



2BS 13/2

tie Board Meeting

23rd August 2004



Agenda for tie Board Meeting
@ tie office, Verity House, 19 Haymarket Yards
on Monday 23rd August 2004 @ 10.00 hrs – 12.00 hrs

Item No.	Agenda Item	Resp	Timing
1.	Minutes of Meeting of 26 th July 2004 for approval and signing	EB	10.00 hrs
2.	Matters arising	EB	
3.	Chief Executive Report – a) Chief Executive Board Report b) Risk Report and review of issues	EB	
4.	ITI – a) Project Progress Reports C b) Update on Tram Draft Outline Business Case C c) Update on Service Integration C d) Extension of CPZ (verbal) e) Rapid transit on Edinburgh by-pass (verbal)	AM MH AMH KR KR	
5.	Governance & Financial Matters – a) Financial Report C b) Audited accounts to 31 st March 2004 c) Company Name Change & Appointment of Secretary d) AGM	MH SL SL SL	
6.	Communications a) ITI communications strategy b) Transport Edinburgh Launch c) Stakeholder report	MH MH ML	
7.	Heavy Rail a) EARL b) SAK	MH	
8.	AOB a) Freedom of Information (Scotland) Act b) Meeting with Adrian Colwell – 1 st September	AM	
9.	Date of next meeting – 20 th September 2004 to be held in Dublin (details to follow)		

C = Commercial in Confidence

from me



Agenda Item 1

Minutes of the Meeting
held on 26th July 2004



TRANSPORT INITIATIVES EDINBURGH LIMITED

Minutes of tie BOARD MEETING

Old Council Chamber, City Chambers,
Monday 26th July 2004 @
10.00 hrs – 12.00 hrs

Board Members: Ewan Brown (Chairman)
Maureen Child
John Richards

In attendance: Graeme Bissett, tie Finance Director
Alex Macaulay, tie Projects Director
Paul Prescott, tie Heavy Rail Director
Keith Rimmer, CEC, CDD, Transport
Jonathan Pryce, Scottish Executive
James Papps, PUK
Andrew Holmes, CEC, City Development Director
Monica Langa, tie, Senior Commercial Manager

Apologies: Bill Cunningham
Gavin Gemmell
Jim Brown
Andrew Burns
Michael Howell, tie Chief Executive
John Ewing, Scottish Executive

Circulation: As Above +
Ronnie Hinds, CEC, Head of Corporate Finance
Ewan Kennedy, CEC, CDD, Transport
John Burns, CEC, Corporate Finance

Item

1. MINUTES OF THE MEETING OF 21st JUNE 2004 FOR APPROVAL AND SIGNING

The minutes were approved.

C = Commercial Confidence

Initials

EB
MC
JR

GB
AM
PP
KR
JPr
JPa
AH
ML

2. MATTERS ARISING FROM MINUTES OF THE MEETING OF 21st JUNE 2004

Item 4 (v) IBM has been appointed and CGEY will be appointed this week. Parallel working is progressing well using interim agreements as necessary.

Item 6 (c) – Trams (29th January 2004):

Meeting with Patricia Ferguson - AB advised that he has had no response to his several attempts to progress this matter.

Item 7 (b) – An update on the EARL – Geotechnical investigation tenders were presented and approval given for an award to be made to AEG providing details of insurances are provided.

Item 8 (b)

Two points had been raised by Ronnie Hinds, which Graeme Bissett had discussed with him prior to Ronnie going on leave. First, the DPA was a document drafted by the Executive and PUK which would fulfil procurement regulations while permitting a programme of involvement by PUK in projects without re-procurement. The unique and valued nature of PUK's input, coupled with normal controls over effective use of their time, was the basis on which **tie** concluded they were getting best value from the arrangements. Second, the contingent return applicable to the procurement phases of the DPA was not yet committed to other than in principle and no measurement basis had been agreed; this would be brought back to the Board in due course.

3. CHIEF EXECUTIVE'S REPORT

a) The CE monthly report was tabled for comment

i. General

Key developments this month included:

- first meetings of the tram Parliamentary Committees, but no business to be transacted until September 2004
- progress on development of an Outline Business Case for the tram, directed at securing approval from the Scottish Executive to release funds for procurement
- the white paper on the future of the railways was published which will decentralise decision making and increase the influence of Scottish Executive over Network Rail in Scotland.

C = Commercial Confidence

**Action
By**

PP

GB

C

- greement of BAA in relation to EARL, but subject to lowering of the line to accommodate second runway at additional cost to the project
- initial work underway on Stirling – Alloa railway line while details of contractual arrangements are finalised
- visit by Bob Kiley, London Transport Commissioner, followed by an introductory meeting with London's Director of Congestion Charging
- agreement in principle of Ken Livingstone, Mayor of London, to visit Scotland in November 2004
- submission by Council officers of recommendation to Council Executive, meeting on 27th July, that the name of the company be changed to **tie** limited

**Action
By**

Congestion Charging

EB echoed MH's congratulations to the team, including the representatives from CEC, for completing the Public Inquiry on time.

b) Risk Report

The Risk Management Policy was reviewed, in detail by the Board.

AM advised that **tie** had conducted an evaluation against the emerging lessons from the Holyrood experience and presented a report on the progress to date. EB requested for the next meeting that the report list only the implementation recommendations which were relevant to **tie**.

AM

Reference to the transfer of risk through taking on contractors at an early project stage was also requested.

AM

AH will produce a paper on the proposed date for the Congestion Charging referendum and present at the next OPCOM for review before discussion at the next **tie** Board meeting.

AH

Flagging up work on TROs should be added to the Risk Report.

AM

C = Commercial Confidence

4. ITI – TRAMS/CC

a) Project Progress Reports

C

The Project progress reports were presented with the following comments:-

(i) Tram Line 1 – TROs

The development of the necessary Traffic Regulation, Orders (TROs) will proceed as a separate statutory process following the Councils decision to remove TROs from the Bill on approval of the OBC.

(ii) Tram Line 3

On schedule for submission of the Bill in December 2004, although SE have expressed a concern about the timing. Inch Park route is still under debate. KR advised that the flood order which applies cannot be changed.

(iii) WEBS

Fibre Optic cables have been uncovered during construction, which were not originally identified by Halcrow. AM expressed disappointment that this should have arisen at such a late date and will raise with technical advisers. Meantime steps have been taken to progress without delay.

AM confirmed that appropriate signage for WEBS on street section has been ordered and will be erected shortly

b) Service Integration

The first informal meeting of Transport Edinburgh Limited (TEL) was held on 2nd July with Transdev and Lothian Buses. The members of the Board have yet to be agreed. Some organisational issues have still to be resolved however progress on the objectives should not be compromised whilst these are being resolved. Gill Lindsay, CEC Legal, is progressing the formal registration of the company in advance of the Council meeting at the end of August when Council approval for the arrangements will be sought. EB recommended that a MOU be established between Transdev and Lothian Buses.

A joint presentation to ~~the~~ on service integration from LB and Transdev was suggested to coincide with a visit from the Transdev Chairman on 5th October.

GB

GB

C = Commercial Confidence

c) Trams Business Case and Funding Issues/Newbridge shuttle C

A draft Outline Business Case for Tram Lines 1 and 2 was discussed. The final paper would be submitted to SE by the end of the week. It was hoped that because individual financial statements for the two Lines would be required to be submitted to the Parliament by the end of August, a decision from SE to commit funds would be made by then.

d) Parliamentary Progress

All objections in Principle and Detail have been administratively processed by the Parliamentary Bills Unit (PBU) and letters are to be issued by tie to objectors in principle by 6th August. The next stages of the Parliamentary process were presented by AM with a "Short Preliminary Stage" and a "Long Preliminary Stage" and their respected timetables.

A copy of the objections in principle is to be given to AH.

e) Issue of tenders for advisors for procurement

The letter to CEC setting out tie's request to proceed with the procurement of advisors in parallel with the conclusion of the Outline Business Case was discussed and approval was given to proceed with the invitation to tender subject to assessment of need vs risk, without incurring any cost commitment.

5. GOVERNANCE & FINANCIAL MATTERS

a) Financial Report C

The monthly Financial Report was reviewed.

b) Report from the Audit Committee

JR confirmed that the tie accounts ending March 2004 had been reviewed and that the auditors had issued an unqualified report. The accounts were approved by the Board subject to minor amendments suggested by the Audit Committee and it was agreed that they should be lodged at Companies House by September.

tie and CEC should prepare a potential press release to address issues which may be of interest to the media.

JR also reported that terms of reference for the Audit Committee were recommended to the board for approval and that arrangements were in hand for appropriate internal audit.

C = Commercial Confidence

Action
By

GB

AM

AM

AM

AM/GB

GB

AM

6. COMMUNICATIONS

a) Stakeholder Management Report

ML presented a summary of events that have been arranged or currently being finalised for activities in the coming months.

b) Ken Livingstone – other events

EB referred to the separate invitations by the First Minister and Lord Provost to Ken Livingstone to visit Scotland. It would be for CEC to establish with SE that Mr Livingstone engaged directly in the Edinburgh debate on congestion charging. AM advised that a draft agenda had been prepared for an International Conference to be held in Edinburgh at which Ken Livingstone will be invited to speak.

AH/AM

7. HEAVY RAIL

a) Progress Reports

(i) EARL

A verbal update was provided by PP on the EARL project and advised that the project was on schedule for the Parliamentary Bill process in spring 2005. Route alignments have been agreed and discussions are progressing with SE and BAA on the outstanding major issues of the 2nd runway, station and tunnelling options.

PP

Price Waterhouse Cooper (PWC) have been appointed as Financial Advisors.

The EARL name has been re-branded as "Edinburgh Airport Rail Link"

PP

AH enquired about an update on the blight issues. PP to provide.

PP

(ii) SAK

A contract has been drafted by D&W for tie to present to Clackmannanshire Council.

b) Heavy Rail White Paper

Although the white paper does not clearly define roles and responsibilities JPr advised that SE will be responsible for specifying future developments of rail services and Network Rail will continue day to day operations. However, SE will have an ongoing responsibility for the review of the franchise agreement.

C = Commercial Confidence

Action
By

8. AOB

a) Freedom of Information (Scotland) Act

A discussion was held on the arrangements and procedures required to be established for **tie** to comply with the Act and the Publication Scheme. AM will progress and report back to the next Board.

AM

9. Date of Next Meeting

The next meeting will be held on Monday 23rd August 2004 at 10.00 hrs
Venue: **tie** offices, Verity House

C = Commercial Confidence



Agenda Item 2

Matters Arising



Agenda Item 3

Chief Executive Report

- a) **Chief Executive Board Report**
- b) **Risk Report and review of issues**



tie BOARD MEETING – 23RD AUGUST 2004

Chief Executive's Report

A. General

Since the July board meeting, progress has been made despite the holiday period. The key developments have been:

- the outline business case (OBC) for tramlines 1 & 2 were submitted to the Scottish Executive as planned on 30th July. A subsequent meeting has provided clarification of key points and the main elements of the OBC are contained in this board pack. The full document (181 pages) is available if required. Approval from the Scottish Executive is targeted for 3rd September.
- a paper is included on integration. There is some progress. Graeme Bissett is suggesting that the joint Transdev / Lothian focus should be on operating issues since governance issues for Transport Edinburgh Limited remain unresolved.
- the communications strategy for Edinburgh's transport programme has been finalised with a projected launch of the Transport Edinburgh branding at the WEBS site on 30th August.
- progress is being made on definition of the system structure for congestion charging prototypes. IBM presented their Macro Process Design and this has been signed off by CEC and tie. Cap Gemini Ernst & Young is following a different strategy and will present some weeks hence.
- work has started on development of the procurement strategy for EARL. In addition a dialogue has started with the Scottish Executive on the identity of the sponsor for the project and the implications with regard to consequent parliamentary procedures.
- work continues on Stirling – Alloa railway line and the contracts have now largely been drafted to the satisfaction of all parties. A letter of comfort has been received from the Scottish Executive regarding incurred expenditure.

tie limited

Verity House 19 Haymarket Yards Edinburgh EH12 5BH
Tel: +44 (0) 131 622 8379 Fax: +44 (0) 131 622 8301
e-mail: michael.howell@tie.ltd.uk web: www.tie.ltd.uk

Registered in Scotland No: 230949 at City Chambers, High Street, Edinburgh EH1 1YJ

delivering transport projects

- **tie** limited was approved by the City of Edinburgh Council as the new name of the company and the formality of the name change is to be put before the board. It is also necessary to amend the articles of association to permit the appointment of DW Company Services Limited as Company Secretary, as previously agreed.
- Review by DW CSL of the position indicate that the accounts should have been laid before a general meeting of the company, but that that this has not been done. Therefore during the course of Monday's meeting we must hold an AGM for the purpose of the sole member (CEC)'s considering the accounts for the two financial years ending 31 March 2003 and 2004.
- We also wish to approve an "elective" resolution to dispense with the requirement to hold AGMs in the future – and this resolution may also be presented to the meeting on Monday if approved by CEC.

B. Financial Issues

Spending remains within plan and the monthly financial report is attached. We also wish to consider and approve the audited accounts for last year, followed by an AGM as above. Stuart Lockhart will be attending the meeting since Graeme Bissett is on holiday.

Review of the formal position regarding the holding of an AGM

C. Tram

Alex will report on progress. The level of activity will rise significantly on approval of the OBC. We elected not to proceed with tendering of the detail design work until after this approval has been given.

A spin-off of continuing objections to the alignment along Baird Drive has been the creation of a model of that stretch of the tramline, together with the Edinburgh to Glasgow main railway line.

This will be available to view on Monday.

D. Congestion charging

Alex will report on progress.

Development of the system architecture is progressing well, particularly by the IBM team. IBM were also selected provisionally by Stockholm for that city's scheme. Cap Gemini Ernst & Young are a little behind and are following a different approach. We are encouraging them to focus on delivery.

E. Heavy Rail

Due to a conflict, Paul Prescott will be represented at the board by Susan Clark.

We are working closely with Damian Sharp of the Scottish Executive on the implications on the National Rail and Transport Scotland White Papers. Steps are underway to permit Transport Scotland, as an Executive Agency, to sponsor its own projects. This in turn will create the need for a so-called "hybrid" bill procedure for the Scottish Parliament, which has yet to be defined. This will become an item on the EARL critical path since the procedure would need to be defined during 2005 in time for hearings on the proposed EARL bill.

As expected, Royal Assent was granted to the Stirling-Alloa-Kincardine railway bill. This is the first private bill to receive Royal Assent via the Scottish Parliament.

F. WEBS and other ITI projects

We intend to feature the progress being made in construction of WEBS at the Transport Edinburgh launch outlined below. Progress continues to be good with delivery on time and budget expected. Recent rains have slowed the pouring of concrete but there is time in hand for expected completion by November.

Details to be covered by Alex Macaulay.

G. "Transport Edinburgh" launch

"Transport Edinburgh", the brand under which all Edinburgh's transport improvements will fall, is to be launched to the media on 30th August. We are hopeful that the event will be chaired by a high profile individual from the business community. Key speakers will include Donald Anderson, Andrew Burns and MH.

Monica Langa has prepared a schedule for communication to a variety of business, charitable and education groups. These meeting will be supported by Alex Macaulay, MH and other members of the project teams.

H. Freedom of Information (Scotland) Act

Consultation has taken place with the Information Commissioner, and the final draft of the publication scheme is attached for Board approval. Alex Macaulay will speak to this item.

I. Office Accommodation

The relocation to Verity House, Haymarket went very smoothly and the new environment is much appreciated by the team. The proximity to the railway line and station is a helpful reminder of our mission, and because of the excellent sound insulation, there is no aural downside.

Although a bit tight for space in our "boardroom", we wish to hold this meeting at the office to let board members see the new facility.

Michael Howell

17th August 2004



Agenda Item 3b

Chief Executive Report

b) Risk Report and Review of Issues

tie Limited
Risk Report
August 2004



Prepared by: **Mark Bourke**
Date: **16 August 2004**
Revision: **1**

tie Limited
August 2004 Risk Report

Contents

Section	Title	Page
1.	Overview	3
Appendix	Title	
A	Tram, Congestion Charging and EARL: Optimism Bias Charts	6
B	Summary of Key Risks	9
C	Key Areas for Management	12

tie Limited
August 2004 Risk Report

1. Overview

tie Limited (tie) have placed risk management at the core of its service delivery to the Council. tie considers that the management of risk will be measured in the ability to achieve tie's Corporate Targets.

Congestion Charging

Risk briefings and workshops have been held and further planned leading to updated risk register by the end of August 2004, including detailed risk identification from our competing prototype designers IBM and CapGemini.

Our intention is to maintain two separate risk registers to preserve the individual commercial interests of IBM and CapGemini. This will allow tie to track the individual progress of risk management for each competing party; will serve as a measure of performance (ability to identify and mitigate risks); provide an indicator for use in the selection of preferred bidder; and scope the overall Optimism Bias risk exposure for the proposed full implementation of the Project.

At present, the total number of risks to 131No. identified as affecting the scheme. Although the scheme has passed two key milestones in completion of the Public Inquiry and appointments of CapGemini and IBM for the development of scheme prototypes, we anticipate that the total number of risks affecting the scheme will increase (along with Optimism Bias) in view of the detailed areas under development that will be identified by CapGemini and IBM.

It is noted that the register is additionally be updated for the end of August by the risk management team comprising the following.

Actionee	Company/Group	Person Responsible
WS	Weber Shandwick	Morna MacDonald
tie (SM)	tie Streetworks Manager	Ken McLeod
tie (PRO)	tie Procurement Manager	Seamus Healy
tie (PM)	tie Project Manager	John Saunders
tie (PD)	tie Projects Director	Alex Macaulay
tie (MAD)	tie Modelling and Demand	Jeff Knight
tie (FD)	tie Finance Director	Graeme Bissett
tie (CM)	tie Senior Commercial Manager	Monica Langa
tie (CFM)	tie Corporate Finance Manager	Pat Diamond
tie (CEO)	tie Chief Executive	Michael Howell
IBM	International Business Machines	Malcolm Green
HGL	Halcrow Group Limited	Richard Llewellyn
GT	Grant Thornton	Kerry Alexander
D&W	Dundas & Wilson	Alan Campbell
CG	Cap Gemini	Paul Haggerty
CEC	City of Edinburgh Council	Ann Carruthers

The risk management group will review and confirm the following in order to maintain an up-to-date profile of risks affecting the schemes.

- Review the status of each risk to confirm those 'complete' or still 'active';
- Review the 'significance' of risks in view of the achievements in procurement and recent completion of Public Inquiry;
- Confirm the extent of mitigation completed to date (mitigation factor) relative to the planned mitigation;
- Update the planned date for completion of mitigation; and

tie Limited
August 2004 Risk Report

- Identify the 'new' risks for consideration by the team.

