion of EARL so that no resolution pursuant to Section 82 of the Local Government (Scotland) Act 1973 is required	CEC to confirm that it shares this view and to inform tie accordingly in writing.

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	ISSUE	ACTION
2.	Amendment to tie's Operating Agreement with CEC. Advices of June and August 2004 stated how the agreement requires revision to safeguard tie's activity on EARL being within the contractual mandate. We understand tie is revising the agreement to reflect cessation of activity on congestion charging.	Revisions to the Operating Agreement to be agreed between tie and CEC and approved by tie Board and by CEC (by full Council Resolution) ⁴ . tie Board to resolve that assumption of EARL Promoter role is in best interests of tie and that the Operating Agreement should be amended.
3.	Provision to underwrite tie's liabilities as Promoter of EARL. Since tie is required to indemnify CEC in respect of liabilities and to third parties, this will be of interest to CEC, unless the Operating Agreement is amended to remove this obligation.	Document (with CEC and SE) how tie is to undertake EARL Promoter responsibilities without recourse to CEC budget, in order that tie Board can be satisfied that tie will be in a position to discharge financial obligations incurred for the promotion of EARL. This will entail discussion with SE as to the precise terms of continued grant funding.

5. RISKS

The assumption of the EARL Promoter's role carries exposure to risk. The following represent those legal and commercial risks we have identified. We have previously highlighted to **tie** project management adverse impact on **tie** project delivery capability.

	Risk	Mitigation
1.	Scottish Executive asserts influence during promotion of EARL bill which is not	Continual information flow between tie and SE. Clear decision making process at tie

⁴ We consider that **tie's** authority to promote EARL should be supported by a Council resolution so that due diligence on this matter can be answered in the future.

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	Risk	Mitigation
	consistent with tie's position and tie's credibility damaged.	Board level. Reliance on governance structure and properly documented stakeholder commitment.
2.	Scottish Executive wishes to retain full discretion to instruct tie to transfer authorised undertaker authority post Royal Assent, creating exposure to bill being challenged as hybrid (at Final Stage) or appointment of authorised undertaker being subject to procurement regulations.	<p>Advise Scottish Executive as to potential risks of retaining discretion over the grant of powers under the bill. Risk of procurement challenge sits with Scottish Executive.</p> <p>Ensure tie's ability to fund defence against either legal objection to bill or challenge regarding procurement is underwritten by the Scottish Executive.</p> <p>Budget for (time and cost) and factor into promotion workable arrangements which permit tie to step out of contractual commitments continuing post Royal Assent with minimum commercial exposure.</p> <p>Advise Scottish Executive of potential effect on overall deliverability of EARL.</p>
3.	tie enters commitment with third party in order to promote EARL but Scottish Executive unable to make decision to support the commitment or delays the decision resulting in increased cost or unplanned liability.	Consult with Scottish Executive and develop decision-making boundaries recognising this creates "captive" Promoter risk.
4.	Since tie has no long term interest, tie project implementation strategy not fully developed	tie to be suitably protected from incurring residual liabilities arising from the requirement

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	Risk	Mitigation
	and Parliament requires close scrutiny of implementation and funding of delivery.	for change of Authorised Undertaker.
5.	tie responsible for primary investigation regarding availability of SE funding for EARL and to Article 87 of the Treaty of Rome (State Aid).	tie to obtain comprehensive advice on the issue and clearance from SE to take further action as necessary, including referral to UK authorities.
6.	The formal role as EARL Promoter highlights the direct interaction between EARL and Edinburgh Tram Line 2 and tie's responsibility for dovetailing the economic cases.	<p>tie prepares its evidence for the further stages of Tram Line 2 in close co-ordination with EARL.</p> <p>The issue is discussed in detail by CEC and SE so that tie is not caught representing conflicting aims.</p> <p>tie's mandate from CEC reconciles tie's role on both projects.</p>
7.	tie as Promoter impacts invoicing arrangements with CEC, so as to create irrecoverable VAT risk.	We understand that this issue has been considered by CEC following initial advice from DLA Piper/John Kennedy & Co in June last year. We have no further information on this matter.
8.	tie at arm's length from CEC planning and roads functions.	Clear agreement on how EARL (through tie) continues to have access to and support from CEC at working level.
9.	Procurement challenge by third party or spontaneous objection by EU Commission stimulated either by assumption of Promoter role or the change of authorised undertaker.	Understanding of the legal risk and, so far as possible, structuring of arrangements to minimise eventuality. Acceptance by SE that the risk is theirs.

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	Risk	Mitigation
10.	Claims are made against tie with regard to compensation payments by parties affected by EARL.	tie authorised to settle claims made and is indemnified by any authorised undertaker.
11.	Project curtailed for financial or political reasons.	tie to be held harmless by SE through grant funding to meet any liabilities.
12.	Change of CEC administration affects tie's ability to act as effective Promoter.	Ability for tie to resign as Promoter

DLA Piper
16 March 2005



Agenda Item 6c

Heavy Rail

c) SAK - Project and Financial Progress Report

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Paper to: tie Board
21st March 2005
Commercial & in Confidence

Subject: Stirling-Alloa-Kincardine
(Project Manger - Richard Hudson)

From: Paul Prescott

Date: 16th March 2005

Project Governance

The suite of contracts between tie, Clackmannanshire Council and Jacobs Babbie has now been signed.

Asset Protection Agreement

A revised draft of the APA was sent to NR on the 11th March 2005 reflecting the output from our meeting with them on the 1st March 2005 and subsequent discussions between NR and the Scottish Executive. Some technical matters remain to be resolved, plus the significant issue of specific implement.

We are targeting agreement on all of these by the end of this month, so that the APA can go to NR's Third Party Enhancement Panel in London on the 4th May 2005.

Project Cost

There have been a number of useful meetings with Network Rail's engineers, and much progress in the understanding of the assumptions and derogations contained within the project scope and their implications on project risk. In addition, tie have separately been negotiating with FNJV regarding their management fees.

The output from both these initiatives will materialise in the form of a revised target cost which is expected by 23rd March 2005.

The agents of Diageo have been instructed to commence the preliminary design and planning applications for their proposed new site at Bonnybridge. This will enable more meaningful discussions with them regarding the level of compensation in connection with their Carsbridge site. This is still currently estimated at £3.6m but it expected that this will be reduced to circa £2m.

The issue of shallow mineworkings remediation has been further developed and a strategy agreed. This involves further investigation to provide the NR Mining Engineer with sufficient data to evaluate the project team's proposals. The likely solution will involve a combination of speed limit reduction on the freight section of the route and some form of consequential risk management, plus a degree of discrete grouting.

Site Progress

Devegetation works is in progress. We plan to have all the trees on the route felled by the 18th March and all the stumps either removed or ground down by the end of the month. Public reaction has been very positive now that there is at last physical evidence of activity.

Programme

Subject to satisfactory resolution of the above issues, we expect to have Scottish Executive approval by the end of March 2005, Council Approval during April and Network Rail Approval on the 4th May. This will allow the contract for Phase 2 to be awarded early in May.

RH/PGP 16.3.05



Agenda Item 7

Tram

- a) Project Progress Reports*
- b) Procurement *
- c) OBC Status
- d) Parliamentary Process *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7a

Tram

a) Project Progress Reports*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Project: Line 2 West Edinburgh Tram Parliamentary Order

Report for Month Ending: 28-Feb-05

Project Manager: Geoff Duke

Start Date:

End Date:

Overall Progress Status

Expenditure 2004/5

Project Life Funding

68%

113%

Progress Key:

On track for successful completion as programmed.

Issues have arisen which may delay completion or require discussion/direction.

Issues have arisen which will delay completion.

Finance Key:

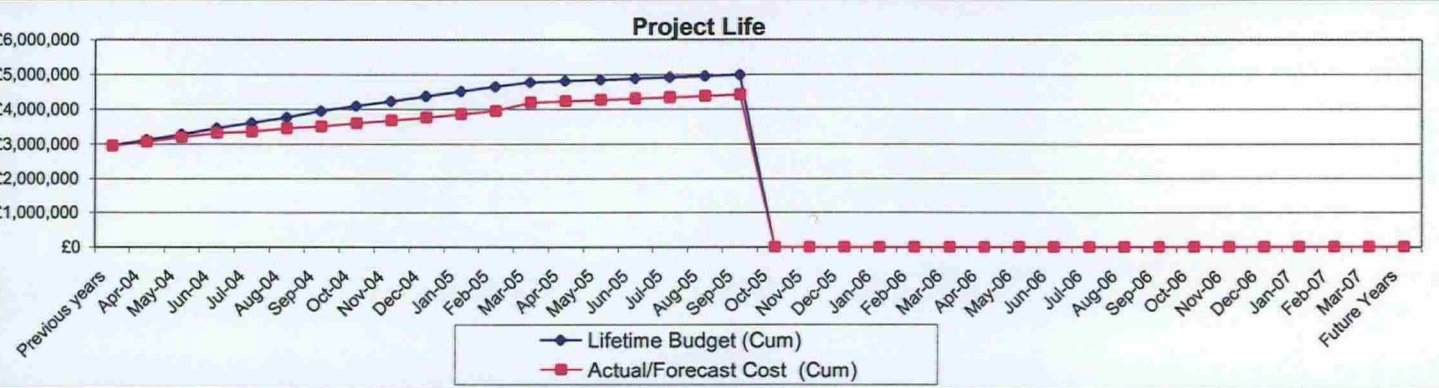
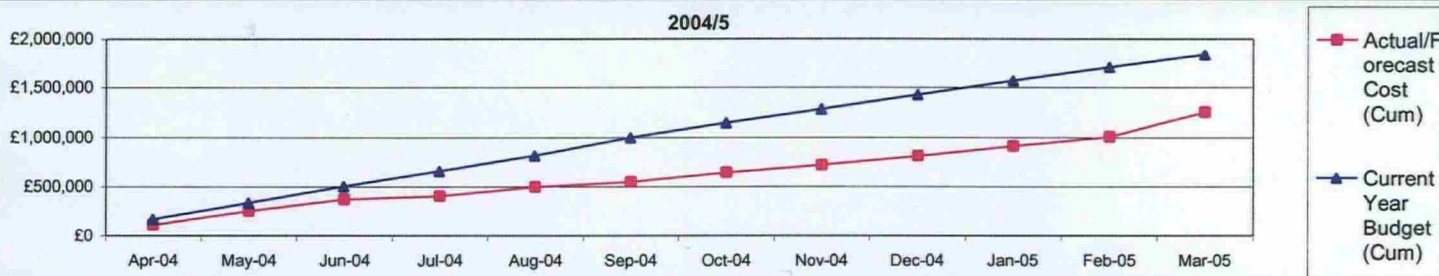
Within 10% of estimate

10 - 20% outside estimate

>20% outside estimate

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Prepare and Deposit Parliamentary Documents	4-Oct-02	24-Dec-03		C	
2. Support Parliamentary Process Leading to Royal	1-Jan-04	20-Dec-05		IP	
3. DPOF Appointment of Operator	2-Jul-03	29-Apr-04		C	
4. Third Party & Stakeholder Liaison	5-Jan-04	20-Dec-05		IP	
5. Publication & Making of TROs	6-Jan-04	1-Jul-06		IP	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£2,940,316	£2,940,316	£2,940,316	£2,940,316	£2,940,316	£0
2004/5	£1,838,360	£1,838,360	£1,838,360	£1,838,360	£1,253,368	£584,992
2005/6	£221,324	£221,324	£221,324	£221,324	£221,324	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£4,415,008	£584,992



Summary of Key Points and suggested course of action:

The committee published its Preliminary Stage report on 9 February recommending that the Bill proceed as a Private Bill to the Consideration Stage and that the general principles of the Bill should be agreed to. The recommendations of the report were approved unanimously by parliament on 23 February. No decision on the format or programme has been decided for the Consideration Stage of the parliamentary process. Negotiations are ongoing with objectors in general accordance with the Phasing protocol.

FM have submitted a claim for £175k for additional work incurred in meeting the programme for Bill submission in 2003 (a proportion is included in this forecast). The has not accepted this and are continuing to resist FM's claim.

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature:

Project Director's signature:

Date: 09/03/2005

Date: 10/3/5 09/03/2005



Agenda Item 7b

Tram

b) Procurement *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7c

Tram

c) OBC Status

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7d

Tram

d) Parliamentary Process *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Edinburgh Tram – Statutory Processes - Line 1 & 2 Status Report

Private Bills for Edinburgh Tram Line 1 and 2 are currently under consideration by their respective Parliamentary Committees. Both Committees submitted their Preliminary Stage Reports to the Scottish Parliament and the recommendations to proceed to the Consideration Stage were each approved unanimously.

During the Consideration Stage, the detail of the proposals will be considered. The Committees have now each held a meeting to consider how to manage the Consideration Stage. They have proposed groupings of objectors so that similar issues can be dealt with at the one time. They have written to all objectors notifying them of their proposals and inviting them to a meeting to explain and discuss them. The PBU will meet with tie separately to discuss the proposed procedures.

The Committees do not intend to meet again until June. Before that, lists of witnesses and the scope of evidence will be submitted, followed by detailed evidence. The evidence statements will be exchanged between tie and the objectors and will be taken as read at the Committees. There will be no leading of evidence at the Committees – it will go straight to cross-examination. The PBU has outlined a very demanding work schedule to get through all the objection hearings, with Committees each having all day sessions once a week during June and recommencing in September.

tie is still budgeting on completion of the Consideration Stage and the Final Stage, and achieving Royal Assent to the Bills by the end of December 2005 although this depends entirely on the progress of considering the Bills by the Committees.

Meanwhile, there is considerable work ongoing in seeking to resolve the concerns of formal objectors to the Bills. It is intended to try to achieve resolution with as many as possible to avoid the need to appear before the Committees. There are a number of objections on each line where it is unlikely that agreement will be reached and the issues will have to be examined at the Committee hearings.

For Tram Line 1, 196 objections were lodged through the formal objection period following the lodging of the Bill. The Committee considered 10 late objections and found that 9 demonstrated good reason for lateness and were therefore deemed admissible. 7 objections have since been removed and 198 objections remain to the Bill with the following proportions; approximately

- 34 objections have been raised by commercial entities
- 137 objections have been raised on the Roseburn Corridor
- 27 objections have been raised along the waterfront.

In addition to managing and resolving such objection matters it has become necessary to redevelop and negotiate two s75 Agreements through the key waterfront areas. This is being progressed simultaneously through the resolution

of the technical issues and would preferably be concluded legally in the same timeframe.

For Tram Line 2, 82 objections were lodged through the formal objection period following the lodging of the Bill. The Committee considered 3 late objections and found that they demonstrated good reason for lateness and were therefore also deemed admissible. 9 objections to the Whole Bill have been rejected by the Committee and therefore 76 objections. These can broadly be classified as:

- 2 environmental/heritage
- 5 transport
- 13 residential
- 56 commercial

In parallel with this, the preparation of evidence and consideration of the case to be presented through the Consideration Stage is under way. Key witnesses have been identified and consultations with the QC are reviewing the strategy to be adopted and developing the case to be made. Supporting work is also being prepared to address the key areas of concern raised by the Committee which are summarised below;

- non-user benefits may have been overstated in economic case.
- Design Manual has no formal status in the approvals process.
- not convinced that spirit of full co-operation between Lothian Buses and those parties involved in the promotion has always existed.
- concerns that the social inclusion benefits will not be fully realised unless the Concessionary Fares Scheme is available to tram users.
- concerns about the consultation exercise which with hindsight could have been improved.
- more detailed information on utility diversion costs to be provided.
- main reservations relate to the scale of economic benefits which have been attributed to non tram users and also the need for further reassurances as to the robustness of the patronage forecasts.