Line 1 & 2

Transdev have completed an 'detailed' review of our Line 1 and 2 risk register. It is planned to incorporate suggested few additional risks and further mitigations in early September and issue this to the wider risk management team for regular update.

Briefings have been given with regard to risk management with the following key individuals.

- Paul McCartney, Scottish Executive, Economist
- Robert Denholm, Scottish Executive, Projects Risk Co-ordinator
- James Papps, Partnerships UK

Significant effort has been placed in the drafting of the 'draft' Outline Business Case under consideration by the Scottish Executive and providing ongoing responses to queries raised. It is anticipated that information that the Executive will pass information to Minister on 27 August 2004 with approvals potentially as early as 3 September 2004. However, this will be a function of the quality of additional information included to address queries and sight of an early draft of the updated Preliminary Financial Cases.

Line 3

The risk register is being updated for the end of August by the risk management team comprising the following.

Actionee	Company/Group	Person Responsible
BDB	Bircham Dyson Bell	Ian McCulloch
DLA	DLA	Andrew Fitchie
FM	Faber Maunsell	Martin Lax
GT	Grant Thornton	John Watt
TET	Transdev Edinburgh Tram Limited	Jim Harries
tie (CEO/Chair)	tie Chief Executive/Chairman	Michael Howell
tie (FD)	tie Financial Director	Graeme Bissett
tie (MAD)	Modelling and Demand Group	Jeff Knight
tie (PAE)	Planning and Environment Group	Anne Faulds (Dundas & Wilson)
tie (PD)	tie Projects Director	Alex Macaulay
tie (PM)	tie Project Manager	Willie Fraser
tie (PR)	PR & Communication Group	Anna Reid
tie (PRO)	Procurement Group	Ian Kendall

Progress has been measured and mitigation planned for with the Faber Maunsell Project Manager as part of a one-to-one meeting to discuss emerging factors of existing risks including

- Consideration of Line 3 added to the proposed Line 1 and 2 system;
- Timing of proposed RUC referendum (February 2005) versus the proposed Bill Submission (December 2004);
- Modelling differences with Line 1 and 2 due to the inclusion of CETM in the 'base case';
- Amendment of design of proposed flood prevention measures and implementation to accommodate the tram alignment adjacent the Brae Burn (Bullen Consultants study);
- Potential inclusion of TROs within the Bill; and
- Need for close management of MVA.

tie Limited
August 2004 Risk Report

A number of 'new' areas of risk that will need to be managed, include the following.

- Need to develop a system depot strategy that will prevent duplication of costs and compliment the Line 1 and 2 system and meet CEC Planning Authority's requirements;
- Adequacy of cost and programme for implementation and objection management of routing through a Scheduled Ancient Monument and meet CEC Archaeology/RCAHMS/HS/SPABiS et al requirements;
- Potential objections arising from Midlothian Council; and
- Alignment that may require the acquisition and demolition of cottages in Old Dalkeith Road.

Programme planning shows that there are only 2 months left before a snap-shot of Optimism Bias will be required for economic and financial appraisal.

EARL

Our technical advisors have been advised to improve their approach to the co-ordination of inputs for maintenance of the risk register now that all the advisors are on board, following recent appointment of PwC as financial advisors.

Assessment of the risks outlined by financial advisors during interview identified the following actions to address key risks to previous heavy rail schemes.

- Need for resilient documentation from the Technical Advisors to avoid challenge;
- Need to streamline approvals process which have been found to be the biggest barrier on previous rail/air schemes;
- Need for all parties to have clear definition of roles;
- Need for careful selection of procurement strategy to avoid selection of sub-optimal contractors;
- Need for clarity of performance standards required in light of recent White Paper;
- Need to understand Design, Build, Finance and Transfer (DBFT) contracts;
- Need to recognise that lack of incentive for Network Rail to share/accept risk;
- Need to recognise BAA's desires for competing developments via Tram and M8;
- Need to account for the potential prioritisation of other Rail Links;
- Need to account for the Political influence associated with a changing Rail Industry;
- Need to plan for potential delays in Bill process; and
- Need to satisfy planning process.

No risk management input from tie has commenced on SAK.

WEBS

Utility diversion of a fibre-optic has been identified late in the process and is currently being managed.

There has been no material change in risk to the Ingliston Park & Ride project.

No new risks have emerged and there has been no material change to the OneTicket scheme.

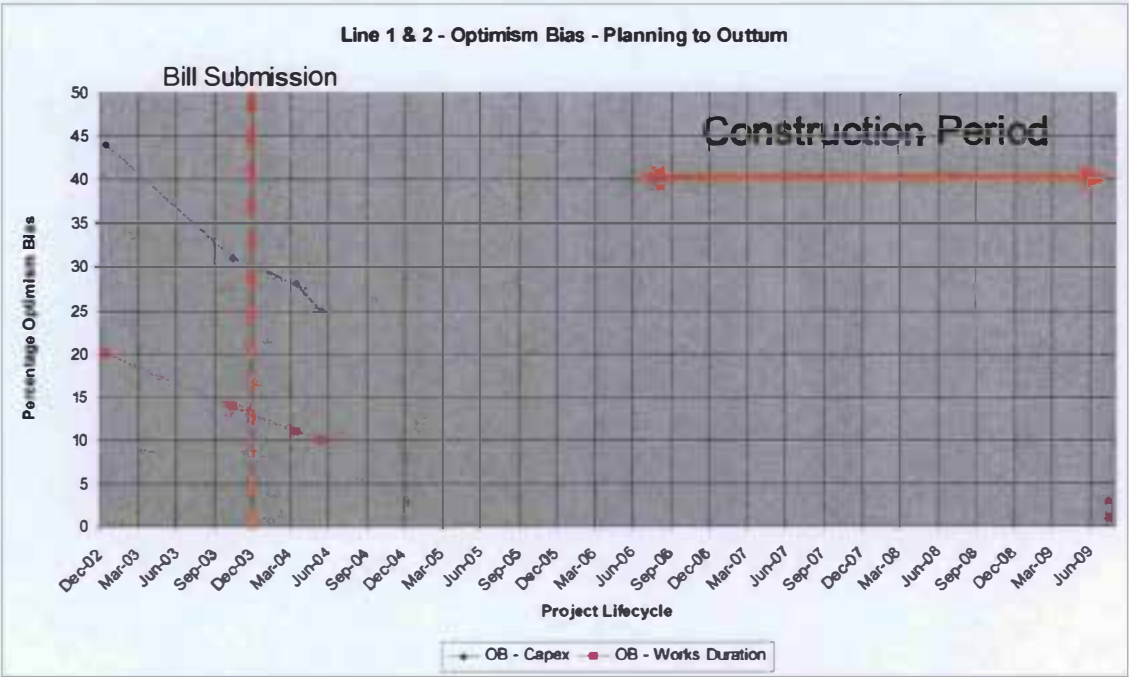
This paper comprises the following attached elements.

- An overview of progress on the management of risk through reporting the current Optimism Bias values for Tram, ITI and EARL schemes (**Appendix A**);
- A summary of the key risks affecting the Projects (**Appendix B**); and
- A summary of areas for management across the tie portfolio (**Appendix C**).

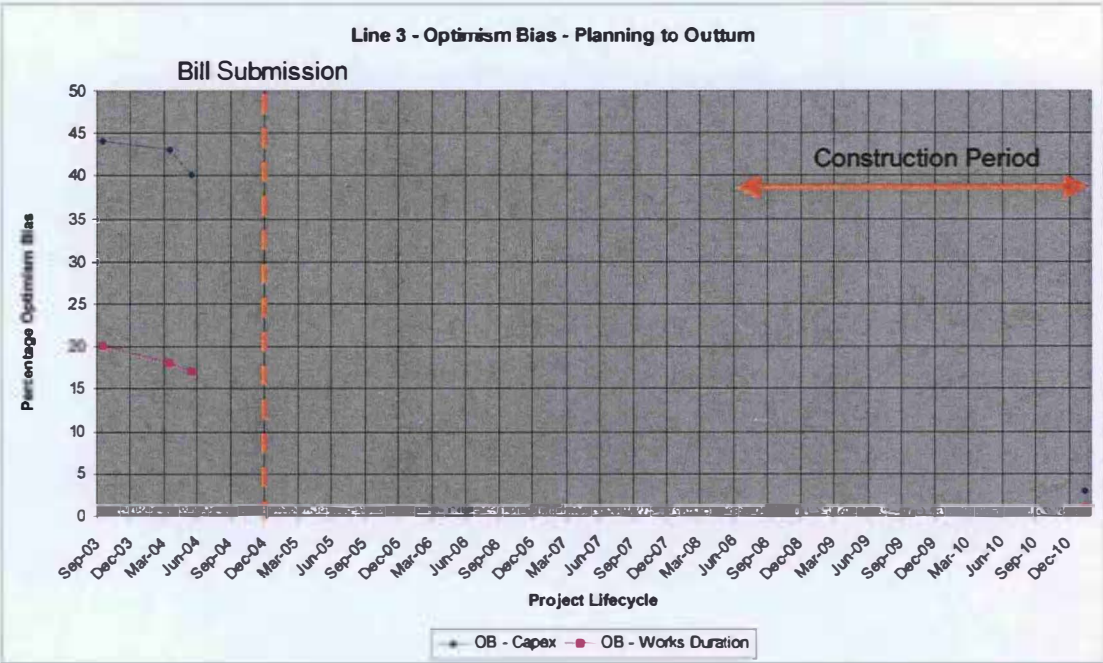
Appendix A
Tram, ITI and EARL Optimism Bias Charts

tie Limited
 August 2004 Risk Report

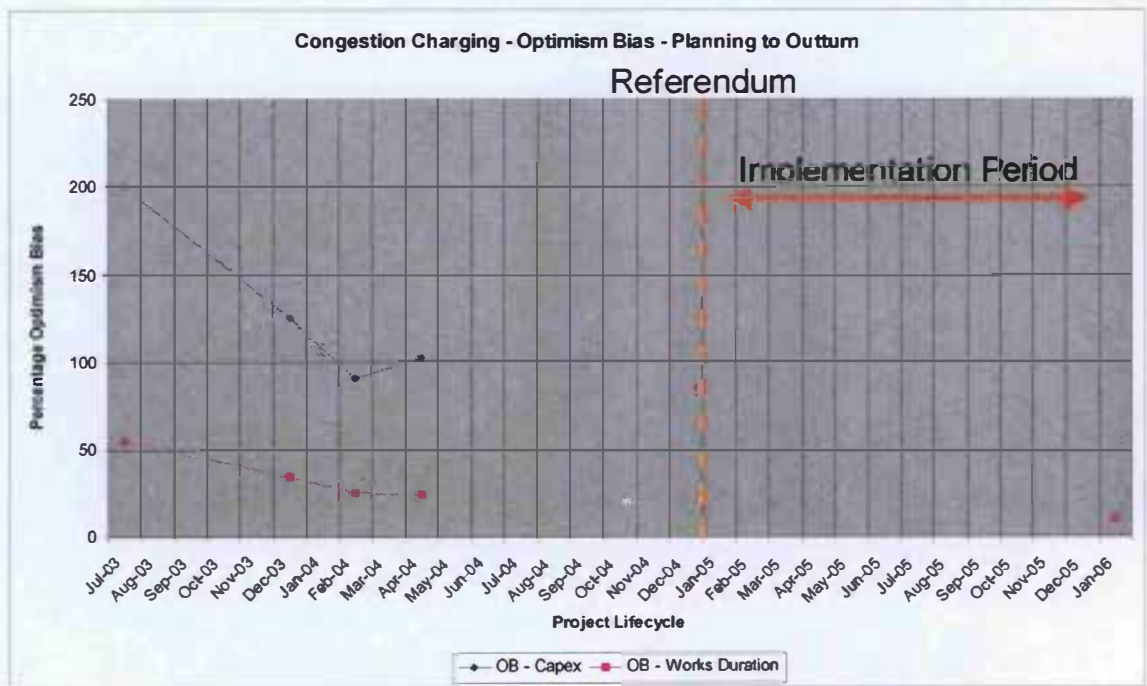
Profile of Optimism Bias for Tram Line One and Two



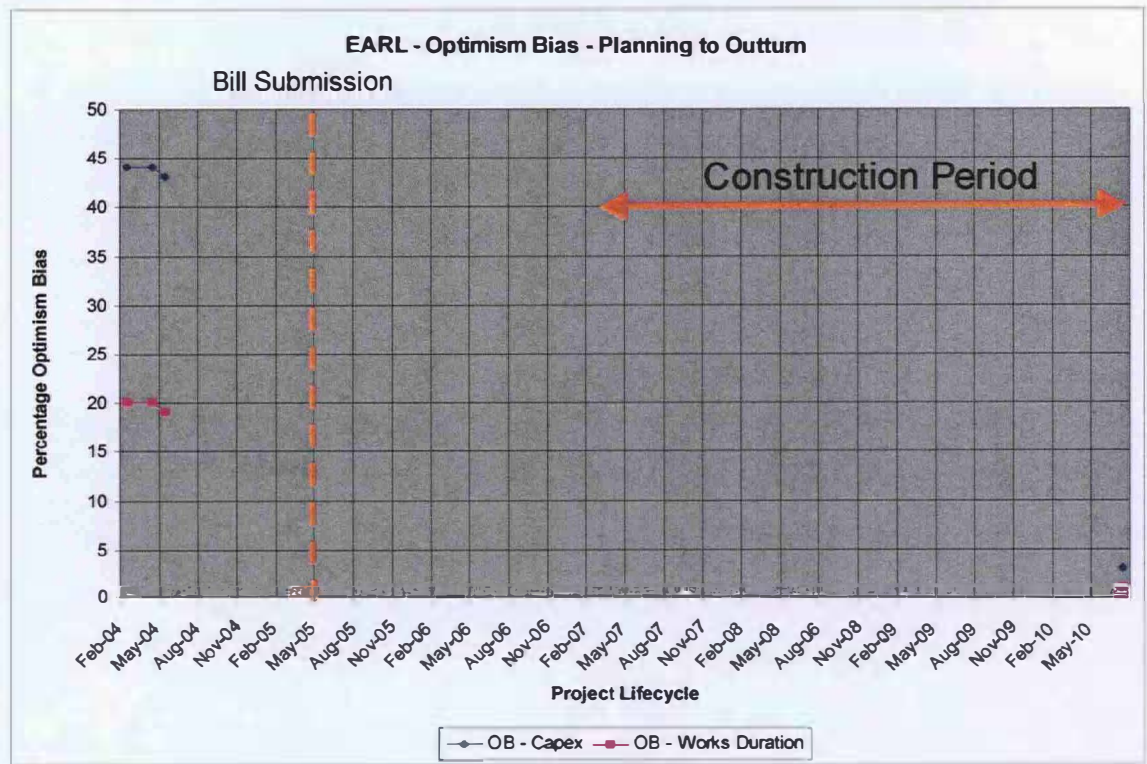
Profile of Optimism Bias for Tram Line Three



Profile of Optimism Bias for Congestion Charging Scheme



Profile of Optimism Bias for EARL Scheme



Appendix B

Summary of Key Risks

tie Limited
August 2004 Risk Report

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Line 1, 2, 3 & Network

Ref	Project Risk	Impact
1.	Insufficient public sector capital available to meet contract price resulting in additional cost charges	Approvability
2.	Shortfall in securing 'other funding' beyond SE funding for schemes resulting in delay to programme	Approvability
3.	Bill authorisation prevented due to loss of political will due to negative PR e.g. funding gap, influence of Holyrood, performance from other UK Tram Sector projects and Bill Objections	Approvability
4.	Increased capital costs due to third parties including Utility diversion costs; Land costs associated with acquisition, temporary disruption during construction and compensation; Tram vehicle costs; and Network Rail costs for immunisation of equipment, possessions, compensation costs to train operating companies, information supply, liaison and development of agreement;	Capital Expenditure
5.	Cost increases or programme delays due to planning permission requirements in complying with the design requirements of Planning Authority	Capital Expenditure & Programme
6.	The inclusion of CETM will impact the project	Functionality
7.	An overly optimistic runtime analysis feeds into the business case resulting in revenue impacts e.g. the expected priority levels at highway junctions not achieved.	Operating Expenditure
8.	DPOFA Procurement delayed due to protracted negotiation due to loss of momentum impacting procurement programme or inability of preferred bidder to close;	Programme
9.	DPOFA Procurement delayed due to lack of co-operation from Lothian Buses	Programme
10.	Delay in construction programme due to delays in encountering archaeological finds/burials and consequent exhumation.	Programme
11.	Outputs from the MVA model are late resulting in a delay to programme	Programme
12.	Passenger numbers lower than forecast resulting in a decrease in revenue	Revenue
13.	Abortive work in reconciliation of STAG and MVA model	Revenue

WEBS

Ref	Project Risk	Impact
1.	Possible costs due to any Network Rail possession problems	Capital Expenditure
2.	Delay in programme due to unforeseen event outwith the control of the Contractor	Programme
3.	Operators do not buy in to scheme due to;- Short term nature of project does not give time for pay back	Revenue
4.	Operators do not buy in to scheme due to; Specialist equipment required does not give time for payback	Revenue

EARL

Ref	Project Risk	Impact
1.	Influence of BAA on the scheme with potential uncompromising position on objections related to quality, their development blight, 2 nd Runway and asset protection.	Application for Powers
2.	Disruption to air traffic due to excessive settlement from tunneling	Capital Expenditure & Programme
3.	Objections in Parliament	Application for Powers
4.	Project cost estimate too high	Planning
5.	Cost escalation	Construction
6.	Failure to meet predicted passenger levels	Operation
7.	Insufficient time allowed in programme for the passage of the Bill through Parliament	Application for Powers
8.	Bill is submitted late to Parliament	Application for Powers
9.	Failure to achieve resolution of tunnel methodology work package 1 timescales	Planning
10.	Boulders delay construction of tunnel	Construction
11.	Utility companies fail to implement agreed service diversions timeously.	Construction
12.	Procuring unreliable ticket machines	Procurement
13.	Lack of definition in Revenue Protection/management methods delay or lead to changes in station design	Procurement

Congestion Charging

Ref	Project Risk	Impact
1.	Insufficient public sector capital available in 'medium-term' to meet contract price resulting in additional cost charges	Approvability
2.	Progress of scheme prevented due to loss of political will due to negative PR e.g. funding gap, influence of London performance and quantum of Objections	Approvability
3.	Referendum result is negative	Approvability
4.	Guidance not in place in time for public inquiry	Approvability
5.	Failure to predict set-up and operating costs	Capital & Operating Expenditure
6.	Insufficient interim budget available in 'short-term' to adopt dual pilot approach resulting in amendment to procurement strategy and consequential risk of cost increases and delays	Capital Expenditure & Programme
7.	Outputs from the MVA model are late resulting in a delay to programme	Programme
8.	Inquiry based concerted challenge	Programme
9.	Judicial review of Council's decision	Programme
10.	Court based attempted human rights challenge	Programme
11.	Lack of resource to run parallel defence (with inquiry)	Programme

Appendix C

Key Areas for Management

C. Key Areas for Management

In undertaking an assessment of the key risks affecting the scheme, a number of 'very high' risks have been identified. These key risks have been summarised for a number of projects within **Appendix E**. These risks represent, in some instances, those considered as most serious to the development of the ongoing progress of the schemes, and will require management as the project progresses. Recurring themes have been identified in a number of our schemes are summarised below.

C.1. Capital Costs - Third Party Costs

tie anticipates that the following elements of capital expenditure have associated risks, which are largely dictated by third parties, and may significantly impact the final outturn cost of the scheme. It is considered that these risks have been significantly mitigated through the considerable amount of work undertaken to date by tie's Technical and Land & Property Advisers and contingencies allowed.

- Utility diversion costs;
- Land costs associated with acquisition, temporary disruption during construction and compensation;
- Vehicle costs;
- Design modifications required to mollify objections;
- Network Rail costs for immunisation of equipment, possessions, compensation costs to train operating companies, information supply, liaison and development of agreement;
- Increased cost due to additional environmental protection measures;
- Unforeseen ground conditions; and
- Council/tie instructed change.

C.2. Operating Expenditure - Increased Operating Costs

tie anticipates that the following elements of operating expenditure have associated risks which have been identified. It is noted that these have been significantly mitigated on the Tram schemes through proceeding with a DPOF Procurement process and through the formation of Operating and Maintenance Working Groups for the WEBS and Ingliston Park and Ride schemes. It is anticipated that the following issues will require to be managed with the support of the Council.

- Development and responsibilities for operation and maintenance;
- Variability of market conditions impacting on insurance costs;
- Increased run-times than anticipated;
- Lack of priority to schemes in road/rail network;
- Long term increases in operating costs;
- Specification issues including staffing levels; and
- Council/tie instructed change.

C.3. Revenue – Passenger Forecast

tie and their advisors have established and will develop conservative and credible base models and reviewed the factors affecting revenue through assessment of assumptions and sensitivities. Further comfort will be gained on the tram schemes through early involvement of an experienced Operator. It is considered that the following risks will need to be managed.

- Competitive stance taken by existing operators;
- Passenger numbers are lower than forecast; and
- Influence of proposed schemes to current parking and bus operation revenues.

C.4. Programme - Delays

tie have identified a number of key areas where there are risk of delays to programme which are each being mitigated.

- Approval of **tie**'s Business Plan resulting in delay to implementation plans;
- Resolution of funding matters resulting in scheme delays;
- Statutory process delays including Parliamentary/Public Inquiry, Planning and approval to necessary scheme TROs;
- Objections;
- Lack of co-operation from external bodies including Lothian Buses, HMRI, Network Rail and Environmental Bodies;
- Development of requirements and responsibilities for scheme operation and maintenance;
- Bidder fatigue during negotiation;
- Change of Transport Minister;
- Parliamentary time with other Bills under consideration;
- Lack of market appetite in the scheme;
- Lack of co-operation by BAA;
- Late delivery of vehicles from suppliers; and
- Competing projects cause increased construction periods.

C.5. Quality - Statutory Planning

tie have significantly mitigated risks affecting the quality of the scheme through consultation with the Planning Authority on all schemes. This work has been co-ordinated through the a Planning and Environment Working Group that has included developed of a Design Manual¹ for the Tram schemes to account for Edinburgh's status of a World Heritage Site.

- Delay and cost increases due to Planning requirements; and
- BAA's view of quality of finishes and materials.

The Tram Design Manual identifies Principles of Design, provides supporting guidance and states Design Requirements for the main tram components.

C.6. Functionality – System Operation

tie have held significant pro-active consultation with transport operators. An extensive portion of mitigation has been commenced with the procurement of a tram Operator, whose objectives include bringing about integration with local bus operators. **tie** and their advisors have considered the influence of other transport initiatives including CETM and discussed these with the Council. **tie** are continuing to take a significant involvement and interest in other strategies including two potential city centre underground multi-storey car park schemes and strategies for the development of Haymarket and St. Andrew Square.

- Passenger Transport integration; and
- Inclusion of CETM.

¹ Transport Initiatives Edinburgh (2004) Edinburgh Tram Network: Design Manual

C.7. Approvability – Referendum and Funding

tie considers that the single biggest issue affecting the approvability of a number of their schemes relates to funding, as indicated below. tie have mitigated this risk through development of robust cost estimates and on-going review of alternative funding options by tie's financial advisers.

- Limited Scottish Executive funding is available;
- Delays are incurred in securing other funding sources beyond SE funding;
- Referendum prevents schemes proceeding;
- BAA's contribution fails to materialise or is insufficient;
- Schemes fail to pass Statutory Processes including Parliamentary/Public Inquiry and/or Planning; and
- HMRI refuses to allow operation of services.



ITI -

- a) Project Progress Reports**
- b) Update on Tram Draft Outline Business Case**
- c) Update on Service Integration**
- d) Extension of CPZ (verbal)**
- e) Rapid Transit on Edinburgh By-pass (verbal)**

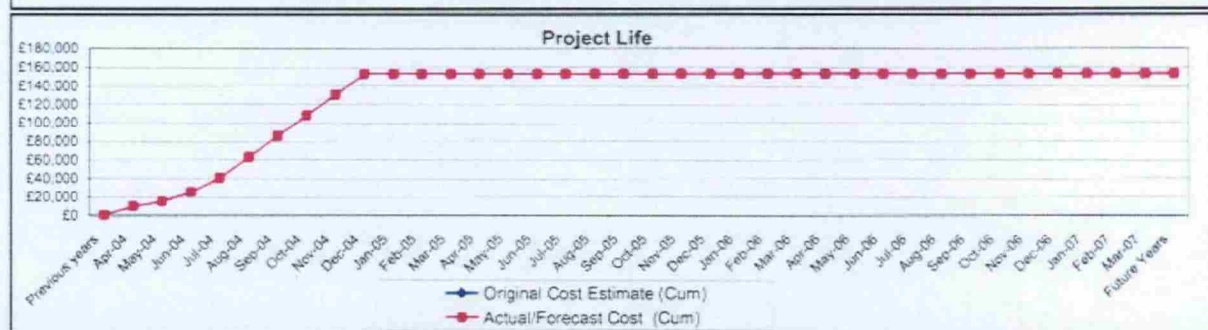


Agenda Item 4a

ITI -

a) Project Progress Reports

Project: Stirling Alloa Rail Link						
Report for Month Ending: 31-Jul-04				Project Manager: Richard Hudson		
Start Date:				End Date: 30-Apr-06		
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
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. Parliamentary Approval		1-Jul-04	1-Jul-04		C	
2. Royal Assent		10-Aug-04	10-Aug-04		C	
3. Submit Commissioning Report		31-Jul-04	31-Jul-04		C	
4. Appoint GI Contractor		23-Jul-04	23-Jul-04		C	
5. Agree Asset Protection Agreement with NR		27-Aug-04	27-Aug-04		IP	
6. Agree Target Cost and Programme		25-Oct-04	25-Oct-04		IP	
7. Asset Protection Agreement Signed by NR		10-Dec-04	10-Dec-04		NS	
8. Completion - Phase 1		10-Dec-04	10-Dec-04		IP	
9. Commencement - Phase 2		3-Jan-05	30-Apr-06		NS	
10. Line Opening			30-Apr-06		NS	
	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£0	£0	£0	£0	£0	£0
2004/5	£152,844	£152,844	£152,844	£152,844	£152,844	£0
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	£152,844	£152,844	£152,844	£152,844	£152,844	£0



Summary of Key Points and suggested course of action:

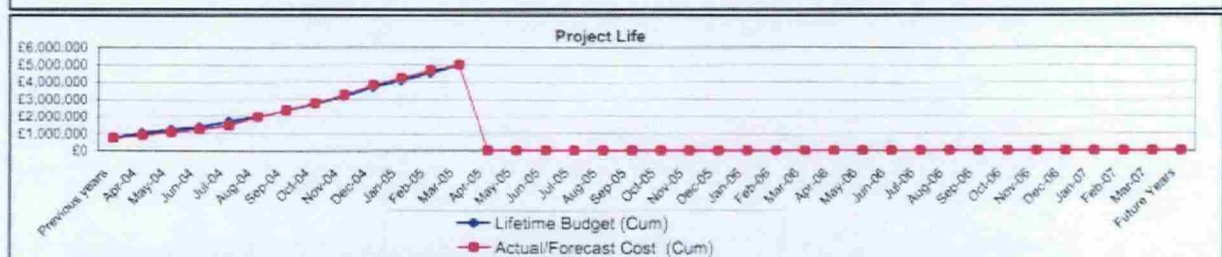
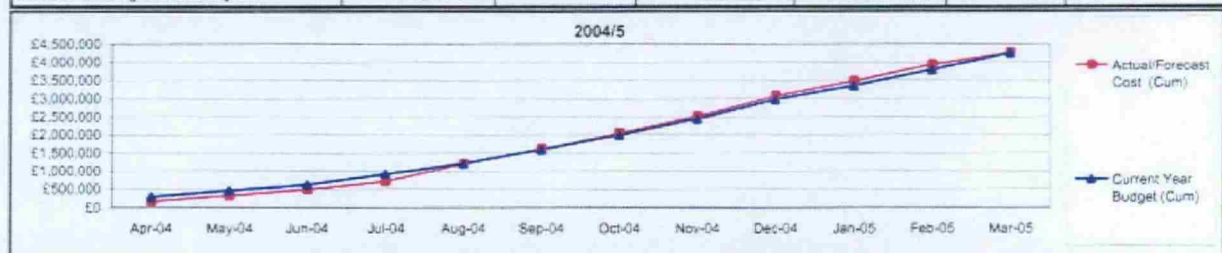
- This project is currently under review.

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

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

Date: _____ Date: 18/8/4

Project: Edinburgh Airport Rail Link						
Report for Month Ending: 31-Jul-04			Project Manager: Susan Clark			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5			Project Life Funding	
		100%			100%	
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 WP1		19-Jan-04	31-May-04	31-May-04	C	
2. Receive Marketing Tenders		27-May-04	27-May-04	27-May-04	C	
3. Receive Finance EOIs		25-May-04	25-May-04	25-May-04	C	
4. Award Marketing Contract		22-Jun-04	22-Jun-04	22-Jun-04	C	
5. Award Finance Contract		27-Jul-04	27-Jul-04	27-Jul-04	C	
6. Consultation Phase & Media Launch		tbc	tbc			
	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	£4,255,796	£0
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	£5,000,000		£5,000,000	£5,000,000	£5,000,000	£0



Summary of Key Points and suggested course of action:

<p>Update for month of July</p> <p>Technical & Environmental</p> <p>Work Package 2</p> <ul style="list-style-type: none"> *12% complete against target of 11.4% *Main G works ongoing *Tunneling design ongoing <p>Work Package 3</p> <ul style="list-style-type: none"> *50.5% complete against target of 35.7% *Stoppage on Environmental work is mainly on Consultation due to awaiting decisions on vertical alignment, station design etc. Stoppage will be relieved over the next few months *Environmental Scoping Report provided to be for review before issue to other consultees <p>Legal</p> <ul style="list-style-type: none"> *Sessions held with Engineers to progress layout of Bill and drawings *Protocol developed for identification of affected persons *Input to Procurement Group and paper on Rail Review complete *Discussions with CEC regarding EARL and West Edinburgh Local Plan *Risks identified <p>Stakeholder Management, Consultation, Marketing & Communications</p> <ul style="list-style-type: none"> *Public Consultation start date for: Aiming to secure minimal support *Details of launch, consultation & degree of advertising being discussed with Sc Exec *Image for EARL agreed *Risks identified including: <ul style="list-style-type: none"> Not getting agreement from CEC Planning on route - meeting being held on 6th Aug to try to resolve. Appears that whilst CEC have approved via the EARL Operating Group, Planning feel that they have not had an input. 2 weekly meetings held between Susan Clark and Anne Cammishers from CEC. Anne has been inviting a Planning Member along. <p>Finance</p> <ul style="list-style-type: none"> *Price Waterhouse Coopers (PwC) appointed as EARL Financial Advisors and kick-off meeting held *Inception Report due from PwC 28th August <p>Risks/Decisions Required</p> <ul style="list-style-type: none"> *Work ongoing to establish real ownership for promotion of the Bill. This imports a risk if not involved *Lack of agreement from Sc Exec on structure of Consultation. Paper going to Sc Exec on 6th Aug with a view to them making a decision by 9th Aug *Distance between 2nd Runway and main runway *Grade separation of Edinburgh Jn *BAH development assumptions *Length of cut and cover allowed in relation to BAH operations *Speed restrictions of the turbines at Rosneath & Wincoburn <p>Key Issues/Other</p> <ul style="list-style-type: none"> *Demand Modelling *SAMI meeting *Risk workshop *AEG Main G works - planned completion 1st September <p>Project Finance</p> <ul style="list-style-type: none"> *Project spend has increased due to all EARL advisors now being on board *2003 Spend - £744,204 *2004 Spend to Date - £709,996 *Budgeted spend for the year ends £4,255,796 	<p>Project Manager's signature: [Signature]</p> <p>Date: 11/08/04</p>	<p>Project Director's signature: [Signature]</p> <p>Date: 11/08/04</p>
---	---	--

Figure 10 is a line graph titled "Project Life". The vertical axis (Y-axis) represents cost in £ millions, ranging from £0 to £3,000,000 in increments of £500,000. The horizontal axis (X-axis) represents time, starting from "Previous years" and moving through monthly intervals from Apr-04 to Mar-07, ending with "Future Years". Two data series are plotted: "Lifetime Budget (Cum)" represented by a blue line with diamond markers, and "Actual/Forecast Cost (Cum)" represented by a red line with square markers. The budget line rises from £0 in previous years to approximately £2,600,000 by Jan-05 and remains constant thereafter. The cost line follows the budget line until Apr-05, where it reaches approximately £2,500,000, and then drops sharply to £0 for the remainder of the project life.

Time Period	Lifetime Budget (Cum) (£m)	Actual/Forecast Cost (Cum) (£m)
Previous years	0	0
Apr-04	0	0
May-04	0	0
Jun-04	0	0
Jul-04	0	0
Aug-04	500,000	0
Sep-04	900,000	200,000
Oct-04	1,300,000	400,000
Nov-04	1,700,000	700,000
Dec-04	2,100,000	1,100,000
Jan-05	2,600,000	1,500,000
Feb-05	2,600,000	1,900,000
Mar-05	2,600,000	2,300,000
Apr-05	2,600,000	2,500,000
May-05	2,600,000	0
Jun-05	2,600,000	0
Jul-05	2,600,000	0
Aug-05	2,600,000	0
Sep-05	2,600,000	0
Oct-05	2,600,000	0
Nov-05	2,600,000	0
Dec-05	2,600,000	0
Jan-06	2,600,000	0
Feb-06	2,600,000	0
Mar-06	2,600,000	0
Apr-06	2,600,000	0
May-06	2,600,000	0
Jun-06	2,600,000	0
Jul-06	2,600,000	0
Aug-06	2,600,000	0
Sep-06	2,600,000	0
Oct-06	2,600,000	0
Nov-06	2,600,000	0
Dec-06	2,600,000	0
Jan-07	2,600,000	0
Feb-07	2,600,000	0
Mar-07	2,600,000	0
Future Years	2,600,000	0

Halcrow are supporting tie on this project under work package 4 of the NTI Technical and Transportation Consultancy Advisory Services Commission.

The Application to planning was passed by the Development Quality Sub-Committee of the Planning Committee on 2nd June 2004 and was sent to the Scottish Executive. Notification was received on the 7th July that the planning Permission has been granted by the Scottish Ministers.

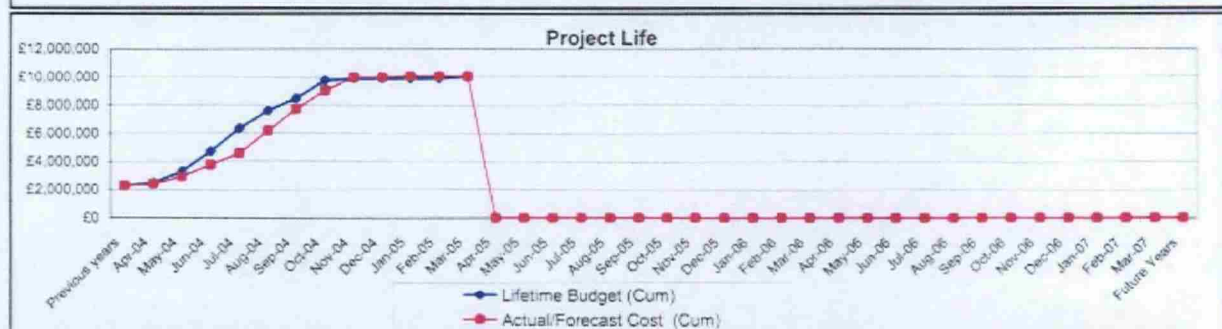
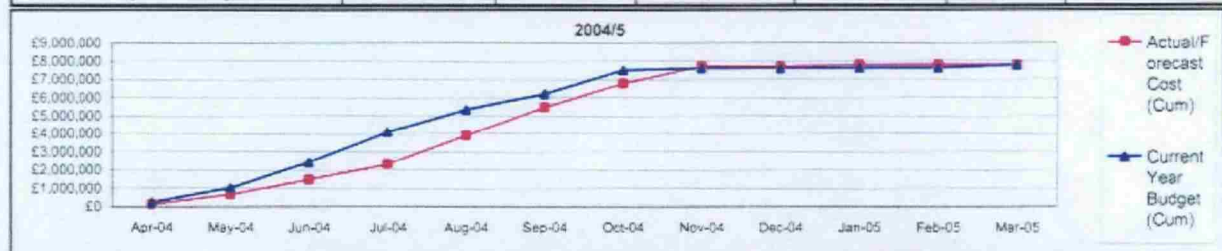
Archaeological investigation is underway. Construction will commence week beginning 17th August 2004. In addition Border Construction has promoted the suggestion of a further value engineering workshop. Representatives from CEC will be included in this workshop to ensure delivery of their aspirations. In line with the original programme Construction is planned for completion in early 2005

Consultation documents are being produced for TROs for the enforcement of the bus lanes proposed for Eastfield Road as part of the detailed design.