Two route alignment changes outwith the LOD are being considered – one on the common section at Haymarket Yards and one at the Gyle. The purpose of the changes is to reach resolution with objectors. However, by going outside the LODs, a “Bill within a Bill” procedure is triggered that, for the area affected, will involve consultation, notification and an objection period. Technical work is progressing as well as an assessment of the pros and cons of making the amendment.

Detailed consideration of the impact of any of the early design work by the Tram Implementation Team is being undertaken. This includes a detailed review of property impacts and potential compensation implications which will inform the Outline Business Case.



Other Projects

- a) Project Progress Reports*
- b) Ingliston Park & Ride – Lessons Learnt *
- c) ITIBS *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 8a

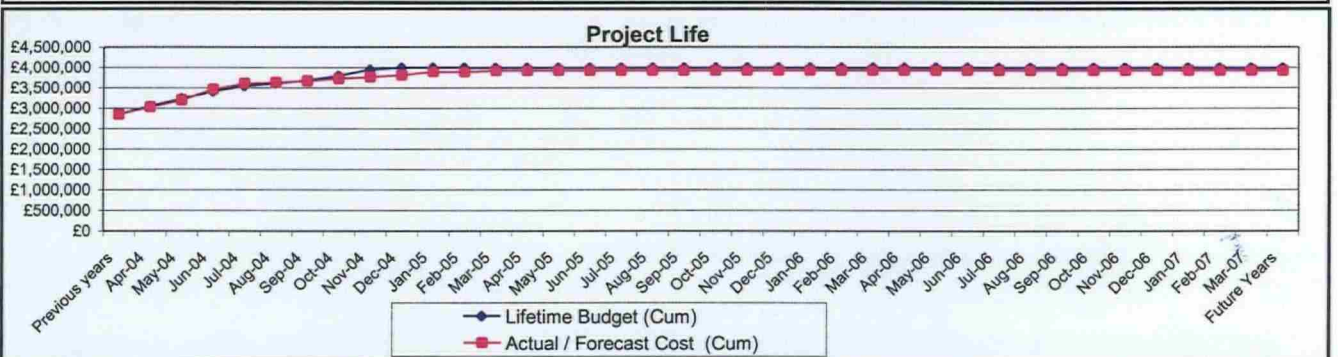
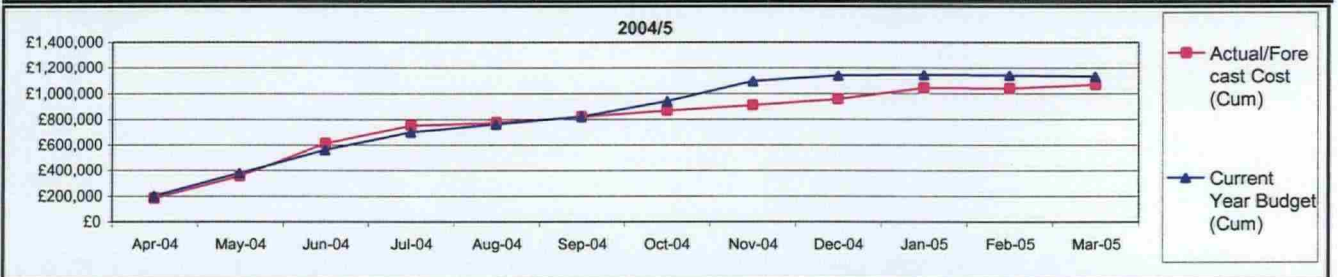
Other Projects

a) Project Progress Reports*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Project: ITI Development						
Report for Month Ending: 28-Feb-05		Project Manager: John Saunders				
Start Date:		End Date:				
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
		94%		102%		
Progress Key:			Finance Key:			
On track for successful completion as programmed.			Within 10% of estimate			
Issues have arisen which may delay completion or require discussion/direction.			10 - 20% outside estimate			
Issues have arisen which will delay completion.			>20% outside estimate			
Critical Path / Milestone Items		Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Update business Case		1-Feb-03	31-Jan-04		C	
2. Prepare Draft Charging Order and associated		1-Feb-03	15-Sep-03		C	
3. Develop and assemble background material		24-Mar-03	26-Sep-03		C	
4. Draft Charging order to Council		22-Sep-03	30-Sep-03		C	
5. Publication and objection period CO		2-Oct-03	28-Feb-04		C	
6. Negotiation. Public inquiry		3-Oct-03	2-Jul-04		C	
7. Referendum preparation		6-Jan-03	11-Nov-04	Mid Jan 2005	C	
8. Prepare application in Detail		15-Aug-03	15-Nov-04	Spring 2005	IP	
9. Final scheme approval by Council		12-Nov-04	15-Dec-04	Spring 2005	IP	
10. AiD to Scottish Executive		Mid Feb 2005	1-Jun-05		IP	
11. Procurement system Operator		1-May-03	20-Jul-05		IP	
12. Retail Impact study		21-Jan-04	30-Sep-04	Mid Nov 2004	C	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£2,851,571	£2,851,571	£2,851,571	£2,851,571	£2,851,571	£0
2004/5	£1,131,213	£1,131,213	£1,131,213	£1,131,213	£1,063,635	£67,578
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£3,982,784	£3,982,784	£3,982,784	£3,982,784	£3,915,206	£67,578



Summary of Key Points and suggested course of action:

Following the announcement on 22 February of the Referendum result the Council instructed that all work on the development of the Congestion Charging proposal should cease. All consultants and advisors who were involved in this process were immediately informed by the Council of the Council's decision and as such final invoices are currently being prepared to allow finalisation of the accounts associated with the cost centre.

Prior to the announcement of the Referendum result the legal team had been providing input to the Council Solicitor and the Council's QC to assist in the defence of the judicial review. Work had also been continuing in relation to the finalisation of the Charging Order, the drafting / editing of the Stage 2 STAG documentation and responding to inquiries and comments from the public / others about the congestion charging proposal.

Terminating all development work at this stage in the financial year has as can be seen above resulted in a budgetary saving on the levels of spend predicted from last month.

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: [Redacted]

Project Director's signature: [Redacted]

Date:

08/03/2005

Date: 10/3/5

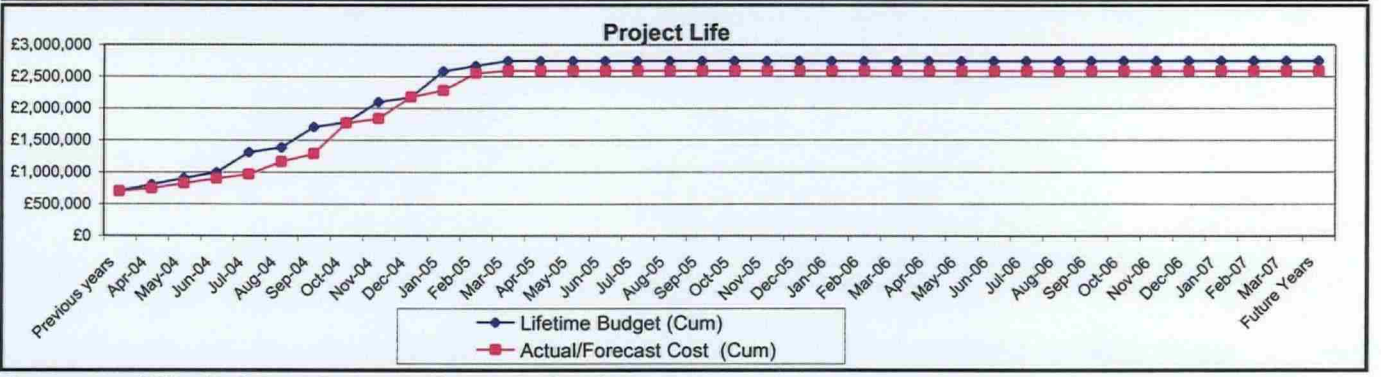
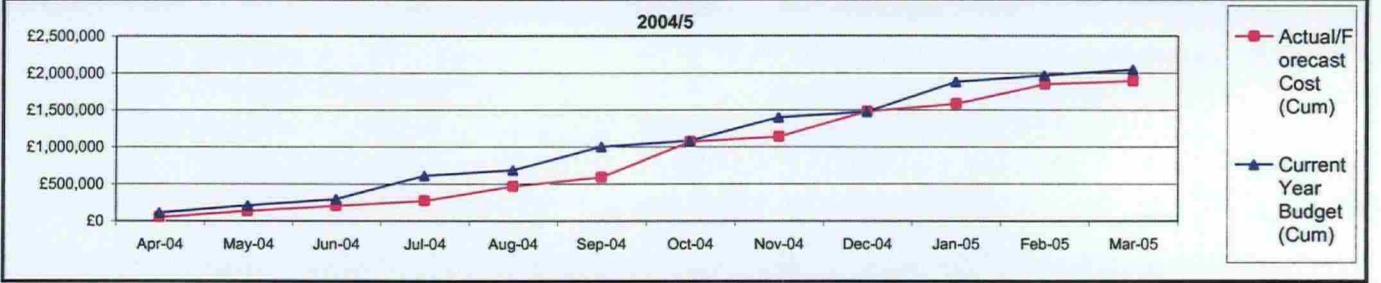
08/03/2005