Project Manager's signature: _____ Date: 11/2/04

Project Director's signature: _____ Date: 11/8/04

Project: West Edinburgh Busways						
Report for Month Ending: 31-Jul-04		Project Manager:		Lindsay Murphy		
Start Date:		End Date:				
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
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)	
2. Guideway Design	20-Jan-03	27-Jun-03	15-Sep-03	C		
3. Acceptance of target cost	27-Jun-03	11-Jul-03	3-Nov-03	C		
4. Guideway Construction	11-Jul-03	24-Mar-05	11-Oct-04	IP		
5. On Street Preliminary Design	5-Aug-02	7-Feb-03		C		
6. TROs	7-Feb-03	6-Feb-04	25-Oct-04	IP		
7. On Street Detailed Design	7-Feb-03	1-Oct-03		C		
8. Appoint On Street Contractor	10-Mar-03	1-Oct-03	22-Apr-04	C		
9. On Street Construction	13-Oct-03	24-Mar-05	11-Oct-04	NS		
10. Driver Training	11-Nov-04	24-Mar-05	22-Nov-04	NS		
11. Buses Operating for Public	24-Mar-05	24-Mar-05	22-Nov-04	NS		
	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£2,273,022	£2,273,022	£2,273,022	£2,273,022	£2,273,022	£0
2004/5	£7,771,578	£7,771,578	£7,771,578	£7,771,578	£7,771,578	£0
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	£10,044,600	£10,044,600	£10,044,600	£10,044,600	£10,044,600	£0



Summary of Key Points and suggested course of action:

Construction of the Guideway is commencing well with both the Broomhouse Road and Saughton Road bridge lifts complete. These were carried out relatively smoothly on night possessions due to the proximity to the railway. Weather hampered preparation of the guideway for slipforming which is has now commenced. However, weather permitting this should be completed on schedule. At present reprogramming has allowed the contract completion date to be held. However an early warning has been raised. ERDC has commenced the On street Bus priority measures contract with the widening of Stevenson Drive to accommodate a new bus lane. The programme has been revised to align completion with the guideway works. Some difficulties arose requiring design changes due to Fibre optic ducts hence some further costs. TRO's were approved by the Council Executive on the 27th of July 04. Orders should be in place for commencement of operation.

The profile has been revised to reflect initial potential savings made to the Guideway contract and an initial estimate of the profile for the On street works as tendered. An assessment of the remaining risks was undertaken and it was demonstrated that some contingency should be retained. In conjunction with Transport Planning, elements have been prioritised that were required to be added back in to the contract to deliver a fully configured and operational scheme. Considerable additional works are required to surface areas of Carriageway which were demonstrated to be sub standard before being painted for bus lanes. CCTV, Real time, further transport study work, network improvements to traffic signals arising from the TRO and Safety Audit process have all been highlighted as essential.

Lothian have taken delivery of the first of their new fleet. Both the guideway and the on street bus priority measures contracts will be complete including HMRI approvals on programme. Discussions are underway with Lothian to define an operational start date, this will require a period of 4 to 6 weeks for driver training once the required HMRI approvals are received. A new Item has been shown above to reflect this.

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

Project Manager's signature: _____

Project Director's signature: _____

Date: 11/8/04

Date: 11/8/04

Project: Line 2 West Edinburgh Tram Parliamentary Order						
Report for Month Ending: 31-Jul-04			Project Manager: Geoff Duke			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
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. 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	£1,946,422	-£108,062
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	£5,108,062	-£108,062

Summary of Key Points and suggested course of action:

The Tram Line 2 Bill was introduced to the Scottish Parliament on 29 January 2004 and 82 objections were received. The parliamentary committee held its first meeting on 29 June and will reconvene on 15 September following the summer recess. The PBU has requested responses to a number of issues identified by the committee and its advisors. Work continues on preparing these responses. Meanwhile, Memoranda Of Information (MOIs) are being prepared that will assist in providing responses to the committee or that would form the basis of a Statement of Case. Letters have been issued to the in-principle objectors. Negotiations are ongoing with other objectors.

Transdev commenced the Project Development Services phase of their contract on 28 June. They have reviewed the route alignment and run times.

The STAG report has been updated and submitted to the Scottish Executive and the Council prior to submission to the PBU. An Updated Preliminary Financial Case is being prepared for submission to the PBU by 3 September.

The Line 1 team leads the development work on the common section through the city centre and issues raised in the Line 1 report for this section therefore also apply to Line 2. It is the programme for the making of the TROs is currently on hold pending agreement with the Council on their strategy for the future interaction of CETM with the tram. Similarly, additional design development work, for example liaison and development with Public Utilities, is on hold pending release of the relevant budgets.

The project budget is based on the best estimate of the effort to secure Parliamentary approval and does not include allowance for the business plan development, work developing the operator's role or any advance of the implementation work necessary to meet the overall programme. Given the uncertainty of the parliamentary processes and programme there is a significant risk, which is being managed as closely as possible, that the budget could be exceeded. The budget for Line 2 has been managed down sufficiently to allow a transfer of £373k to be made to the Line 1 budget (reflecting the significant issues involved in the city centre section).

Project Manager's signature: _____

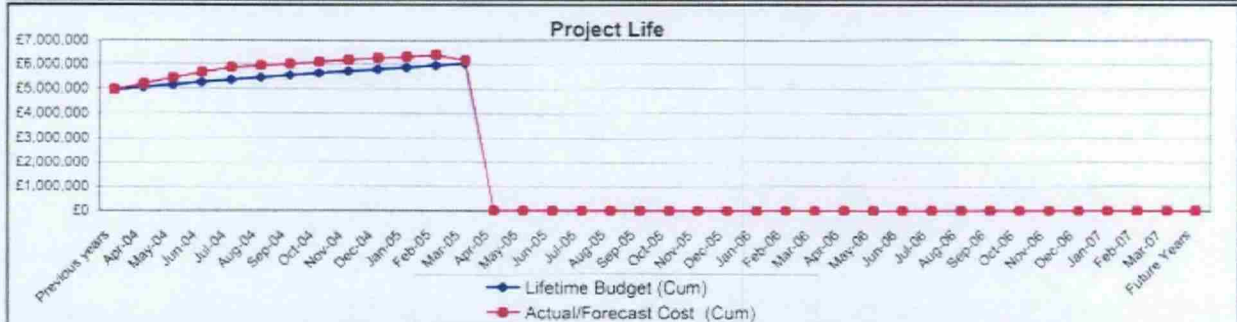
D

11/8/04

Date:

11/8/4

Project: Line 1 North Edinburgh Tram Parliamentary Order						
Report for Month Ending: 31-Jul-04			Project Manager: Kevin Murray			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
		112%		98%		
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. Prepare and Deposit Parliamentary Documents		1-Jul-02	23-Dec-03		C	
2. Support Parliamentary Process Leading to Royal Assent		1-Jan-04	24-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 TRO's		6-Jan-04	1-Jul-06		IP	



Summary of Key Points and suggested course of action:

Operational issues:

The Tram Line 1 Bill was introduced to the Scottish Parliament on 29 January 2004 and 197 objections were received. The parliamentary committee held its first meeting on 29 June and will reconvene on 14 September following the summer recess. The PBU has requested responses to a number of issues identified by the committee and its advisors. Work continues on preparing these responses. Meanwhile, Memoranda Of Information (MOIs) are being prepared that will assist in providing responses to the committee or that would form the basis of a Statement of Case. Letters have been issued to the in-principle objectors. Negotiations are ongoing with other objectors.

Transdev commenced the Project Development Services phase of their contract on 28 June. They have reviewed the route alignment and run times.

The STAG report has been updated and submitted to the Scottish Executive and the Council prior to submission to the PBU. An Updated Preliminary Financial Case is being prepared for submission to the PBU by 3 September.

The programme for the development and making of the Traffic Regulation Orders (TROs) is currently on hold pending agreement with the Council on their strategy for the future interaction of CETM with the tram. Additional design development work, for example liaison and development with Public Utilities and with Interfacing Projects (CETM, Capital Streets, etc.), is on hold pending release of the relevant budgets. Particular packages of work are being undertaken to assist the CSP interface.

Financial issues:

The project budget is based on the best estimate of the effort to secure Parliamentary approval and does not include allowance for the business plan development, work developing the operators role or any advance of the implementation work necessary to meet the overall programme. Given the uncertainty of the parliamentary processes and programme there is a significant risk, which is being managed as closely as possible, that the budget could be exceeded. The original budget for this workstrand developed by the PBU with the advisors was £1,707,249, this has been managed down and is being closely monitored. The line one estimates include £373,052 of cross funding from line 2. This reflects work carried out on the common section and the significant issues requiring resolution in the city centre. A 2003/4 DPOF cost for PUK and Ian Kendall amounting to £108,162 has not been incorporated as a recovery saving into the Line One budget. The current forecast predicts an overspend on budget.

Project Manager's signature: _____

Project Director's signature: _____

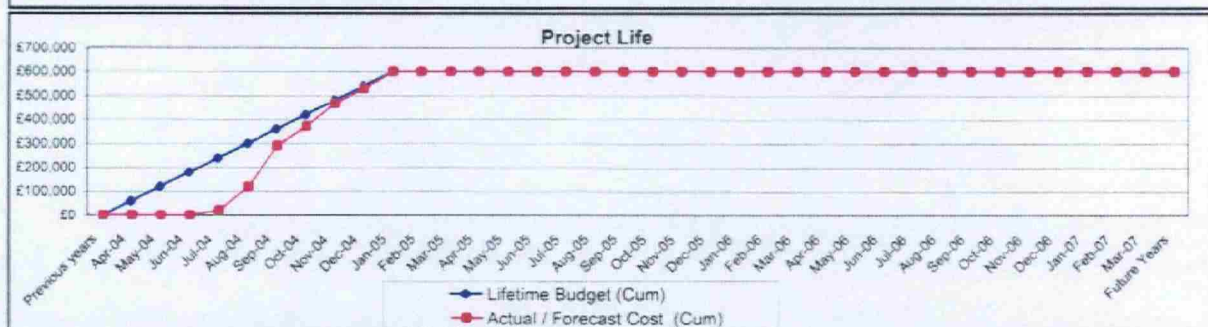
Date: 11/08/04

Date: 17/8/04

Project: ITI Information Campaign						
Report for Month Ending: 31-Jul-04			Project Manager: Monica Langa			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
		100%		100%		
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)

I. Information Programme development and implementation	1-Apr-04	Date of Referendum	IP	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£0	£0	£0	£0	£0	£0
2004/5	£600,000	£600,000	£600,000	£600,000	£600,000	£0
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	£600,000	£600,000	£600,000	£600,000	£600,000	£0



Summary of Key Points and suggested course of action:

Information Programme Communications Strategy and budget signed off by ITI Communications Group meeting 2 August

Stand taken at Fringe Sunday event 15th August. DVD presentations at Gyle & St James Shopping Centres w/c 30th August. Launch of Transport Edinburgh brand planned for early/mid September. TCOG to decide on nature of launch event

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

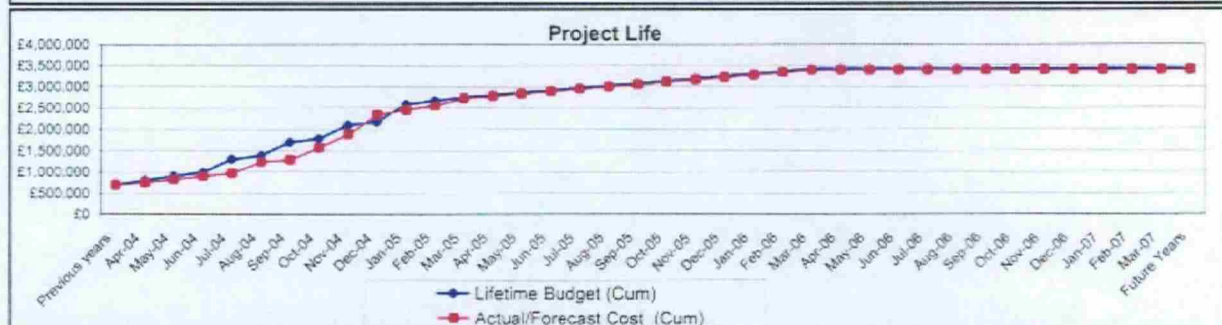
Project Manager's signature:

Date: 17/8/04

Project Director's signature:

Date: 12/8/04

Project: ITI Procurement						
Report for Month Ending: 31-Jul-04			Project Manager: Seamus Healy			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
				81%		
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		IP	
5. Technical Designs Complete		6-Aug-04	8-Nov-04		NS	
6. Architecture Designs Complete		25-Oct-04	6-Dec-04		NS	
7. Prototypes Design and Build Complete		9-Aug-04	28-Oct-04		NS	
8. Prototype Tests Complete		28-Oct-04	8-Dec-04		NS	
9. Complete Evaluation of Stage 1 Designs		20-Dec-04	21-Jan-05		NS	
10. Finalise Stage 2 Contract Schedules		24-Jan-05	18-Feb-05		NS	
11. Exercise Stage 2 Option with Chosen SI		21-Feb-05	18-Mar-05		NS	
	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	£2,023,700	£25,001
2005/6	£0	£663,358	£663,358	£663,358	£663,358	£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	£3,406,218	£3,406,218	£3,406,218	£3,381,217	£25,001



Summary of Key Points and suggested course of action:

Operations

Contracts concluded with both System Integrators and business process designs are progressing to an advanced stage.

Financial

Spend profile for July was approximately as expected with no significant comments to make. First payment milestones will be realised for both System Integrators within the next month to the value of approximately £225k.

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

Project Manager's signature: _____

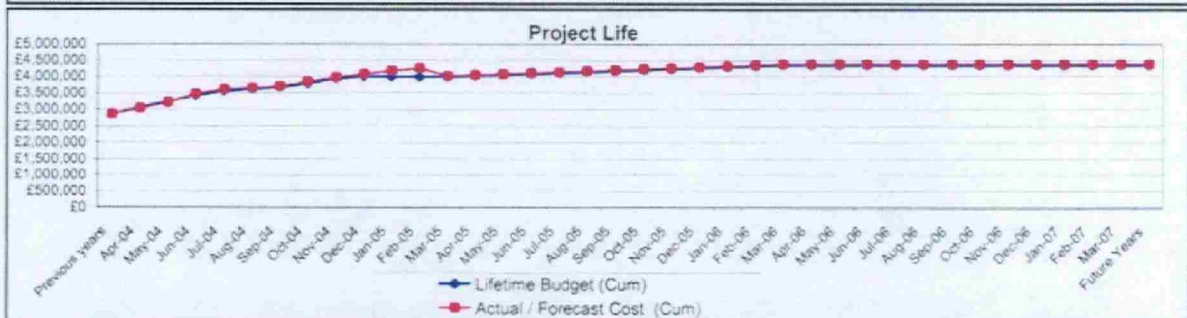
Date: _____

Project Director's signature: _____

Date: _____

Project: ITI Development						
Report for Month Ending: 31-Jul-04			Project Manager: John Saunders			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
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		IP	
8. Prepare application in Detail		15-Aug-03	15-Nov-04		NS	
9. Final scheme approval by Council		12-Nov-04	15-Dec-04		NS	
10. AiD to Scottish Executive followed by Referendum		16-Dec-04	15-Apr-05		NS	
11. Procurement system Operator		1-May-03	20-Jul-05		IP	
12. Retail Impact study		21-Jan-04	30-Sep-04		IP	

	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	£1,156,200	£24,987
2005/6	£0	£358,976	£358,976	£359,333	£359,347	£14
2006/7	£0		£0	£0	£0	£0
Future Years	£0		£0	£0	£0	£0
Total for Project Life Cycle	£3,982,784	£4,341,760	£4,341,760	£4,342,117	£4,367,118	£25,001



Summary of Key Points and suggested course of action:

The Public Inquiry ended on 1st July.

The Independent Reporters are due to complete their report by the end of October and will then report to City Development on the implications of the findings to enable a report to be put before the Council on 11th November 2004. To assist in the preparation of the report for City Development they are currently briefing technical advisors prior to carrying out some minor investigatory work that will resolve loose ends that arose during the Inquiry process. This will include investigating the impact of locally amending some inner cordon locations and the introduction of some of the exemptions or changes to the scheme that the Reporters investigated during their questioning during the Inquiry process.

The contract awarded by ECCMC to investigate the likely economic impact that the congestion charging proposals could have in relation to retail activity in the city centre is still scheduled to report during September, and the findings will be reported to the Council during early November.

The predicted ITI Development expenditure included in the business case is at variance with that submitted by the Project Manager during April. This results in a predicted overspend of approximately £25,000, but this can be accommodated through savings of a similar scale which have been identified in the ITI Procurement budget.

Details relating to the Information Campaign are, as of 1st July, subject to a separate Operating Committee report.

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

Project Manager's signature: _____

Project Director's signature: _____

Date: 11-08-04

Date: 11/8/4



Agenda Item 4b

ITI -

- b) Update on Tram Draft Outline
Business Case**

tie

Update on tram Draft Outline Business Case

COMMERCIAL - IN CONFIDENCE

[Paper for OpComm 16.8.04 and tie Board 23.8.04]

The draft OBC was submitted to the Executive on 30 July 2004 and members of tie, CEC and Transdev met with the Executive on 6 August. The Executive Summary and Contents page of the draft OBC is attached, in certain respects updated from the draft circulated at the tie Board on 26.7.04 but without material change to the substance.

The agreed action from here is set out below, as circulated to the parties after the meeting. A more detailed action plan and timetable for handling the issues raised has been circulated to the relevant parties.

Overall

- tie will prepare two parallel Updated Preliminary Financial Cases ("UPFCs"), one for each line on a standalone basis, to be submitted to the Parliamentary Bills Unit on 3 September 2004. Each document to contain an overview of the network proposal, including commentary on the Newbridge section.
- tie will prepare an updated version of the 30 July 2004 draft OBC for the Executive, to be signed off on 3 September 2004 as the basis for next stage funding (this document to be described as the "August OBC" but will remain between CEC / tie and the Executive, FOISA permitting). This is subject to Ministerial approval but all parties will seek to achieve this by 3 September.
- The UPFCs need to be consistent with the August draft of the OBC in all material respects.
- Tie to handle its internal approvals through Operating Committee with CEC on 16th August and Board on 23rd.

Specific issues for detailed further work

1) Newbridge

The financial and economic parameters of this section should be set out explicitly in the Line 2 UPFC and in the August OBC (Action – tie)

The rationale for keeping the Newbridge section in the Line 2 Bill to be set out in the documents, incorporating economic development argument, potential sources of funding and outline assessment of the effect of new development on the Newbridge section economics (Action – tie with CEC)

2) EARL

Impact assessment on Line 2 patronage and revenues : preparation of sensitivity cases highlighting where in the range of price / volume effects there lie scenarios which do not materially damage the case for Line 2, if such exist. It is acknowledged that this will be preliminary work, and that a timetable to produce definitive analysis will also be developed (Action – tie)

3) Congestion charging

As for EARL, but as it affects both lines (Action – tie)

4) Service Integration

Documentation of :

- Importance of and issues surrounding alignment priority (Action – Transdev)
- Comparisons with integration plans and actions in Nottingham (Action – Transdev)
- Overview of proposed integration development process linked to key funding decision milestones (Action – Transdev with tie)
- Work done to enhance Haymarket as key interchange, further options available and funding implications (Action – tie)
- Evidence of overall PT growth from the introduction of tramways and the consequences for bus services in other cities (Action – Transdev)

5) Haymarket development

Acknowledged need for re-prioritisation – working party to be refocused (Action – Executive and CEC)

6) Other matters

- Submission of detailed analysis of costs underlying short-term funding request (Action - tie)
- Set up meeting to review property aspects, particularly additional income flows (Action - tie)
- Listing of detailed Permissions required (Action - tie)
- Valuation of Gogar land (Action - Executive)
- PFI evaluation timetable to be included in documents (Action - tie with PUK)
- Other detailed points - meeting arranged for 12/8 Executive / tie

Graeme Bissett
10 August 2004

transport initiatives **edinburgh** limited
Outline Business Case

Commercially Confidential

Draft - Strictly for Discussion Only

transport initiatives **edinburgh** Limited
Tram System - Outline Business Case
July 2004



Prepared by: Pat Diamond
Date: 30 July 2004
Revision: 0

transport initiatives Edinburgh

Tram Outline Business Case

0. Executive Summary

Background and Objectives

In December 2003, tie submitted Preliminary Financial Cases for the proposed Tram Lines 1 and 2 in support of Private Bills which are now before Parliament for consideration. Since that time, tie has analysed in detail the options for the procurement and funding of the tram system. Similar documentation will be prepared for Tram Line 3, which is expected to go before Parliament in December 2005.

The purpose of this Outline Business Case (OBC) is:

- to explain the rationale for the procurement strategy selected by tie to deliver the tram system;
- to assess the appropriate phasing of construction of the tram system in the context of available funding;
- to describe the options for the financial structure supporting the overall procurement approach; and
- to apply for funding of **£4.0m** to support the next stage of procurement work and operator involvement in the year to 31 March 2005.

This document also describes:

- tie's proactive approach to transport service integration;
- the extensive and rigorous project risk management procedures in place (including those mitigating cost creep); and
- how the painful lessons learned from the construction of other tram systems have been reflected in the approach adopted for the Edinburgh system and how causes of the previous criticisms have been avoided in the approach which tie has adopted.

tie has also assessed Audit Scotland's recently reported findings in relation to Holyrood and believes that the principal recommendations have been embedded in the procurement and project management approach to the tram project.

Scottish Transport Appraisal Guidance

The Scottish Transport Appraisal Guidance (STAG) 2 analysis is contained within a separate document prepared by tie's technical advisors, namely, Mott MacDonald for Line 1 and Faber Maunsell for Line 2. The OBC has been informed by the work undertaken by Mott MacDonald and Faber Maunsell in preparing the STAG 2 documents. The STAG 2 analysis demonstrates that the proposed lines meet the key appraisal criteria and the advisors concluded that the introduction of the tram into Edinburgh is consistent with the objectives of the City Council and will contribute well to the realisation of the Vision for Edinburgh.

Procurement strategy

A decision was taken in early 2003 on risk management grounds to separate the operator and system procurement processes. tie has appointed Transdev as the prospective operator, to work in partnership on the development of the system which formally commenced on 28 June 2004. For reasons which are fully explained in this document, tie recommends that the system procurement model adopted will focus on an Infrastructure and Integrator Consortium Option with separate but interfaced procurements of the system infrastructure and tram vehicles, ultimately leading to novation of the vehicle contract into a single consortium responsible for all elements of infrastructure.

transport initiatives Edinburgh Tram Outline Business Case

Given the level of uncertainties at this stage about costs and available funding on a project of this complexity and scale, tie is recommending the adoption of a phased approach to the procurement, construction and operation of the tram system. The preferred procurement option facilitates such an approach as follows :

- the identification of an affordable and desirable Phase 1, currently recommended to be Line 1 plus Line 2 to Edinburgh Airport;
- planning for anticipated initial packages of detailed design and advance works (principally land acquisition and utility diversion works);
- the procurement of the tram vehicles incorporating an option on sufficient vehicles to serve the full system, but structured to allow for sequential purchase in line with the requirements of each phase;
- the main infrastructure contract procurement scope covering the entire system, but structured to require:
 - a firm, fixed price bid, potentially privately financed, for Phase 1
 - a detailed breakdown of all cost inputs to the bid, so as to provide....
 - indicative pricing which would be used to build up a fixed price bid for subsequent phases, on an open book/partnering basis (in line with available funds), leading to....
 - a firm, fixed price bid, potentially privately financed, for Phase 2 and any subsequent phases

The approach facilitates the option of retaining the same infrastructure provider through the subsequent phases on the basis of the initial procurement (subject to continuing affordability and VFM) which assists system integration. The approach also achieves a number of other objectives, notably :

- Ensures that affordability is achieved and minimises initial capital investment;
- Creates a partnering approach to construction procurement over subsequent phases, rather than an "all or nothing" contract for a single project;
- Mitigates the risk that should procurement be implemented and unaffordable tenders are received (a problem common to most other UK system procurements) requiring the tendered system scope to be retrospectively curtailed; and
- Enables the Council to evaluate the potential use of congestion charging revenues in the event of a positive referendum result and at a time when system procurement has advanced such that implementation and cash flows are more certain.

This represents tie's recommended approach based on information available now and which is assessed to be reliable. A number of key factors are undergoing further refinement, as described in the Section "Recommended critical next steps" below. This process will continue through to formal tendering and financial close.

Programme risk

The project timetable continues to be driven toward an operational system in 2009, in line with the Council's published programme. It is recognised that this will involve expenditure prior to the date for Royal Assent (anticipated end December 2005) and that this is a critical matter requiring further analysis and detailed discussion with the Scottish Executive. In the event that no such expenditure may be financed prior to Royal Assent, tie considers that the tram system will be not be operational until the end of 2011.

transport initiatives Edinburgh Tram Outline Business Case

Financial projections

The projections have been developed with extensive input from experienced advisors :

- Capital costs have been prepared by tie's technical advisors; Lines 1 and 2 have been benchmarked against each other and the system has been benchmarked against other UK systems' actual costs. The costs reflected in this OBC are largely the same as those in the Financial Statement supporting the Private Bills, since no material matters have come to light since December 2003 which would cause them to require change. They represent a substantial increase over the original feasibility estimates and were developed in detail in 2001.
- Revenue projections are based on patronage numbers drawn from a public transport model, which although complex has been independently assessed as fit for purpose.
- Operating costs are now based on the costs estimated by Transdev in agreeing the DPOFA, and superseded those initially estimated by our technical advisors.

Accordingly, the financial projections are as firmly based and risk assessed as is possible at this stage in the procurement process.

Service integration

Effective integration is key to patronage stability and growth as well as to delivery of wider social policy aspirations. tie has instigated a programme of involvement of the tram operator and bus companies and will develop in due course a similar dialogue with other transport operators, principally Scotrail.

The main bus operator in the Edinburgh bus market is Lothian Buses plc (LB), owned by the Council (91%), which delivers c80% of bus services in the City, with the balance primarily serviced by First Group. This market structure offers an exceptional opportunity to achieve effective integration, subject always to compliance with competition law. tie has established a detailed process to maximise this opportunity, including:

- In the period to March 2004, tie worked with the Council and LB to design a framework for achieving sustainable integration of LB services with those of the Tram.
- The process of selecting the tram operator had a specific requirement that the aspiring operators demonstrate that they would be able to deliver effective integration. Transdev have now accepted this obligation.
- Transdev have noted and agreed with the objectives and direction of the framework developed with the Council and LB; detailed dialogue is now underway.
- A holding company wholly-owned by the Council – Transport Edinburgh Limited – has been incorporated to oversee and drive progress. The Board of the Company will be chaired initially by Councillor Andrew Burns, Convenor of Transport and Public Realm for the Council.
- A joint-venture financial framework involving Transdev and LB will be developed to provide balanced financial incentive for the main integration parties.

A draft action plan governing the next stages of the integration dialogue is targeted for commencement in September 2004.

transport initiatives Edinburgh Tram Outline Business Case

Affordability

In assessing the affordability of the system configuration options, two key assumptions have been made:

- (0) That there will be no indexation or further Scottish Executive funding than the £375m grant which was conditionally proposed by the Executive in April 2003; and
- (0) That the system must have a reasonable expectation of making an operating cash flow surplus over its life, avoiding the need for future subsidy from public sector sources.

It should be noted that the grant award assumed in the 2002 Preliminary Business Case, on which approval in principle for the project was based, was £375m but subject to indexation and projected at £450m in cash terms. In addition the original grant award did not take account of Optimism Bias.

At this stage of the project's development, certain variables are subject to refinement and change. On the operational and expenditure side these include :

- Capital cost estimates – which will be developed further through detailed design work, advice from Transdev and then market-tested through the formal procurement process;
- Patronage and revenue projections – which will evolve to optimise the system performance with input from Transdev and most critically from the establishment of service integration plans; and
- Impact of the proposed Edinburgh Airport Rail Link (currently being appraised against STAG) on the patronage of Line 2.

On the funding side the issues under evaluation include cash flow from property development gains, developer contributions and additional commercial income that can be driven from the trams' operations.

tie has appraised these key issues and assessed the funding which has reasonable visibility and can be delivered for the scheme. It is tie's conclusion that:

- There is a reasonable basis for taking forward the procurement of Lines 1 and 2, with the scope of Line 2 meeting the anticipated West Edinburgh development plans but terminating at the Airport;
- The Newbridge to Edinburgh Airport shuttle section should be deferred until a clearer view of the economic development assumptions in that area is available. However, the work required to develop a robust business case for the extension to Newbridge should continue; and
- The procurement of the system should be continued according to the programme timetable which will deliver an operating system in 2009. The procurement should be executed on a phased basis which ensures the construction always remains within funding which can be regarded as reasonably assured.

tie has examined the economic, social and financial implications of a number of different system configurations, but concluded that the well-established routing within the Line 1 and Line 2 definitions remains the optimum, taking all relevant factors into account.

transport initiatives Edinburgh Tram Outline Business Case

Funding structure

Each of the route configurations can be procured through:

- Grant Funding – Full Public sector payment for the project during construction;
- Partial PFI – Specific elements of the project are paid for through a privately funded SPV; and
- Full PFI – 100% transfer of the project infrastructure to an SPV.

It is likely to prove financially attractive to lease the vehicles and probably elements of the infrastructure, which will defer the cash flow. This is a complex matter, including taxation advantages for both the project and its financial partners and has not been assessed in detail at this point. The current financial appraisals do not involve leasing options and in this regard tie have modelled the worst case for the vehicle procurement.

The document does not conclude on the preferred funding structure, but recommends that this be the subject of further detailed analysis with the Executive, taking account of the recently published HM Treasury guidance on deployment of PFI in major capital projects.

Financial basis for the preferred phasing

In line with Treasury guidance, the project capital costs have been assessed in a 'prudent' case that includes Optimism Bias contingency, estimated at 25% of the capital cost base. This figure includes a contingency recommended by tie's advisers of approximately 10%. The modelling has been performed using both bases i.e. the capital costs inclusive of the specified contingency and the more prudent approach which includes Optimism Bias contingency ("the Prudent Case").

To demonstrate the affordability assessment, the grant-funded structure case is set out below, showing cash flows in £'000s (except where stated) over the 30-year life of the full system and full system less Newbridge :

	Line 1 + 2		Line 1 + 2 Ex Newbridge	
	Base	Prudent (1)	Base	Prudent (1)
Capex	579,915	660,079	524,331	598,725
Surplus	(187,818)	(187,818)	(216,361)	(216,361)
Life Cycle	163,725	163,725	144,850	144,850
Net Cash Flow	555,822	635,986	452,820	527,214
Grant	375,000	375,000	375,000	375,000
Funding Requirement/ (Surplus)	180,822	260,986	77,820	152,214

(1) Includes Optimism Bias at @ 25%
All Figures Inflated with No Discount.

transport initiatives Edinburgh Tram Outline Business Case

tie believes that additional funding sources are potentially available to provide substantial contributions to the project. The estimated cash flow contributions over the 30-year project life are shown below in aggregate and as estimated for an average year, where appropriate. All figures are again inflated £'000s (except where stated) and undiscounted:

Additional Funding	Pessimistic	Optimistic	Un-inflated Pessimistic	Un-inflated Optimistic
Developers Gain	29,000	87,000	500	1,500
Small Scale Development	3,000	3,000	60	60
Advertising	16,000	37,000	300	700
S75 Contribution	15,000	15,000		
Development Gains	3,000	6,000		
Enhanced Revenue	26,000	52,000	500	1,000
Total	92,000	200,000		

The basis of these contributions is explained in detail in this OBC. It is acknowledged that there is considerable subjectivity about the outcomes. However, tie believes these are supportable estimates and has had independent confirmation that they are within reasonable ranges.

The 2002 Preliminary Business Case assumed congestion charging cash flows would be available for the tram project. It has since been determined that it would be imprudent to continue that assumption in the context of this document. It remains open to the Council to review their utilisation of congestion charging cash flows should it proceed, however at this stage no assumption of availability is made in addressing the funding of Lines 1 and 2.

Taking the full system case, the funding requirement over and above the Executive grant and net of operating surplus over the 30-year life of the project is £181m. If the Treasury Optimism Bias contingency is applied, the requirement rises to £261m. Although a significant proportion of the additional funding required is reasonably visible, there is not sufficient margin for error to support the formal procurement of the full system at this stage.

Accordingly, from an affordability standpoint there are good reasons for not including the Newbridge shuttle in the first phase of construction and reviewing the ultimate network configuration once Phase 1 is complete. In addition, the Newbridge section taken alone does not produce an operating cash flow surplus.

When the Newbridge shuttle is removed there is a funding requirement of £78m that increases to £152m following the inclusion of Optimism Bias contingency. Against this is a reasonable potential for raising additional funding of £92m-£200m.

This range of outcomes is driven by :

- Capital cost outcomes – additional funding for a prudent case of £74m or 14% on underlying capital cost
- Additional income sources – difference between the two scenarios of £108m or 12% of base case revenues including pessimistic measurement of additional income

transport initiatives Edinburgh Tram Outline Business Case

Both aspects are under continuing analysis. At this stage it is considered by tie that there are good grounds for confidence that capital costs can be delivered within the estimates of the prudent case, through continuing application of project management rigour and proactive risk mitigation actions.

The potential for additional funding sources warrants a major investment of time in their development in the coming months ahead. There is also good reason to be positive about the outcome. Accordingly, applying the test of reasonable visibility of adequate funding sources, tie believes there is ample justification to continue with the Phase 1 system.

These estimates reflect the "grant-funded" case and do not take account of the requirement to finance the excess capital cost above the grant support. There are a number of variables to take account of in such a calculation – the extent and debt service cost of funding for land acquisition and utility diversion; the value of leasing arrangements; the timing of cash inflows from operations; and more fundamentally whether a PFI model would be deployed – accordingly, this feature can only meaningfully be assessed when the precise funding route is better developed.

The document also sets out the affordability of each of Lines 1 and 2 individually, concluding that each line is itself is certainly affordable and supportable.

It is anticipated that further sensitivity analysis will be performed in conjunction with the Executive's planned review of the OBC.

Sharing of funding and underwriting risk

It will be necessary for the Executive and the Council to agree on the relative balance of financial risk and underwriting. In summary, the assumptions in the financial models are:

- The Executive will be committing to provide either a sum up to £375m in capital funding or a stream of availability payments, which will be passed through the Council to the design, construction and implementation partners;
- Further dialogue will be required on funding the early stage capital expenditure above that supported by the grant drawdown.
- The Council will require to underwrite the contractual payments to the operator. This is assumed to be financed out of operational tram revenues. In addition, the Council will require to meet lifecycle replenishment capital costs out of operational revenues.

tie understands that the Council may wish to discuss these funding assumptions further with the Executive.

transport initiatives Edinburgh Tram Outline Business Case

Short term funding requirement

In order to meet the Council's published programme of introducing the trams in 2009, tie requires access to limited additional funding in the current financial year. The detailed procurement evaluation has identified the critical path of expenditure which requires to be followed if the programme is to be met. This will require funding of **£4.0m** for operator involvement and procurement implementation expenditure in 2004-05. The equivalent estimate is **£13.2m** for 2005-06. The largest expenditure is the investment in detailed design specification necessary to mitigate risk at the formal procurement stage.

The theme of the overall strategy is to ensure that risks are aggressively managed and in particular that tie's stakeholders are not asked to commit to either contractual or financial obligations until each stage has been thoroughly analysed and approved. It is important to note that no commitment of new funding beyond the costs described in the previous paragraph is sought at this stage. The short term funding is a very limited sum of money, relative to the scale of the project and the importance of the processes which are to be implemented in the short term. This is wholly separate from system construction commitments, which will be the subject of a separate set of contractual documents to be tendered and then negotiated over the coming months. A formal Outline Business Case will be presented with the promulgation of the infrastructure tender. If the tender produces a successful outcome, a formal and Final Business Case will be presented which supports the commitment of funding, anticipated to be in mid-2006.

An important area requiring further urgent assessment is that of utility diversion work. tie is sensitive to the need for curtailment of large-scale expenditure prior to Royal Assent and the implications of this for programme require further debate. It is almost certain that the programme cannot be delivered on time unless further expenditure of this type is funded prior to Royal Assent.

In relation to land acquisition, tie suggests that an effective means of funding investment would be to provide an allocation of funds of **£10m** in each of the current year and next year to be available for specific site acquisitions, each to be evaluated and approved individually before commitment. Should a larger commitment for 2005-06 emerge as appropriate, this would be addressed prior to commencement of that financial year.

The issues of utility diversion and land acquisition require further discussion as part of the assessment of this document. It is hoped that the recommendation in this document will provide a convincing basis for release of the limited short-term Scottish Executive funding to enable the project to proceed according to programme with optimum risk mitigation.