Project: ITI Procurement		Project Manager: Seamus Healy	
Report for Month Ending: 28-Feb-05		End Date:	
Start Date:		End Date:	
Overall Progress Status	Expenditure 2004/5	Project Life Funding	
	92%	106%	

Progress Key:	Finance Key:
On track for successful completion as programmed.	Within 10% of estimate
Issues have arisen which may delay completion or require discussion/direction.	10 - 20% outside estimate
Issues have arisen which will delay completion.	>20% outside estimate

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Complete Evaluation of System Procurement Tenders	8-Apr-04	14-May-04		C	
2. Contract with Agreed System Integrators (SI)	14-May-04	14-Jun-04		C	
3. SIs Team Mobilisation Complete	14-Jun-04	5-Jul-04		C	
4. Macro Designs Complete (Business Modelling)	5-Jul-04	16-Aug-04		C	
5. Technical Designs Complete	6-Aug-04	8-Nov-04		C	
6. Architecture Designs Complete	25-Oct-04	6-Dec-04		C	
7. Prototypes Design and Build Complete	9-Aug-04	28-Oct-04		C	
8. Prototype Tests Complete	28-Oct-04	8-Dec-04		C	
9. Complete Evaluation of Stage 1 Designs	20-Dec-04	21-Jan-05	28-Feb-05	C	
10. Finalise Stage 2 Contract Schedules	24-Jan-05	18-Feb-05	15-Mar-05	C	
11. Exercise Stage 2 Option with Chosen SI	21-Feb-05	18-Mar-05		C	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£694,159	£694,159	£694,159	£694,159	£694,159	£0
2004/5	£2,048,701	£2,048,701	£2,048,701	£2,048,701	£1,890,431	£158,270
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£2,742,860	£2,742,860	£2,742,860	£2,742,860	£2,584,590	£158,270



Summary of Key Points and suggested course of action:

Operations

All work has now ceased in light of the referendum result. The remaining milestones have been closed off above to reflect the fact that the project has now been aborted.

It has evaluated the means of extracting value for CEC and the Executive from the investment made in the project. Discussions on these options are now proceeding with urgent priority.

Financial

All project costs are now being wound up and all external activity has now ceased. All external advisor costs have now been concluded and final internal costs and accruals have been reflected in March projections.

"I confirm that this report provides an accurate overview of the project progress and finance."

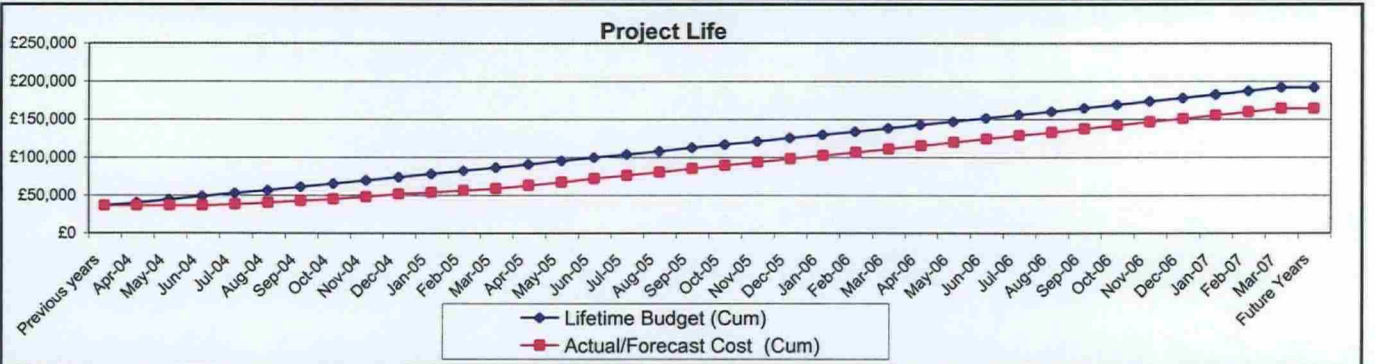
Project Manager's signature: _____ Date: 11/3/05 11/03/2005

Project Director's signature: _____ Date: 11/3/05 11/03/2005

Project: "One Ticket"		Report for Month Ending: 28-Feb-05		Project Manager: Stuart Lockhart	
Start Date:		End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding	
		45%		117%	
Progress Key:				Finance Key:	
On track for successful completion as programmed.				Within 10% of estimate	
Issues have arisen which may delay completion or require discussion/direction.				10 - 20% outside estimate	
Issues have arisen which will delay completion.				>20% outside estimate	

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Distribution & Marketing Strategy (Report)	1-Jan-03	28-Feb-03		C	
2. Project Start-Up	1-Apr-03			C	
3. Appointment of Marketing Assistant / Administrator	14-Feb-03	28-Apr-03		C	
4. Implementation of Distribution and Marketing Strategy	1-Apr-03			IP	
5. Appointment of Marketing Assistant / Administrator	26-Sep-03	5-Nov-03		C	
6. Appointment of Business Development Manager	1-Jul-03	1-Apr-04	1-Sep-05	NS	
7. Appointment of Marketing Assistant / Administrator	6-Jan-04	6-Jan-04		C	
8. Business Planning (SE)	1-Jan-04	31-Mar-04		C	
9. Scotrail Involvement in Scheme	1-Apr-04	1-Apr-04	1-Sep-05	IP	
10. SMART Card Implementation	1-Dec-05	1-Dec-06		NS	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£36,365	£36,365	£36,365	£36,365	£36,365	£0
2004/5	£49,982	£49,982	£49,982	£49,982	£22,256	£27,726
2005/6	£51,982	£79,708	£51,982	£51,982	£51,982	£0
2006/7	£54,061	£81,787	£54,061	£54,061	£54,061	£0
Future Years	£0	£27,726	£0	£0	£0	£0
Total for Project Life Cycle	£192,390		£192,390	£192,390	£164,664	£27,726



Summary of Key Points and suggested course of action:

No material change to financial prospects compared to January report

- Initial meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. Further, detailed discussions, will take place over the coming months.
- It is anticipated that year end sales will meet the budget of £650k (last year actual was £508k).

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature:

Project Director's signature:

Date: 09/03/2005

Date: 10/3/5 09/03/2005



Agenda Item 8b

Other Projects

**b) Ingliston Park & Ride – Lessons
Learnt ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie Limited

**tie board meeting 21st March 2005
Ingliston Park and Ride Lessons Learnt**

Steering Group

A steering group meeting has been arranged for the 17th of March to discuss and progress all aspects of the delivery of the project. This will be attended by representatives from Transport, tie, Halcrow, and bus operators.

Construction

Construction work is generally progressing well and to a good standard Utility Diversions have now been arranged and in the mean time work has been rearranged around the area to minimise delay. The building is taking shape with the roof at an advanced stage and the blockwork complete. The recent inclement weather has caused some disruption however this is being managed. Surfacing of the car park commences this week.