When the tram development budgets of £11,025k for Lines 1 and 2 were agreed, it was anticipated that Royal Assent would be achieved by Spring 2005. This is now highly unlikely and there will be a need to fund the continuation of tie's support to the Bills through calendar 2005 and potentially into calendar 2006. In addition, funding will be required for the core tie tram project management team over the period beyond 31 March 2005, and appropriate overhead allocation. Since this will amount to an extension of the existing development budget, rather than specific to the operator and procurement activity, no sum is being sought at this stage. It is anticipated that the funding for these aspects will be reflected in the tie Business Plan for 2005-06, to be prepared by 31 December 2004. A reasonable estimate for 2005/06 would be £0.5m, although this will need to accommodate unpredictable demands from MSPs.

transport initiatives Edinburgh Tram Outline Business Case

Recommended critical next steps

tie considers that the following steps are critical to the success of the scheme and should be taken in order to maintain the project timetable. It is tie's recommendation that the points below should be implemented as soon as feasible:

- Dialogue to support release of **£4.0m** for procurement initiation and operator involvement (August 2004) for the year to 31 March 2005;
- Assessment of implications of possible deferral of Newbridge section for Parliamentary Bill (August 2004)
- Further evaluation, in conjunction with the Scottish Executive and in the light of latest HM Treasury guidance, regarding the VFM case for proceeding down a PFI funding route (ongoing from August 2004);
- Commencement of procurement initiation (September 2004);
- Selection of tram procurement advisors (September / October 2004);
- Commencement of system design (October 2004);
- Updated assessment of Business Case (October 2004 – March 2005) including;
 - Further analysis of Phase 1 (Line 1 plus Line 2 (Airport)) configuration and decision of Affordability;
 - Decision on prioritisation of Lines 1 or 2 (Airport) as initial stage of phased strategy, if required;
 - Detailed consideration of EARL impact on Line 2 patronage;
 - Detailed consideration of Congestion Charging impact;
 - Further progress on service integration planning and financial re-assessment;
 - Design development impact on financial projections, especially capital costs; and
 - Decision on use of PFI (with VFM analysis as appropriate).
- Congestion Charging Referendum and consequent decisions on system configuration and phasing (January – March 2005);
- Preparation for formal procurement process, flexed to facilitate phasing options, enabled for launch in Spring 2005 and supported by Outline Business Case; and
- Support to Parliamentary process throughout.

Conclusion

This OBC represents an important stage in the development of the Edinburgh Tram project. Work done in recent months has re-confirmed the economic and social benefits which the system will bring. The financial affordability of the planned system has been re-evaluated in detail and the conclusion is that an affordable system can be constructed within the constraint of the grant award and that the requirement for a reasonable expectation of operating surplus can be met.

The preferred option is to build in a phased manner, starting with a configuration of Lines 1 and 2 (to the Airport), followed by the Newbridge shuttle, Line 3 and possibly further extensions depending on funding availability. The planning approach adopted by tie will ensure that the initial phase will not only be affordable but will fulfil the Scottish Executive and the Council's social and economic aspirations for a highly attractive new dimension to the public transport network of Scotland's capital city. tie now requires approval to its short-term funding request in order to maintain momentum on the project and deliver the system within the stipulated timetable.

transport initiatives Edinburgh Tram Outline Business Case

0. Contents

Section	Title	Page
	Executive Summary	2
1	Overview	15
1.1	Objectives	
1.2	Summary of the scheme	
1.2.1	Scheme Description	
1.3	Phased system approach	
1.4	Results of economic and financial appraisal	
1.4.1	Line 1 - Economic Appraisal	
1.4.2	Line 2 - Economic Appraisal	
1.4.3	Line 1 and 2 – Financial Appraisal	
1.5	Statement of the preferred procurement option	
1.6	Statement of sponsor support	
2	Strategic context	21
2.1	Overall transport strategy	
2.2	Case for trams	
2.3	tie relationship to the City of Edinburgh Council	
2.4	Assessment of system performance	
3	Project objectives and scope	25
3.1	Project objectives	
3.2	Benefits and shortcomings of the system	
3.3	Project constraints	
3.4	Proposed transport services	
3.4.1	Line 1	
3.4.2	Line 2	
3.5	Consultation process	
3.6	Other Consultation	
3.7	Procurement Objectives	
4	Formulation and short listing of procurement options	29
4.1	Description of Procurement Options	
4.2	Criteria for assessment	
4.2.1	Relative importance of criteria	
4.3	Assessment and reasons for early rejection	
4.4	Use of private finance	
4.5	Optimum phased procurement	

transport initiatives Edinburgh Tram Outline Business Case

5	Risk Analysis	36
5.1	Introduction	
5.2	Risk identified by the feasibility study	
5.3	Risk identified by the preliminary financial cases	
5.4	UK light rail projects risks	
5.5	Optimism Bias Contingency	
5.5.1	Lessons from HM treasury optimism bias	
5.5.2	Lessons from the management of the new Scottish parliament building	
5.5.3	Emerging department for transport guidance	
5.5.4	Risk management process	
5.5.5	Extent of optimism bias	
5.6	Risks identified by the OBC	
5.7	Nature, timing and potential impact of the risks	
5.7.1	Capital costs – Third party costs	
5.7.2	Operating Expenditure – Increased operating costs	
5.7.3	Revenue – Passenger forecast	
5.7.4	Programme – Delays	
5.7.5	Quality – Statutory planning	
5.7.6	Functionality – System operation	
5.7.7	Approvability – Funding	
5.8	Risk allocation matrix	
5.9	Contractual arrangements	
5.10	Benchmarking of capital risk	
5.10.1	Risks retained by public sector	
5.11	Key risk mitigation underway	
6	Affordability and funding structure assessment	54
6.1	Assessment of funding options	
6.2	Funding sources	
6.2.1	Background	
6.2.2	Scottish executive grant	
6.2.3	Operating surplus	
6.2.4	Private sector	
6.2.4.1	Property development gain	
6.2.4.2	Commercial income	
6.2.4.3	Other possible sources	
6.2.4.4	Taxation treatment in financial models	
6.3	Capital, revenue and operating costs	
6.4	Key assumptions on the future service functions	
6.4.1	Capital assumptions	
6.4.2	Operating revenue assumptions	
6.4.3	Operating cost assumptions	
6.4.4	Line 1	
6.4.5	Line 2	
6.5	Congestion Charging	

transport initiatives Edinburgh Tram Outline Business Case

6.6	Edinburgh Airport Rail Link	
6.7	Newbridge shuttle	
6.8	Service integration	
6.9	Analysis of financial models	
6.9.1	Nominal cash analysis	
6.9.2	Net Present Value analysis	
6.10	Recommended approach	
6.11	Value for money analysis	
6.11.1	Benefits of PFI	
6.11.2	New draft guidance on VFM	
6.11.3	Application to the tram scheme	
6.12	Sensitivity analysis	
6.13	Procurement and Related Funding	
6.13.1	'Soft Costs'	
6.13.2	'Hard Costs'	
6.13.3	Summary	
7	Project timetable and management arrangements	90
7.1	Project plan	
7.1.1	Timetabling issues	
7.2	Management arrangements	
7.2.1	Project team	
7.2.2	Advisors	
8	Glossary	96
	Appendices	
A	Lessons from other Light Rail Schemes	
B	Lessons from the management of the Holyrood Building Project	
C	Tramline 1 and 2 Risk Register.	
D	Infrastructure & Integrator Consortium, and Traditional Procurement Options: Risk Allocation Matrix.	
E	Benchmarking Tables	
F	Financial Modelling Assumptions	
G	Press Release supporting Executive Grant Award	
H	Tram Procurement Strategy Paper	
I	Tram Funding Forecast	



Agenda Item 4c

ITI -

c) Update on Service Integration

tie

Update on Service integration

COMMERCIAL - IN CONFIDENCE

[Paper for OpComm 16.8.04 and tie Board 23.8.04]

The purpose of this note is to summarise progress on service integration, based on an email dated 9 August 2004 to Andrew Burns and the TEL parties. The next TEL meeting is scheduled for 27 August 2004.

The dialogue to date has surfaced a few issues which will require resolution, although I think we should take care not to allow matters to impede progress at this early stage when resolution may be easier with a few months of further activity under the collective belt.

Overall timetable

There are three principal workstreams :

1. TEL formalities – formation, governance and operations of TEL;
2. Corporate structure – joint venture and related arrangements; competition law aspects and OFT communications
3. Operational integration – alignment design, through ticketing, feeder bus services, parallel bus services.

TEL agreed at its 2 July meeting that the parties would strive to agree by 30 September a detailed programme to handle the chunky issues under 2 and 3. There is an opportunity to have a follow up meeting on 5th October when m. Segretain, Chairman of Transdev, visits Edinburgh. The idea would be for Transdev to provide all parties with a view on their progress on all fronts and along with Lothian Buses to present and agree the joint programme of activity for the months ahead.

Initial admin

A workshop to permit Lothian Buses detailed knowledge of the DPOFA is set up for 17th August.

DLA have prepared a short note to OFT outlining the proposals.

TEL formalities

We await the circulation of the draft Memorandum and Articles of Association. The original idea was to have these set before the Council on 19 August but this may not now be achievable.

We have a disagreement between Transdev and Lothian Buses on the number of Board seats / votes each organisation should have. Since we cannot sensibly get the TEL Board up and running until the directorships are agreed, it is rather important that some compromise is reached. I have suggested that the two operators could have a further discussion before the 27th based on the draft Articles and see if there is any simple answer, failing which it will need to be on the agenda for the 27th.

There is also a need to address the difficult issue of how TEL ("the Project Board") can exercise leverage over its constituent parties to achieve a balanced outcome in the event that integration proposals create conflict between the separate commercial interests of the operators. This may be an issue that does not need immediate attention since we are at too early a stage to require this sanction. I would be concerned that we devote time to agreeing dispute mechanisms while we are still looking for a programme to address the issues which could result in dispute. My suggestion is that this issue be revisited in early 2005, when progress has been made on all fronts and the nature of potential disputes is in clearer focus. This again can be debated on 27th August.

It was agreed on 2 July that all parties would consider suggestions for independent directors for TEL, to be tabled on 27th August.

Corporate structure

There has been some early in-principle discussion on how the corporate structure might be put together. Transdev favour a cross-shareholding as part of these arrangements, while Lothian have highlighted the difficulty there may be in executing such an element of the overall structure. It will almost certainly be necessary to have in-principle agreement between the parties prior to seeking Executive approval for the Outline Business Case which will support tram system procurement and which will be submitted to the Executive in mid 2005. Actual implementation of the structure will not take place until much before the operation of the tram commences, say 5 years from now, and there are many variables in the corporate structuring equation which will be subject to change over that period. The principle of seeking a structure which achieves a sustainable balance of interests is agreed - as set out in the Framework Agreement which all parties have adopted, though augmented by Transdev's views on cross-holdings. My suggestion is that we should progress the operational dialogue as the main priority and allow the corporate matters to evolve over the months (rather than weeks) ahead. This can be governed through the meetings of the Board of TEL.

On this basis, my suggestion is that the programme should include the tabling by Lothian Buses and by Transdev of suggested detailed joint venture structures (to include tax efficiency) in the latter part of this year, followed by a detailed dialogue. This approach, or any better idea, should be discussed and agreed on 27th August.

Operational issues

These have also been the subject of a preliminary discussion. The need is simply to agree a programme of meetings of appropriate players, with monthly reporting to the TEL Board.

Other matters

1. In defining the forward programme, TEL as advised by Transdev and Lothian representatives, will require to compile a budget for this year and for 2005-06. The means of doing so should be agreed on 27th August.
2. Transdev might describe their proposed approach to other integration aspects, including other bus and rail operators, on the 27th.
3. I will assess with the Executive whether tie / CEC, Transdev and Lothian Buses require to meet them to discuss the overall approach to integration as part of the tram business case dialogue.

Graeme Bissett
10 August 2004



Agenda Item 4d

ITI -

d) Extension of CPZ (verbal)



Agenda Item 4e

ITI -

e) Rapid Transit on Edinburgh By-Pass (verbal)



Agenda Item 5

Governance & Financial Matters

- a) Financial Report**
- b) Audited Accounts to 31st March 2004**
- c) Company Name Change**
- d) Appointment of Secretary**
- e) AGM**



Agenda Item 5a

Governance & Financial Matters

a) Financial Report

tie

Monthly Financial Report

July 2004

Prepared by Stuart J Lockhart

13th August 2004

Contents:

- 1 Project Portfolio Structure and Basis of Preparation
- 2 Project Cost Commentary & Graphical Presentation
- 3 Overheads Commentary and Graph
- 4 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 5 CEC Format – Financial Statement and Project Life Forecast
- 6 Balance Sheet – Month End and Year to Date Progress
- 7 Cash Flow – Year to Date and Full Year Forecast

1 Project Portfolio Structure and Basis of Preparation

tie's project portfolio comprises:

	Projects Director	Programme Manager	Project Manager	2004/05 Expenditure Plan	2004/5 Expenditure YTD Plan	2004/5 Expenditure YTD Actual	Variance YTD Delta	Monthly Confirmations
				(£'000's)	(£'000's)	(£'000's)	(%)	Completed per Timetable
Congestion Charging Programme								
1 Development & Public Inquiry Process	A Macaulay	J Saunders	D Burns	1,131	666	752	13%	Yes
2 System Procurement	A Macaulay	J Saunders	S Healy	2,049	609	267	-56%	Yes
3 Information Campaign	A Macaulay	J Saunders	M Langa	600	29	21	-28%	No
Tram Programme								
3 Line 1 Development & Parliamentary Process	A Macaulay	A Callander	K Murray	1,073	405	907	124%	Yes
4 Line 2 Development & Parliamentary Process	A Macaulay	A Callander	G Duke	1,838	661	401	-39%	Yes
5 DPOF Execution	A Macaulay	A Callander	I Kendall	1,314	444	378	-15%	No
6 INFRACO Procurement & Funding	A Macaulay	A Callander	I Kendall	270	90	0	-100%	No
7 Line 3 Development	A Macaulay	A Callander	W Fraser	1,984	885	699	-21%	Yes
Other ITI Projects								
8 WEBS	A Macaulay	-	L Murphy	7,623	4,083	2,321	-43%	Yes
9 Ingliston Park & Ride	A Macaulay	-	L Murphy	2,470	431	26	-94%	Yes
10 One-Ticket	A Macaulay	-	S Lockhart	50	16	2	-88%	Yes
Heavy Rail Projects								
11 EARL	P Prescott	-	S Clark	4,256	915	709	-23%	No
12 SAK	P Prescott	-	R Hudson	0	0	41		No
				24,658	9,234	6,524	-29%	
13 Overheads	M Howell	-	S Lockhart	1,119	413	396	-4%	N/A
Variance reported if +/- 5% delta on budget								

Each of these 12 projects is managed and financially controlled by the tie managers noted above. The underlying business reasons for the variances from Plan are summarised below and explained in detail in Section 2 with graphical presentation in Section 3.

Key Points Summary

A dialogue is underway with the Executive to obtain release of next stage funding for tram lines 1 & 2 procurement, supported by a draft outline Business Case which was submitted to the Executive on 30th July. Updated Preliminary Financial Cases are being prepared for submission to the PBU by 3 September.

The savings versus plan projected on WEBS highlighted in previous months' reports has been absorbed by revised project scopes instructed by CEC. These relate primarily to establishing a high quality standard.

SAK has now been actioned after receipt of a letter of comfort on Funding from the Executive. A detailed budget is under preparation.

The office re-location was executed efficiently and within the cost budget in the **tie** Business Plan.

No other material changes from last month.

2 Project Cost Commentary & Graphical Presentation

Congestion Charging Scheme - Development

No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Congestion Charging - Development	140,075	165,038	-24,963	751,882	665,653	86,229	1,156,200	1,131,201	24,999

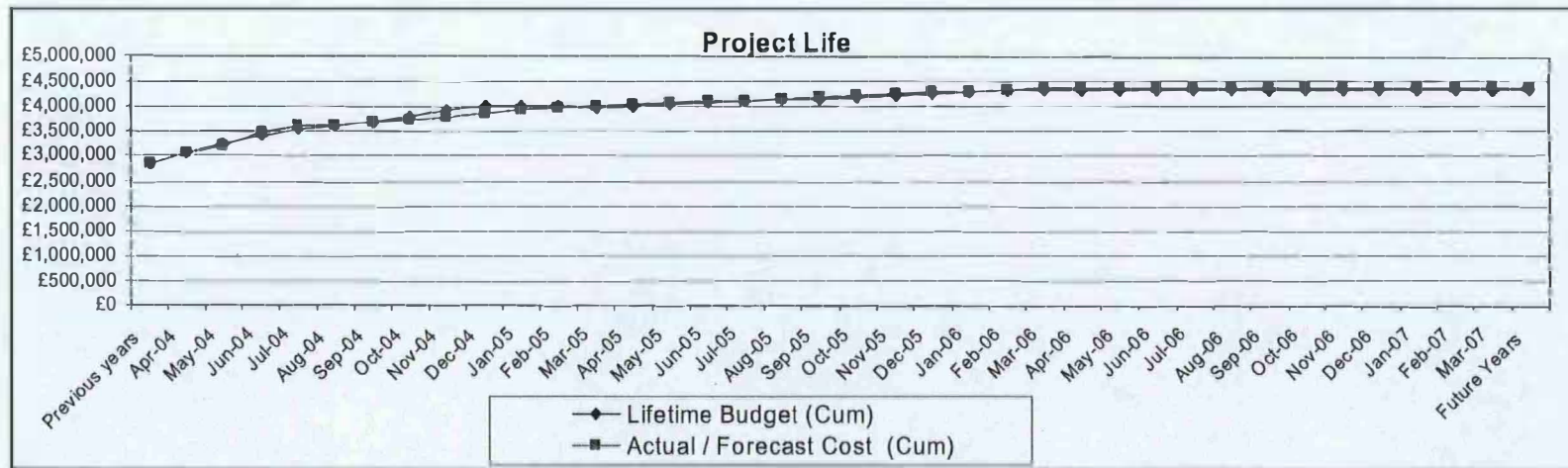
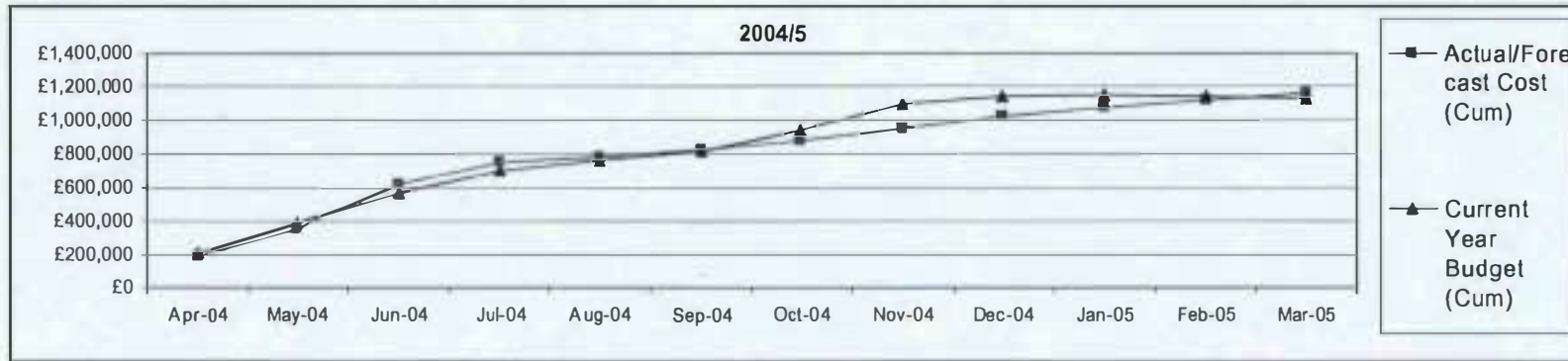
The Public Inquiry ended on 1st July. The Independent Reporters are due to complete their report by the end of October and **tie** will then report to City Development on the implications of the findings to enable a report to be put before the Council on 11th November 2004. To assist in the preparation of the report for City Development **tie** are currently briefing technical advisors prior to carrying out some minor investigatory work that will resolve loose ends that arose during the Inquiry process. This will include investigating the impact of locally amending some inner cordon locations and the introduction of some of the exemptions or changes to the scheme that the Reporters investigated during their questioning during the Inquiry process.