Scottish Power have caused some further problems as they had initially intimated that they would supply the site from cables in Eastfield Road. They have now intimated that this will not be the case and the contractor is awaiting their proposal for an alternative source. The contractor is preparing a plan to mitigate any further delay that this would cause to the delivery of the site.

In addition Street Lighting have caused some delay in responding with requests for further information.

Fitting Out

A schedule of colour and fitting choices has been received which will require instruction. In addition provision of equipment not supplied by the contractor e.g. Vending Machines, computer terminals and telephones requires consideration.

Traffic Regulation Orders and Parking Places Order

Traffic Regulation Orders and a Parking Places Order are required to enforce bus lanes, waiting restrictions, turning restrictions and the regulation of the car park. The formal consultation period for these will commence this week following which the orders will be advertised. If objections are received then a report will be required to go to the 7th June Council Executive Committee.

Operation

The City's officers are at an advanced stage in the preparation of operating agreements with bus operators who have stated an interest in serving the site this includes staffing the building and light maintenance. tie will continue to provide support.



Training

Near the end of the construction period staff will require to be trained in the use of any equipment provided for the operation of the site and building. This has been added to the overall programme.

Launch

The date for completion of the Construction is presently the 10th of June. It has been suggested that the P.R. Launch be aligned to the completion of Hermiston Park and Ride and the Royal Bank of Scotland opening in July. However cognisance needs to be taken of the G8 conference which is taking place in the first two weeks in July.

This will be discussed at the Steering Group. Some thought has been given to two options for the opening of the Ingliston site. One invitation only and one for members of the public (the Bouncy castle approach) these have been costed and a draft programme for delivery produced.

Project Management and Control

The form of contract with the contractor for Ingliston is the Engineering and Construction contract option A which is design and build with a priced activity schedule. The reference design was prepared by our client's representative pre tender and the client's representative is responsible for all quality assurance issues and cost certification. The contractor is responsible for the delivery of a robust product with the design being certified by the contractor's designer. In the case of Ingliston, the client's representative is Halcrow, the contractor is Borders Construction and the contractor's designer is Goodson Associates.

The role of the **tie** project manager in this context is very much one of monitoring the client's representative and providing the necessary interface with the city council and other third parties to provide a total project.

Lessons from WEBS

The board will recollect a paper presented to the meeting on 20th December that addressed lessons to be learned from the procurement of WEBS with a view to ensuring that those lessons are imported into other **tie** projects. The process for capturing the lessons that was outlined to the Board in December is as follows.

The process of capturing the lessons to be learned involves four stages. Stage 1 was a first stage issues review involving the projects director and the two project managers that were involved in the scheme. Some headline results of that exercise are included later in this paper.



The second stage will involve sessions with the two main construction contractors Balfour Beatty and ERDC. There are a number of significant contractual issues to be resolved with the contractors regarding quality of product, outstanding work to be completed, programme to final completion and financial issues.

The third stage will involve a similar review with our client representatives, Halcrow. Again there are a number of issues to be resolved with them including quality of service, financial issues and programme to completion.

The fourth stage will involve a review with Lothian Buses and CEC regarding the interface between these parties and tie and how, with the benefit of hindsight, we could have improved.

Finally the results of this will be fed into the business improvement work that is ongoing to ensure that our project management procedures benefit from the experience.

At present stages 1 and 4 are complete and stages 2 and 3 are ongoing with continued work to resolve outstanding contractual issues. However there are some conclusions of the review that are directly applicable to the Ingliston context and that have been implemented. The relevant conclusions are as follows.

- The level of interface with CEC and other bodies such as Lothian Buses involves a greater degree of commitment than originally envisaged
- The degree of supervision of the client's representative in technical areas like quality, programme and price has proven to be greater than expected. The incentive for tie staff to look after the interests of tie is greater than that of the client's representative.
- The degree of site supervision required directly by tie to ensure a quality product has proven to be greater than expected.
- It is essential to have a tight control over the contractual issues related to the client's representative as well as the contractor. There is always potential for disputes between the two parties as to liability when defects are discovered.
- As a result of the above the level of project management resources we need on projects at the construction stage needs to be increased.

Actions taken on Ingliston

As a result of the review of WEBS a number of actions have been taken to ensure that Ingliston goes as smoothly as possible.

- An additional project manager has been redeployed to Ingliston on a part time basis to assist



tie Limited

- Input has been provided from our QS and tram programme manager to assist with valuations, contract negotiations and programme
- Input has been provided from the tram PU manager to assist the contractor in negotiations with PU undertakers.
- An experienced clerk of works has been deployed to ensure that the client's representative site supervision is adequate.

As a result of these actions considerable progress has been made in clarity of programme, valuation of early warning notices for compensation events, PU diversions and traffic regulation orders, all of which are potentially significant issues for this contract. It is important to recognise that these additional resources are deployed to safeguard tie's interests and provide the necessary clarity in the event of a dispute arising with either the contractor or the client's representative. In the context of potential settlement levels for compensation events, the contingency allowance for which currently stands in the business plan at £500,000, this level of input is expected to deliver value for money.

Report by
Lindsay Murphy/Alex Macaulay
March 2005



Agenda Item 8c

Other Projects

c) ITIBS *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



**BOARD MEETING
21 MARCH 2005**

**Following the NO vote:
Realising value from congestion charging development**

1: IT and business systems

CONFIDENTIAL

Introduction

tie has undertaken innovative work in developing a congestion charging scheme for Edinburgh, including procuring and partnering the development of IT systems required to implement such a scheme.

This paper examines areas where the experience and expertise gained by tie in the IT aspects of this project could potentially be exploited following the 'no' referendum vote. It examines how the ITI Business System ('ITIBS') developed to run the charging scheme could be used for alternative appropriate applications in Edinburgh or elsewhere in the UK, ensuring that the inherent value built up for the charging scheme is not lost.

A separate note deals with potential opportunities in supporting other aspects of congestion charging scheme design and statutory processes at other locations.

The ITI Business system - ITIBS

As part of the development stage for the congestion charging scheme, detailed design work was undertaken on systems to operate the scheme, following an innovative procurement strategy. The approach used for this work, the systems developed and the experience gained are relevant to the wider use of IT systems for transport applications, and potentially in other public sector areas.

They have the capability to underpin the delivery of major advances in integration, efficient traffic management, user-friendliness and quality for transport users of all kinds – objectives set out in the Scottish Executive's 2004 White Paper and reinforced by Alastair Darling in his Scotsman article of 23 February 2005. In England, a substantial 'Transport Innovation Fund' has been established to support new approaches to tackling these objectives. These issues will be critical in reporting on alternative approaches to controlling increasing congestion as required by the City of Edinburgh Council in their decision of 24 February.

The evidence

The system procurement for ITIBS was driven by a number of objectives:

- Minimising 'total cost of ownership' – total capital and operating costs
- Minimising delivery programme risks
- Avoiding long-term reliance on a single supplier
- Maximising opportunities to add value.

The key to achieving these was a focus on business processes.

Contracts were let to two suppliers, stage 1 of which was to undertake detailed design work for the charging system based on the objectives above.

This work was successfully completed and prototypes demonstrated by the contractors on time and to budget. Proven features are:

The system developed for tie is very substantially cheaper than that in place for London's charging scheme and is within the constrained budget allowed for in the charging scheme business case.

The system relies on standard components, minimising interface issues and avoiding the use of bespoke software that only a single supplier would be able to support.