The contract awarded by ECCMC to investigate the likely economic impact that the congestion charging proposals could have in relation to retail activity in the city centre is still scheduled to report during September, and the findings will be reported to the Council during early November.

The predicted ITI Development expenditure included in the business case is at variance with that submitted by the Project Manager during April. This results in a predicted overspend of approximately £25,000, but this can be accommodated through savings of a similar scale which have been identified in the ITI Procurement budget.

A substantial % of the annual budget has been expended during the first four months of the financial year due to the level of professional advisors fees and other costs incurred during the Public Inquiry.

Details relating to the Information Campaign are, as of 1st July, subject to a separate report.



Congestion Charging Scheme - Procurement

No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Congestion Charging - Procurement	66,327	314,957	-248,630	266,745	609,349	-342,604	2,023,711	2,048,711	-25,000

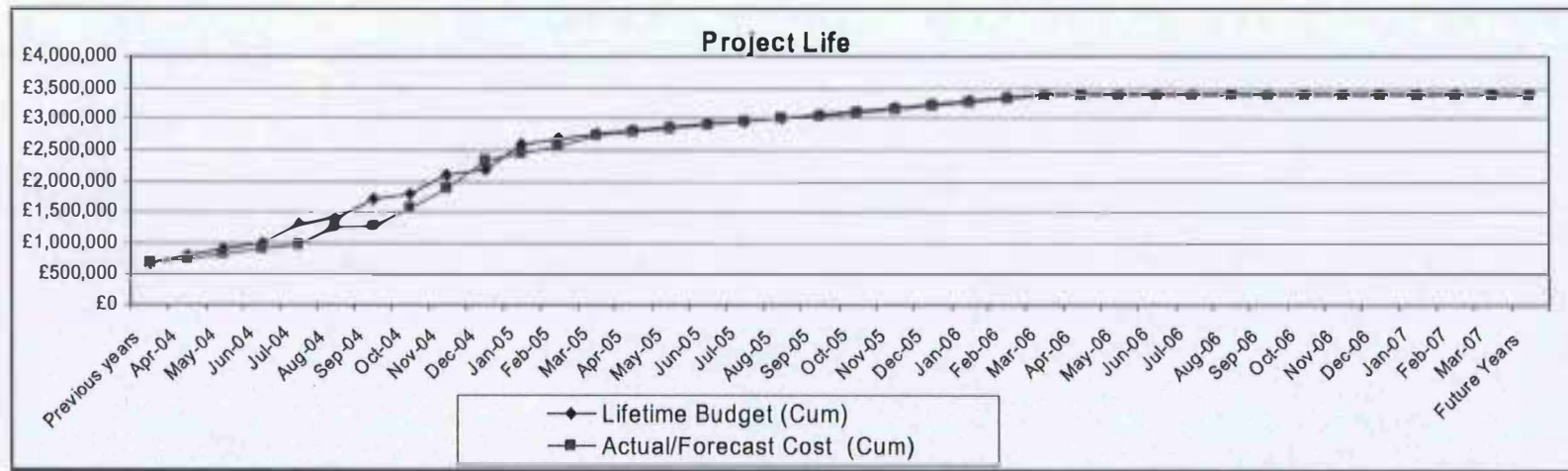
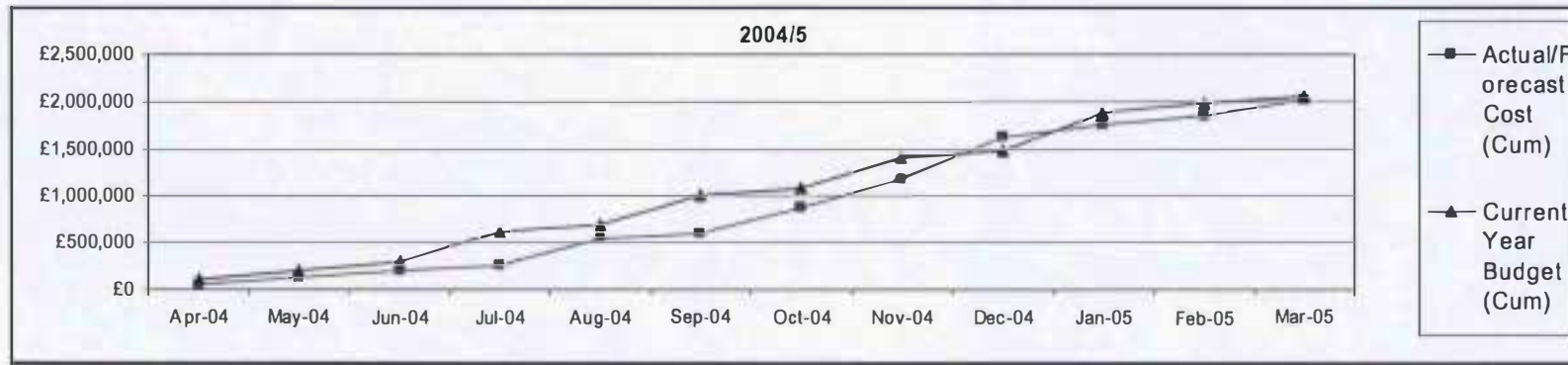
Operations

Contracts concluded with both System Integrators and business process designs are progressing to an advanced stage.

Financial

Spend profile for July was approximately as expected with no significant comments to make. First payment milestones will be realised for both System Integrators within the next month to the value of approximately £225k.

The underspend noted in the year to date is as a result of timing of payments to both System Integrators. The year end forecast remains the same and we expect milestone payments to begin this coming month.



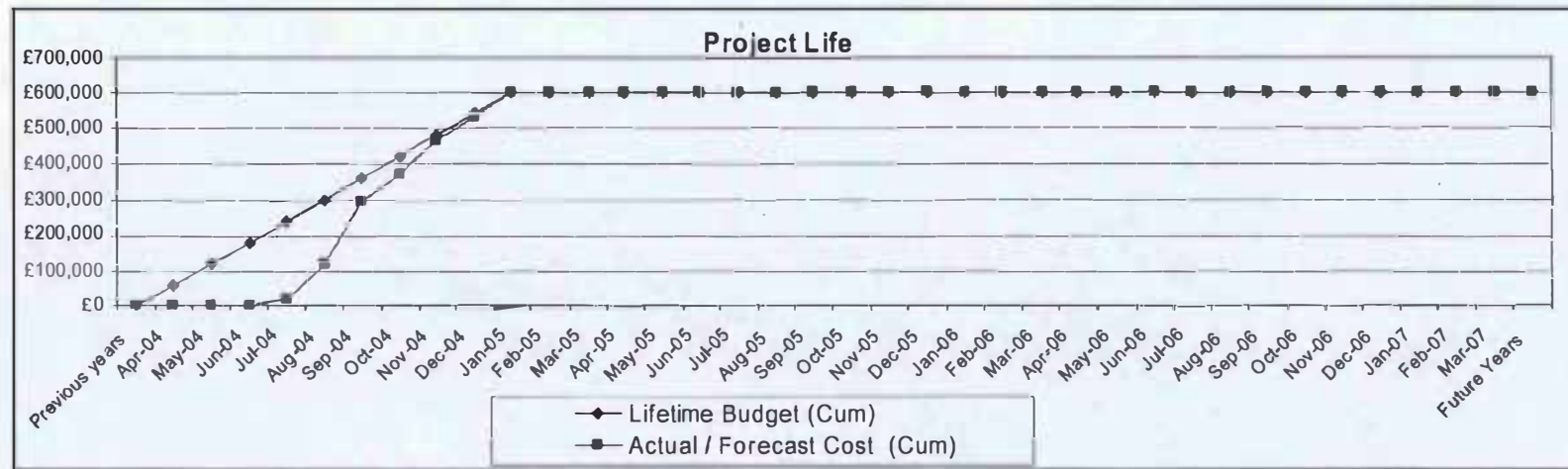
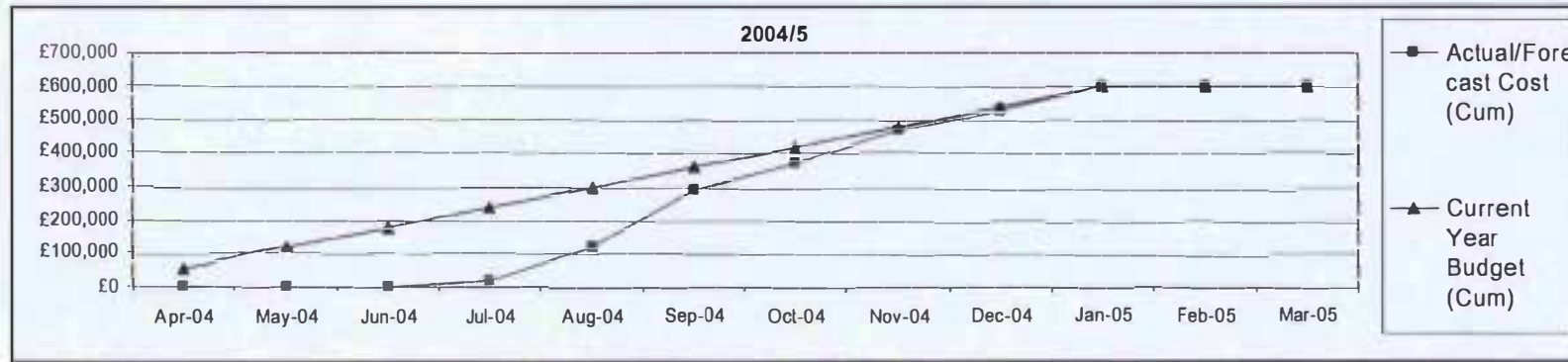
Congestion Charging Scheme – Information Campaign

Shown separately this month for the first time.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Congestion Charging - Information Campaign	21,492	21,186	306	21,492	28,519	-7,027	600,000	600,000	0

Information Programme Communications Strategy and budget signed off by ITI Communications Group meeting 2 August. A copy of the budget is attached.

Stand taken at Fringe Sunday event 15th August. DVD presentations at Gyle & St James Shopping Centres w/c 30th August. Launch of Transport Edinburgh brand planned for early/mid September. TCOG to decide on nature of launch event.



Congestion Charging Scheme – Information Campaign – ***BUDGET***

COMMUNICATIONS BUDGET JUNE 04-JAN 05										
Activity	Staff	June	July	August	September	October	November	December	January	Total
Staff - Transport Information Manager	tie	£3,333.00	£3,333.00	£3,333.00	£3,333.00	£3,333.00	£3,333.00	£3,333.00	£3,333.00	£26,664.00
- Communications Officer	tie	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£2,000.00	£16,000.00
- Third Party Costs - communications/design/mark	CC	£2,000.00	£3,000.00	£12,500.00	£12,500.00	£12,500.00	£12,500.00	£12,500.00	£12,500.00	£80,000.00
- City Dev/CEC/WS management staff			£12,853.00							£12,853.00
Public Transport Initiative (TE/Mobility Day) & WEBS	CC/TP				£100,000.00					£100,000.00
Advertising - TV	SC/LM								£50,000.00	£50,000.00
Advertising - Bus (parking ticket advertising)	SC/LM			£10,000.00	£10,000.00	£11,800.00	£11,600.00	£11,600.00		£55,000.00
Advertising - Radio	SC/LM			£10,000.00	£10,000.00	£10,000.00	£10,000.00	£10,000.00		£50,000.00
Conferences - Ken Livingston & Question Time	SC						£30,000.00			£30,000.00
Stakeholder Fees/sponsorship/refreshments	ML			£1,500.00	£1,500.00	£1,500.00	£1,500.00	£1,500.00		£7,500.00
Promotional Events - Fringe Sunday, WEBS, etc	SC/VM			£4,836.00	£4,000.00	£4,000.00	£2,000.00	£2,000.00		£16,836.00
DVD Presentation + CD roms	MK			£12,000.00						£12,000.00
Website	SC			£5,000.00	£5,000.00	£5,000.00	£5,000.00			£20,000.00
Exhibition's Stand/Branding Materials	SC				£10,000.00		£6,000.00			£16,000.00
European City Links with congestion cities	SC				£1,000.00	£1,000.00	£1,000.00	£1,000.00		£4,000.00
Promotional Support & Materials (Map/leaflet/Distribution)	SC/MK			£8,000.00	£8,000.00	£8,000.00	£8,000.00	£5,147.00	£3,000.00	£40,147.00
Council Newspaper	CC					£6,000.00		£6,000.00		£12,000.00
Market Research	SC			£10,000.00		£10,000.00				£20,000.00
Economic Impact Study (Retailers)	tie			£13,000.00						£13,000.00
Contingency/Taking Advantage of Opportunities	CC			£3,000.00	£3,000.00	£3,000.00	£3,000.00	£3,000.00	£3,000.00	£18,000.00
TOTAL		£7,333.00	£21,186.00	£95,169.00	£170,333.00	£78,133.00	£95,933.00	£58,080.00	£73,833.00	£600,000.00
BUDGET										£600,000.00

Code: CC -Corp Comms; SC -Sue; TP - Transport Planning; LM - Lindsay McLean; ML -Monica; MK- Marjory Kenny; VM-Vicki Mowat

Tram Lines One & Two*Important financial issues being addressed*

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Tram 1	199,807	99,332	100,475	907,131	405,155	501,976	1,201,464	1,072,736	128,728
Tram 2	34,690	159,791	-125,100	401,048	661,125	-260,077	1,946,522	1,838,320	108,202

Line OneOperational issues:

The parliamentary committee held its first meeting on 29 June and will reconvene on 14 September following the summer recess. The PBU has requested responses to a number of issues identified by the committee and its advisors. Work continues on preparing these responses. Meanwhile, Memoranda Of Information (MOIs) are being prepared that will assist in providing responses to the committee or that would form the basis of a Statement of Case. Letters have been issued to the in-principle objectors. Negotiations are ongoing with other objectors.

Transdev commenced the Project Development Services phase of their contract on 28 June. They have reviewed the route alignment and run times.

The STAG report has been updated and submitted to the Scottish Executive and the Council prior to submission to the PBU. A dialogue is underway with the Executive to obtain release of next stage funding for procurement, supported by a draft outline Business Case which was submitted to the Executive on 30th July. An Updated Preliminary Financial Case is being prepared for submission to the PBU by 3 September.

The programme for the development and making of the Traffic Regulation Orders (TROs) is currently on hold pending agreement with the Council on their strategy for the future interaction of CETM with the tram. Additional design development work, for example liaison and development with Public Utilities and with Interfacing Projects (CETM, Capital Streets, etc.), is on hold pending release of the relevant budgets. Particular packages of work are being undertaken to assist the CSP interface.

Financial issues:

The project budget is based on the best estimate of the effort to secure Parliamentary approval and does not include allowance for the business case (PFC) development, work developing the operator's role or any advance of the implementation work necessary to meet the overall programme. Given the uncertainty of the parliamentary processes and programme there is a significant risk, which is being managed as closely as possible, that the budget could be exceeded. The original budget for this workstrand developed by tie with tie's advisors was £1,707,249, this has been managed down and is being closely monitored. The line one estimates include £373,052 of cross funding from line 2. This reflects work carried out on the common section and the significant issues requiring resolution in the city centre. A 2003/4 DPOF cost for PUK and Ian Kendall amounting to £108,162 has not been incorporated as a recovery saving into the Line One budget. The current forecast predicts an overspend on budget.

Line Two

Operational issues:

The parliamentary committee held its first meeting on 29 June and will reconvene on 15 September following the summer recess. The PBU has requested responses to a number of issues identified by the committee and its advisors. Work continues on preparing these responses. Meanwhile, Memoranda Of Information (MOIs) are being prepared that will assist in providing responses to the committee or that would form the basis of a Statement of Case. Letters have been issued to the in-principle objectors. Negotiations are ongoing with other objectors.

Transdev commenced the Project Development Services phase of their contract on 28 June. They have reviewed the route alignment and run times.

The STAG report has been updated and submitted to the Scottish Executive and the Council prior to submission to the PBU. A dialogue is underway with the Executive to obtain release of next stage funding for procurement, supported by a draft outline Business Case which was submitted to the Executive on 30th July. An Updated Preliminary Financial Case is being prepared for submission to the PBU by 3 September.

The Line 1 team leads the development work on the common section through the city centre and issues raised in the Line 1 report for this section therefore also apply to Line 2, ie the programme for the making of the TROs is currently on hold pending agreement with the Council on their strategy for the future interaction of CETM with the

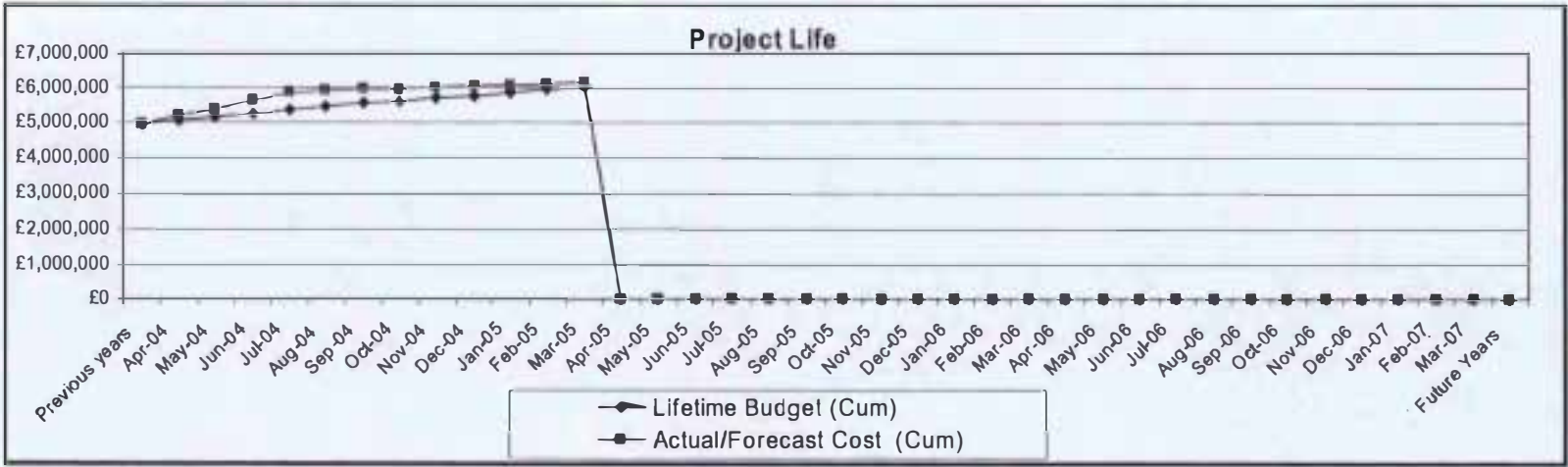
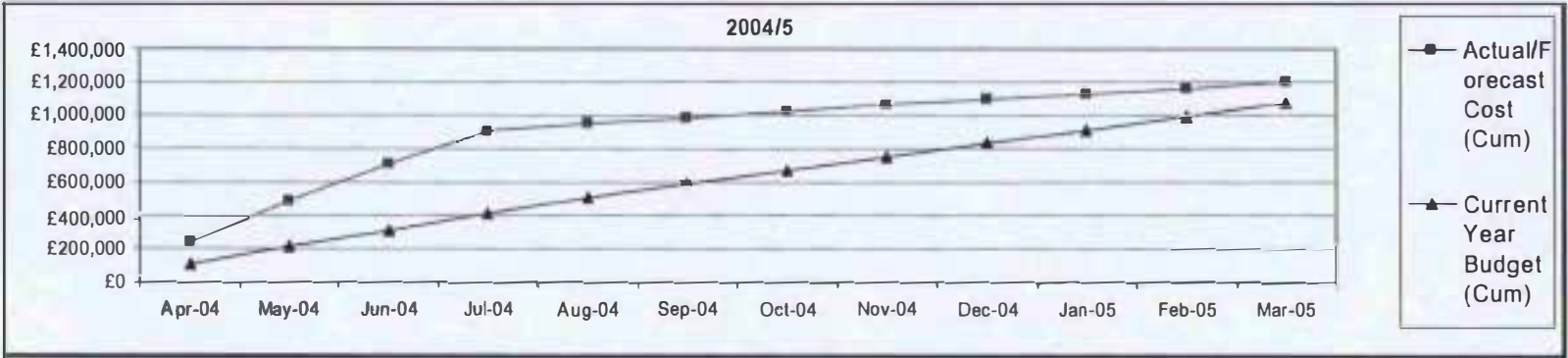
tram. Similarly, additional design development work, for example liaison and development with Public Utilities, is on hold pending release of the relevant budgets.