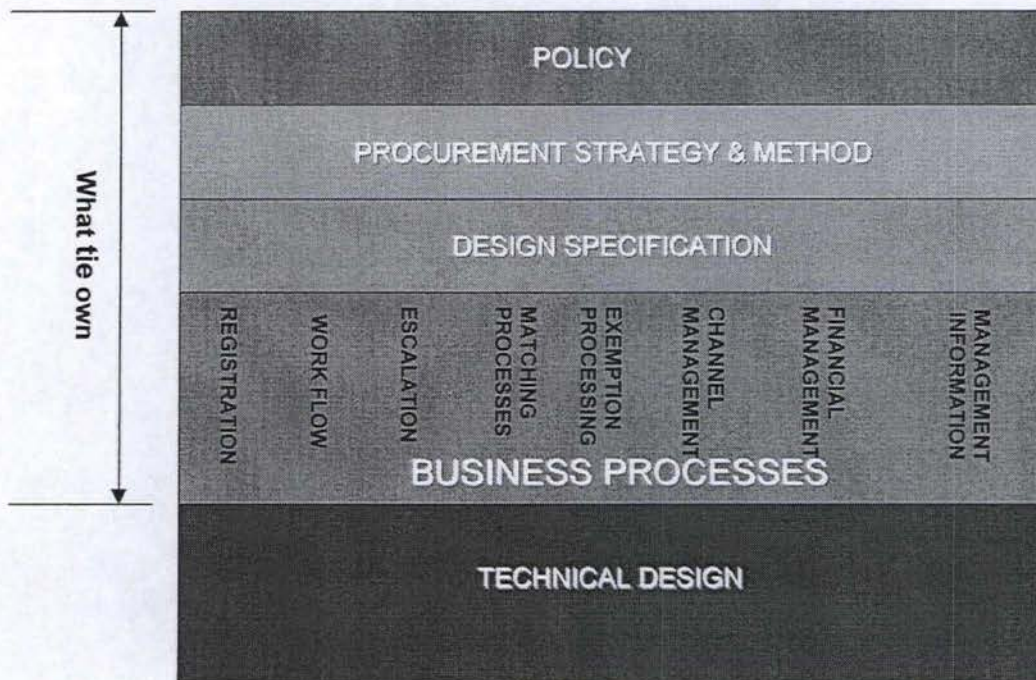
The system is fully flexible and scalable and can easily allow for additional modules to provide additional functionality.

Business processes and technology principles reflecting best practice in the private sector have been designed into all areas of transaction, analysis, and reporting covering the entire operational spectrum of a business operation.

The core of the system is a 'back office' using industry standard software (Oracle, SAP) that can handle any financial and/or data management requirement and can be readily updated and adapted.

The business system

The ITIBS concept is based on the design of business processes that can then be used for detailed technical specification – particularly for the configuration of standard software such as Oracle, and the incorporation of any interfaces with external applications. The framework is set out in the diagram below:



The business processes, while required for congestion charging, are generic and can be applied to other uses. Looking at each of these in turn:

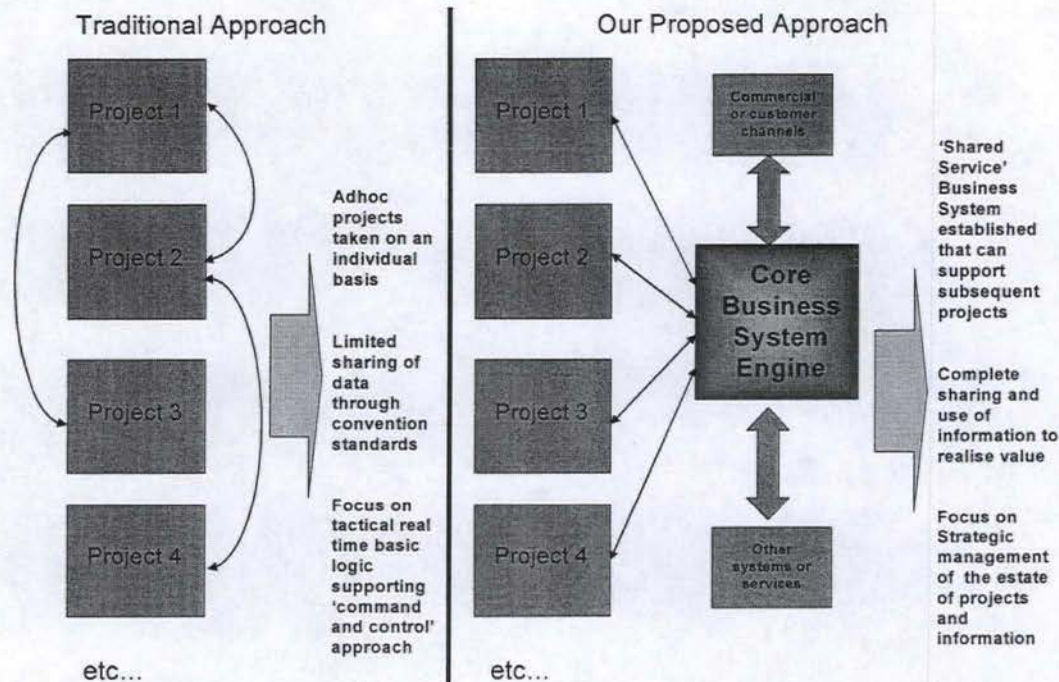
- Registration: account information, eg blue badge issue, residential parking permits.
- Work flow: management, programming and allocation of incoming workstreams, eg customer care, mail management, telephone calls.
- Escalation: conditional follow-up action based for example on performance standards or service level agreements, eg debt management, penalty notices, customer care.
- Matching processes: for reconciliations /comparisons, eg parking offenders
- Channel management: sales processes including web, sms and interfaces with retail outlets.
- Financial management: self explanatory
- Public and Management information: based on all the information held by the system, with significant ability to cross reference, eg real time information, parking guidance.

The features of the system developed would be best exploited in promoting integrated systems where data exchange between differing applications can add significant value beyond that provided by applications in isolation (in other words situations where the whole is more than the sum of the parts).

In the transport field, UTMC aims to facilitate such integration for traffic control, information and management application. It specifies standards for applications in this field to allow for the possibility of such integration to take place.

The **tie** approach is not inconsistent with this, but starts with a central processing platform that will give powerful analysis and management of information, including the ability to share it in various forms (eg web, SMS) and the possibility to run entire operations (including channel offerings and full financial management). A whole range of applications can be supported by using such core business engine, not simply transport-related ones.

The difference is illustrated in the diagram below:



Potential tie role

The experience gained could be applied to IT procurement for other transport or related public sector projects. **tie** could act as either:

- 'Intelligent client' acting in partnership with a public sector project promoter (similar to **tie**'s role with FETA on the statutory processes); or
- Consultant advising a public sector project promoter on a commercial basis.

As 'intelligent client', **tie** would provide unique experience of best practice from both public and private sectors with a small team able to engage directly with IT delivery organisations. The NAO report on "Improving IT procurement", 5 November 2004, specifically recommends such an "intelligent customer" approach in realising success and value from IT enabled projects

As adviser, **tie** would be able to offer specialist advice on all aspects of procurement ranging from selection of tenderers to end user acceptance programmes.

Of these, the role of 'intelligent client' is preferred, on the grounds that the experience gained and the skills available within **tie** are most suited to providing the bridge between supplier and promoter and ensuring project delivery is focused on promoter needs.

There is a further possibility, which is that **tie** could provide an IT service to Councils in relation to some of the areas described below. This would be a modest parallel to a Danish organisation that provides IT services to local authorities on a very large scale: KMD plc. This company is owned by a consortium of Danish public authorities.

Potential applications

The ITIBS business system lends itself to a wide range of applications in both the transport field and the wider public sector. Indeed the more applications are linked to the system, the greater are the opportunities to benefit from synergies in information management, customer payment channels, and customer relationship management tools that they may be unlikely to be able to support on an individual basis. Most importantly, the consolidation of information into one central engine allows wide scope to achieve integration and other key service objectives that would otherwise be very difficult or impossible to realise.

The key to delivering the benefits is to realise the synergies from this 'shared service' supporting a wide range of projects. The costs would be similarly shared over a range of projects. However, it is likely that a project of a significant size will be needed to support initial implementation. This could then be extended into other, possibly smaller, applications at relatively low marginal cost.

In the Edinburgh context, it is anticipated that the most likely core applications would be focused around **traffic management and control** systems as a tool for congestion management. These systems will also be required for effective management of the tram system, and even more importantly for the tram construction period. Initial work on developing an integrated urban traffic management and control (UTMC) strategy has been carried out for CEC by Halcrow, and the Council is seeking funding to develop this further, part of which may come from the tram implementation funding package.

The ITI business system could potentially provide a significant contribution to such a strategy. It could link traffic signal control over a wide area with public transport real time information, the provision of timetable information and personalised journey planning, parking information systems and real time roadside information about travel delays etc. This is potentially a very large area with substantial opportunities for innovation and demonstration of best practice.

To a core application such as this could then be added a whole range of additional uses supporting Council activities. These might include:

- Parking

The whole range of parking management activities including payment processes, enforcement activities, permit and exemption registration, contract management and user information systems could be covered by ITIBS. This operation is already a self-contained activity within CEC which is currently dependent on bespoke IT processes that are now outdated and not capable of direct upgrading. Incorporating parking management into ITIBS would allow parking information to be applied for wider traffic management and control purposes.

- Tram Back Office

The tram system will need a back office providing financial control, management of payment channels and ticketing, etc. ITIBS has again got the potential to provide this facility. While initial discussions with Transdev suggest that the requirement in this respect will be quite limited, it might still make a viable marginal application for ITIBS, particularly if linked with integrated ticketing (see below).

- Road network asset management

CEC aspires to a more strategic approach to managing the maintenance of the road network, while the Scottish Executive is including powers for the coordination and management of roadworks by utilities in the current Transport Bill. Systems allowing the prioritisation of maintenance works against predetermined criteria, information provision to road users and local authorities, and coordination issues could be very effectively handled by ITIBS. There may well be further areas under this heading that could also benefit.

- Air quality

Without congestion charging, alternative approaches may be needed to meet the targets of the Council's statutory air quality action plan. Linking air quality monitoring into ITIBS could allow automatic initiation of mitigation measures during episodes of poor air quality. This might for example include alternative signal plans and variable message signs at appropriate locations – applications that would also be part of the overall ITIBS package.

- Integrated ticketing

The system would provide the facilities required if the One-ticket arrangements were to be scaled up into a major operation (and including the tram ticketing arrangements). The business processes for this would be very similar to congestion charging in terms of purchasing of tickets/licences through a wide range of payment channels, payments to operators and other creditors, with secure accounting and management information processes.

There are also likely to be opportunities in some of the above applications with other Councils, or, in future, Regional Transport Partnerships. However, a strong core application is still likely to be needed to form the basis of such a shared service. There are further applications that could be relevant at a national level:

- Smartcard and/or concessionary travel arrangements

The Scottish Executive are developing national concessionary travel arrangements, which will be based on smartcards held by eligible users. Such smartcard arrangements could be extended to other types of users. These could include for example other travel concessions, integrated ticketing for any traveller, or even payments for other goods as is now being considered for the London Oystercard system. ITIBS would be able to provide all the back office management systems for such an arrangement.

- Blue badge registration and management

Registration of blue badges is currently undertaken by individual local authorities with no compatibility or standards for databases, or even of criteria for issue. However, the ability to check the validity of badges is likely to be increasingly required on a national basis. ITIBS could provide a service to local authorities throughout Scotland for issuing badges and maintaining a comprehensive database.

- Speed limit enforcement

Speed cameras based on measuring vehicle times over a significant length of road ('SPECS') are being proposed in Scotland (Scotsman 3 March), in addition to the 'single point' speed cameras already in place. The business processes required for these systems to process enforcement action closely match those required for congestion charging, and are therefore well within the scope of ITIBS.

- Congestion charging application elsewhere in the UK

This would supplement the wider role that **tie** could provide to authorities considering charging schemes discussed in a separate paper. It is therefore proposed that this be packaged with the other aspects of charging scheme development as part of a 'tie offer'. Discussions should be held with those authorities seriously considering charging, and with London which is seeking to extend and develop its existing scheme, to identify potential areas for IT collaboration.

The 'shared service' approach would allow for a structure where local councils would only need to deploy on-street technology, and the resources required for front and back office processes could be shared. Such an approach would lower total costs through economies of scale.

The **tie** team believe there is potential for ITIBS to provide benefits in both financial and cost-benefit terms for Edinburgh - and potentially on an even larger scale if applied Scotland-wide. However, a quantitative evaluation of such benefits has not been carried out at this stage, nor have funding sources been examined. **tie** recognise that a satisfactory business case would have to be made in proposing to take any further proposals forward.

Next steps

tie propose:

- 1) To supplement the major investment to date in development of the ITIBS Business System by preparing a preliminary business case for its further application. This would aim to identify where value could be realised from the investment made despite the rejection of Edinburgh's congestion charging proposals in the referendum. It would include the role of **tie** in this process and would cover:

- Scoping of potential uses with particular focus on Edinburgh, using traffic control and management as the starting point;
 - Examining the potential for regional applications in SESTRAN context;
 - Examining the potential for supporting a national strategy for transport IT development and application;
 - Outline costing of applying the system to such uses;
 - Examining opportunities for establishing a 'shared service provider', including the relevance of the Danish KMD model;
 - Initial assessment of potential benefits in both financial and cost-benefit terms;
 - Identification of funding options for implementation;
 - Risk assessment;
 - Comparison with existing standards or 'conventional' methods (eg UTMC);
 - Relationships with the existing Council IT contract.
- 2) To seek opportunities to support this and other IT activity by acting as 'intelligent client' with public sector bodies.

This work would be carried out by existing **tie** staff, with minimal third party support. If the approach is agreed, an interim report would be produced for the Board and CEC in May, with this stage of work being completed by September. Close liaison with the Scottish Executive will also be necessary. It is proposed that this should be funded from the residual budget for congestion charging development unspent as a result of the referendum result. This amounted to £160,000.



**BOARD MEETING
21 MARCH 2005**

**Following the NO vote:
Realising value from congestion charging development**

2: Scheme design and statutory procedures

CONFIDENTIAL

Introduction

tie has undertaken innovative work in designing a congestion charging scheme for Edinburgh and taking it through all the consultative and statutory procedures.

This paper examines where the experience and expertise gained by **tie** in the development of the scheme could potentially be exploited following the 'no' referendum vote. A separate note deals with the potential opportunities arising from IT and business systems design.

Scheme design and statutory processes

Edinburgh's congestion charging scheme was ready for implementation subject to final confirmation and approval by Scottish Ministers. **tie** has successfully steered this scheme through the preliminary and detailed design, extensive informal consultation, Council decisions and the formal statutory procedures including a public inquiry.

The public inquiry – with a successful outcome – is the only one to have been held on a congestion charging scheme in the UK.

The experience gained could be used in two ways. Firstly **tie** could provide advice to other traffic authorities considering a charging scheme. The company has already been appointed by FETA to assist the project management of the replacement of tolls on the Forth Road Bridge with a road user charge under the 2001 Transport Act. This activity is likely to continue into 2007. **tie** could provide assistance to government(s) in developing regulatory frameworks for charging schemes elsewhere. Secondly, **tie** can contribute towards the review of transport strategy agreed by the Council on 24 February, including whether any consensus exists for alternative approaches to congestion management in Edinburgh.

Supporting schemes elsewhere

Outside Scotland the development of congestion charging in the UK will depend on the uncertain political appetite for such schemes both by Councils and by national government. In addition, legislation and approval requirements are different from those in Scotland. There may however be opportunities to provide an advisory role in cities considering congestion charging. Manchester and Cardiff, for example, are known to be examining charging options. There may also be opportunities outside the UK, although the details of statutory processes etc will have some differences from those in Scotland.

tie therefore should identify in some detail the areas in which it could provide information, support or advice to local authorities and national government. At the very least, a comprehensive analysis of the lessons learnt from the

Edinburgh experience should be undertaken. In summary, areas that could be examined include:

- Strategic considerations in designing a charging scheme;
- Using consultation and market research to assist design;
- Promoting acceptance;
- Stakeholder relationships;
- Decision-making processes;
- Forecasting and appraisal of impacts at appropriate levels of detail;
- Managing the statutory procedures, including public inquiry;
- The role of government guidance;
- Technology issues including procurement (dealt with in a separate paper)
- In relation to all these – potential risks/barriers to success

It is proposed that a short analysis of what **tie** could offer in each of these (and any other relevant) areas should be prepared, together with a marketing strategy for exploiting this experience. This could for example involve **tie** seeking to identify and approach key senior officials within major UK cities and the Department for Transport with a **tie** proposal.

Edinburgh

The second way of using the experience gained would be to support any proposals for an alternative future charging scheme, or other methods of tackling congestion, for Edinburgh. Recent events have shown that there is serious concern about congestion in the city; and that for certain groups, an alternative charging scheme might be acceptable. Retailers groups and the Liberal Democrats for example have both indicated they are not against charging in principle. Clearly there is no possibility that any scheme could be considered prior to the 2007 elections, but it may be that third parties could put forward proposals for the longer term. The Council in its decision of 24 February agreed to receive reports from community groups on proposals for tackling congestion.

tie would be available to support any informal discussions with retailers groups or any other interested bodies to explore options for the future, but would not initiate such discussion.

Next steps

- 1) To undertake an analysis of experience gained and expertise that could be used to assist local and national government in the UK (and potentially abroad) in developing congestion charging schemes and processes. This would then be linked to a scoping of marketing opportunities and a strategy for exploiting these.
- 2) To participate as required in informal discussions with Edinburgh retailers groups and any other interested bodies to explore options for the future in tackling congestion in the city.

J Saunders
16 March 2005



Agenda Item 9

Communications

- a) Information Programme *
- b) Stakeholder Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 9a

Communications

a) Information Programme *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Transport Edinburgh Communications Strategy in March 2005

This note seeks to update the tie board of CEC's recent progress

Voters in the Transport Edinburgh referendum voted against the council's preferred strategy, which included the introduction of a congestion charging scheme. This means that the council will now follow its base transport strategy. This strategy is an ambitious programme that includes, two tram lines, new park & ride facilities at Ingliston, Hermiston, Straiton and Todhills, a record £28.4m in 2005 for road maintenance, the Central Edinburgh Traffic Management scheme (CETM) and the improvements for pedestrians in the city.

With this programme in mind the council is seeking approval for a revised transport communications strategy and is currently preparing a communication plan to support these activities.

The recent experience of the transport referendum has shown how crucial to the success of transport policy is a supportive body of public opinion. Interest in the council's transport policy will now focus on trams and the parking review. It is essential to the success of these projects that they enjoy a wide degree of public support. To this end the council, tie, and corporate communications is undertaking a planning exercise to formulate an integrated and coordinated strategy for transport.

The next edition of Outlook with a four-page transport supplement on the outcome of the referendum is now completed. This issue will be distributed on 25 March.

Sue Campbell

Mar 2005

CEC, Dec 04



Agenda Item 9b

Communications

b) Stakeholder Report*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



**Board Update
Stakeholder & Communication Management
21 March 2005**

Stakeholder management:

- **Stakeholders**
- **Newsletter**

Communication management:

- **Media enquiries**
- **Website**
- **Trams Communication Planning**
- **One Ticket Marketing Plans**
- **Communication strategy and partners**
- **Events**

Stakeholders

The following presentations were made in the last month:

Strategic Programme Partnership	9 March 2005
Railway Industry Association	10 March 2005

Following the result of the Congestion Charging referendum on 22 February communications are at a planning stage. Plans, including specifics on stakeholders, will be presented to Michael Howell and Alex Macaulay on 22 March for approval.

Newsletter

The Stakeholder Newsletter was issued on 28 February with updated information relating to the Congestion Charging result and project updates. An additional seven requests have been received to be added to distribution of the newsletter.

Proposals to pull the newsletter into an on line e-news format sourced from the **tie** website, with a page for each **tie** project, have been documented showing costs and benefits. Proposals will be sent to Michael Howell and Alex Macaulay for approval.

Media enquiries

A proactive press release from **tie** was issued immediately following the Congestion Charging referendum result announcement. The press release offered both **tie** comment and a question and answer segment to help the media and to reduce the amount of individual requests for quote and comment.

Interviews are planned with the following media:

22 March 2005
Michael Howell meets with Alistair Dalton of the Scotsman.

24 March 2005
Initial meeting to be held with the ESPC to look at the possibilities for a positive story relating to property prices around tram lines.

Website

The **tie** website was updated immediately to reflect the result of the Congestion Charging referendum result on 22 February.

Trams Communication Planning

A meeting on 9 March started the communication planning for tram lines 1 and 2. Attended by Barry Cross, Trams Project Managers, Stakeholder Management, Weber Shandwick and Communications the following has been agreed for lines 1 and 2:

By 15 March 2005

1. A positive story based on the work being progressed with businesses in Leith will be placed with the Evening News.
2. That monthly meetings will be scheduled for attendance by tram line Project Managers, Stakeholder Relationship Manager, Communications Manager and Weber Shandwick.

By 22 March 2005

1. A communications work model showing the roles, responsibilities and interaction between tie, Weber Shandwick, Stakeholder Relationship Management and CEC will be documented and agreed by all parties.
2. A proactive draft strategy for lines 1 and 2 will be developed and presented to Michael Howell, Alex Macaulay, Isabell Reid and Barry Cross on 22 March. The strategy will specifically address:
 - challenges faced over the coming year
 - gathering and motivating support for tram lines from all interested parties and stakeholders
 - involving and motivating the community
 - getting media on side and supportive stories printed
 - showing the benefits of integration
 - including interested groups such as environmental and heritage
 - addressing any possible changes to route
 - learning from Nottingham and Dublin communications experiences.
3. That the budget proposal for the 2005 business plan should reflect the proactive approach to be taken and should be set at:

Line 1 £146,000

Line 2 £146,000

In addition, recommendations for budgets of £24,000 for each of the DPOF and INFRACO work streams should be set and used when needed either in a proactive or reactionary manner.

One Ticket Marketing Plans

A marketing proposal for One Ticket has been drafted and passed to Stuart Lockhart and Ian Carter for thoughts and amendments prior to it going to the One Ticket Board. Additional work to secure definite costs for the options identified will be progressed over the coming weeks.

Communication strategy and partners

Work initially concentrated on plans for the announcement of the CC Referendum Result and the Tram Lines 1 and 2 Private Bill reports.

tie worked closely with CEC to ensure that we were 'on message', all plans dovetailed well and **tie**'s proactive approach proved worthwhile. An internal communications plan for the result was followed within **tie**, providing information as soon as it was available for **tie** staff.

A Parliamentary briefing paper for Tram Lines 1 and 2 was approved and circulated to all MSPs prior to the hearing in parliament. **tie** comment was provided for press and CEC following the approval to move tram lines 1 and 2 on to the consideration stage.

Work has now started with CEC to plan communication of the Edinburgh Transport Strategy for the coming year. **tie**'s plans for trams, Ingliston Park and Ride launch, EARL and One Ticket will dovetail together with CEC's plans for the other city transport initiatives to ensure a seamless approach. Partnership with CEC is vital to ensure that this is achieved. The overall plan will be presented on 11 April to the Transport Edinburgh Communications meeting.

Events

Tram Drivers Lunch

A lunch for former tram drivers is planned for 4 April. Sixteen former drivers have contacted **tie** following story in the Evening News and a more recent story in Outlook. Andrew Burns will represent CEC. Alistair Gunn and Alan Brotchie from Light Rail Scotland, will also attend.

The lunch will be hosted by Michael Howell and Alex Macaulay who will be supported by the Tram Project Managers and Transdev. The event, held in the City Chambers, will include:

- a presentation on the tram plans
- photos and footage of the new generation of trams
- lunch
- an opportunity to relive memories.

Former drivers who are keen to bring old photos and memorabilia to the event will be encouraged to do so. Travel expenses, within reason, will be refunded.

Media will be invited to attend the final part of the event. We hope to secure positive press coverage for this event and future tram stories.

Ingliston Park & Ride Launch

Two options for the Ingliston Park & Ride launch event have been drafted, priced and passed to Lindsay Murphy for approval. A date has yet to be set for the event.

The Board is asked to note the position.

Suzanne Waugh
15 March 2005