Financial issues:

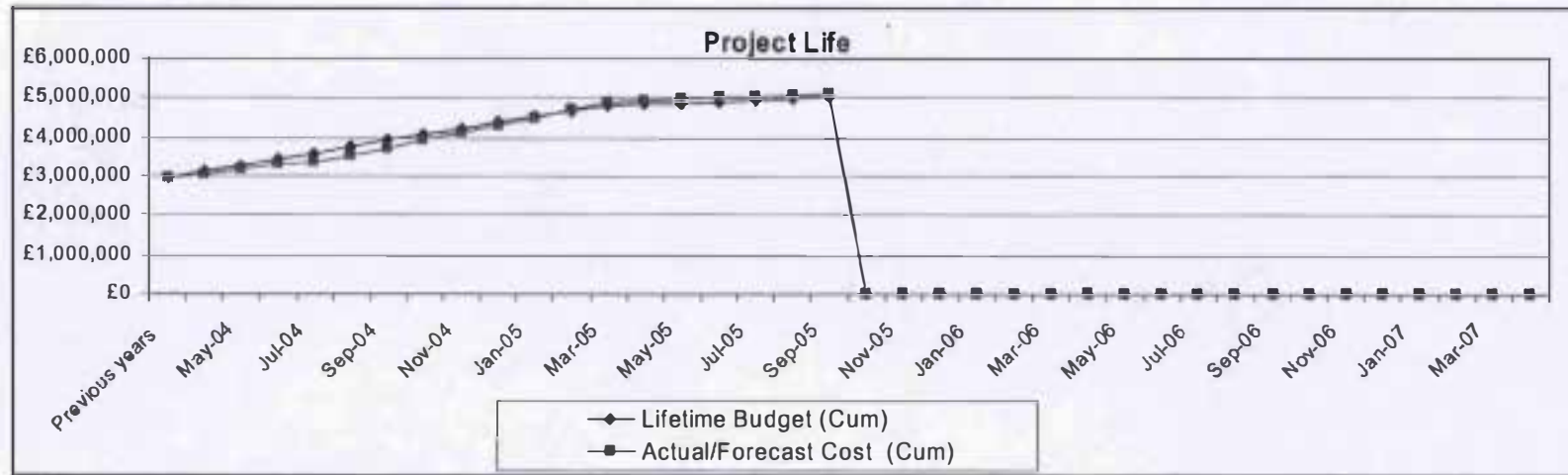
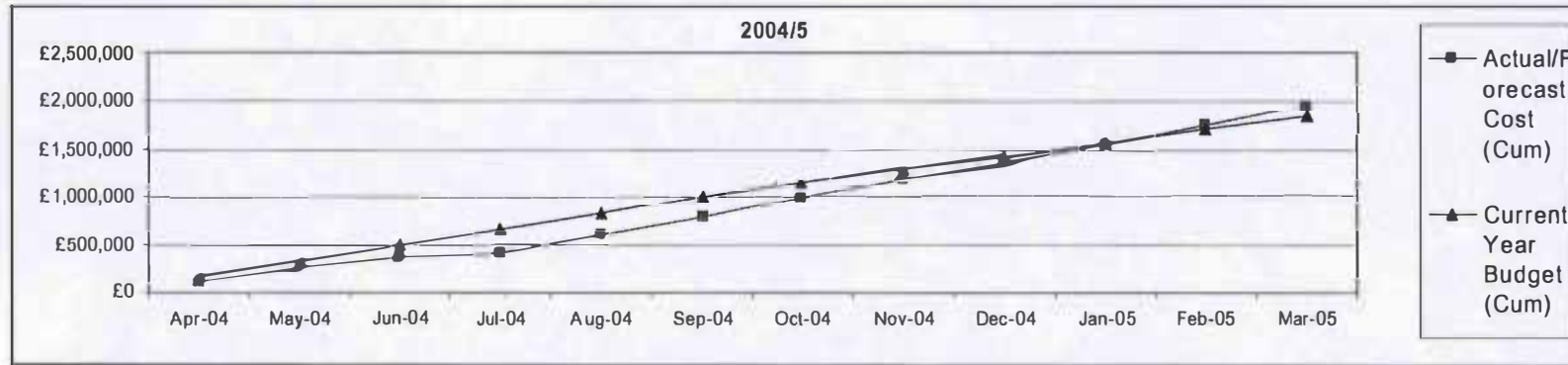
The project budget is based on the best estimate of the effort to secure Parliamentary approval and does not include allowance for the business case (PFC) plan development, work developing the operator's role or any advance of the implementation work necessary to meet the overall programme. Given the uncertainty of the parliamentary processes and programme there is a significant risk, which is being managed as closely as possible, that the budget could be exceeded.

The budget for Line 2 has been managed down sufficiently to allow a transfer of £373k to be made to the Line 1 budget (reflecting the significant issues involved in the city centre section).

Tram Line 1



Tram Line 2



DPOF Execution

No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Trams - DPOF	77,078	107,835	-30,757	378,132	443,698	-65,566	1,314,147	1,314,147	-0

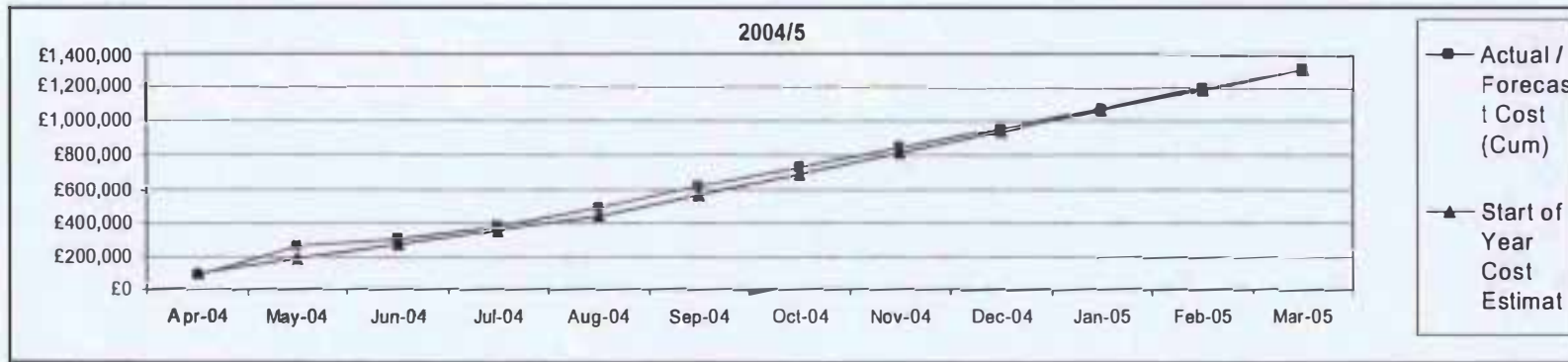
The contract with Transdev is now unconditional, following Executive funding commitment. Practical commencement date was 28th June 2004. We have agreed that this date is the effective date for the contract, rather than the date of signature.

Work is underway on a range of issues as set out in DPOF but, where necessary, priority is being given to the preparation of Scottish Executive answers regarding line alignment, integration plans, interchanges and passenger transport growth through service integration. The Transdev team is now directly interfacing at several levels with the tie team.

The outline business case already submitted to the SE should allow for additional funding to be committed in early September, 2004.

The funding commitment covers all planned costs except those relating to PUK. tie will review all aspects of spending, if necessary to remain within the existing funding commitment.

Completion dates as above are reflected in the SE outline business case.



INFRACO Procurement & Funding

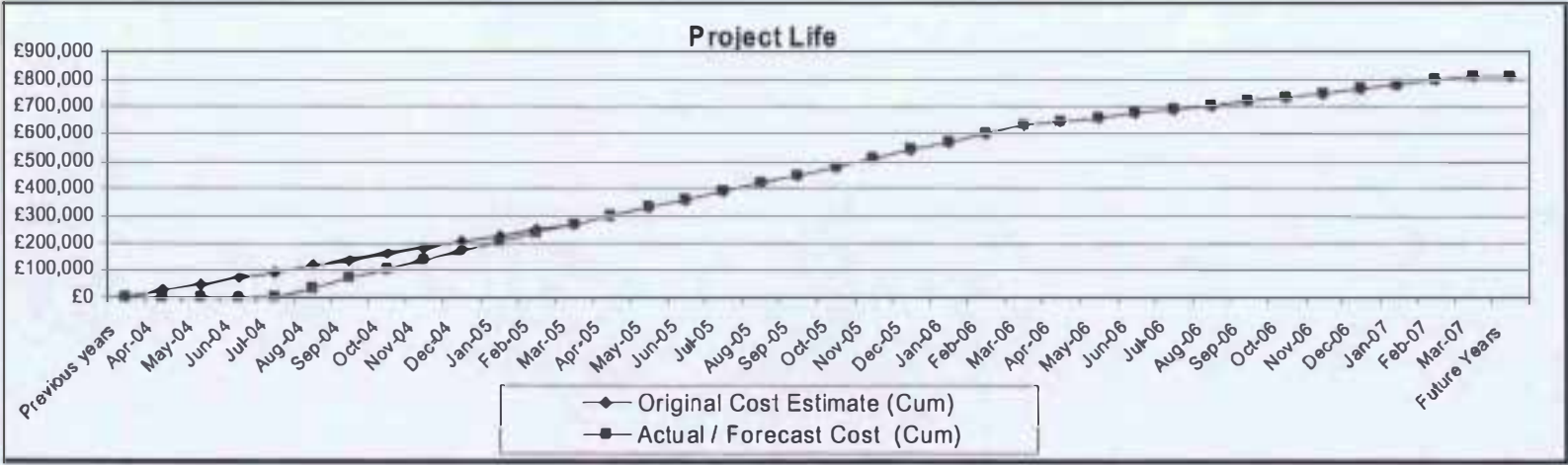
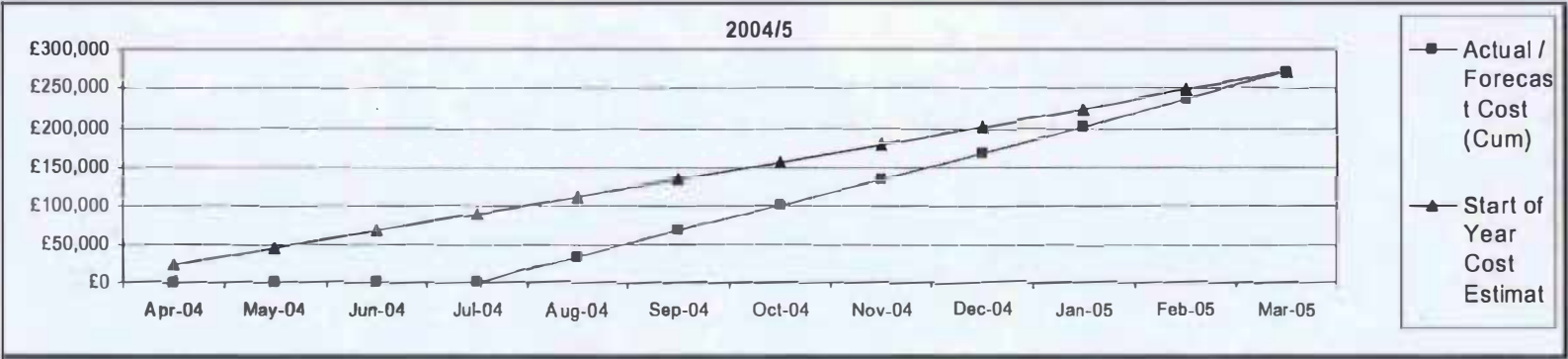
No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Trams - INFRACO	0	22,500	-22,500	0	90,000	-90,000	270,000	270,000	0

Work on system procurement is on hold, except to the extent deliverable by existing **tie** resources, because **tie** has no funding for this workstream. This work is limited to reviewing the previous submissions for technical consulting advice.

tie has re-engaged with the Scottish Executive in August 2004 to discuss the project Outline Business Case and secure funding to commence procurement, hopefully in early September.

The budget number, £270k, is strictly a place-holder. Actual expenditure cannot reasonably be estimated until timetable is clearer and discussions with the Executive are concluded.



Tram Line Three

Significant change to outturn forecast compared to June Report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Tram 3	203,830	286,248	-82,418	699,148	884,731	-185,583	1,903,990	1,983,962	-79,972

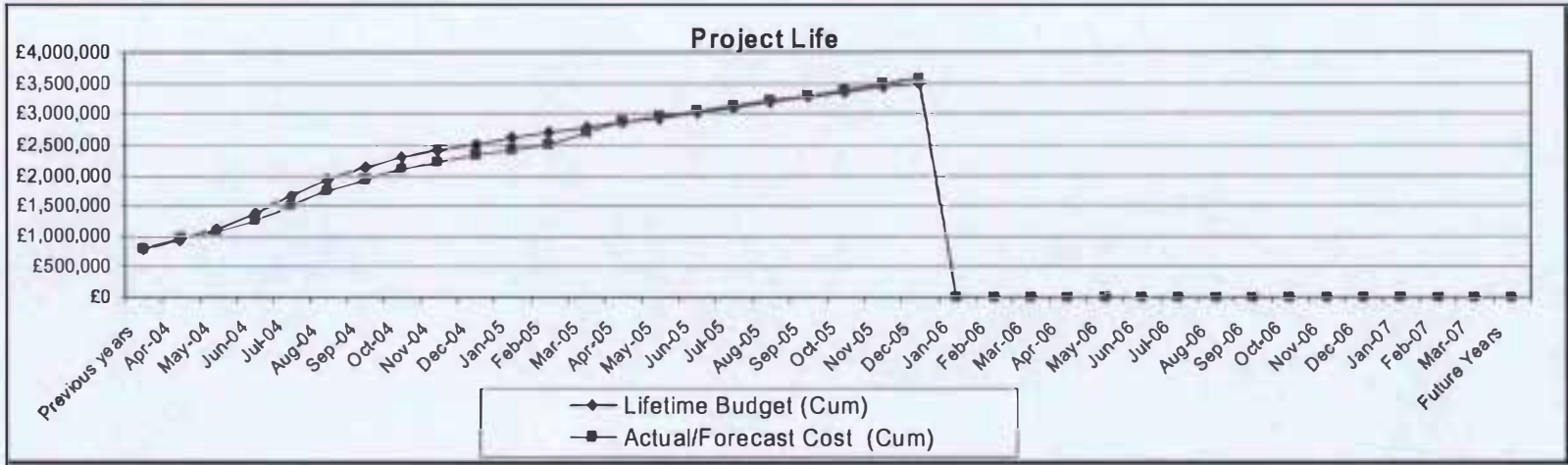
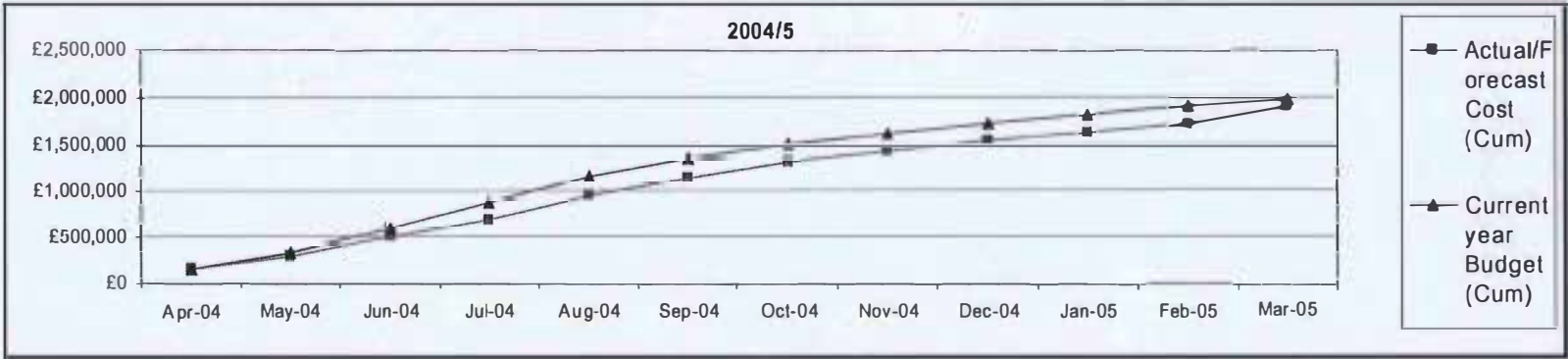
Operational Issues

To help strengthen the case, Line 3 will be assessed as part of the tram network, and not as a standalone line. The completion date for some deliverables has been amended to accommodate this reprogramming. The milestone date on the project programme for 2004 is to submit the Parliamentary Bill on 17 December. The project is progressing as per programme.

Financial Issues

The project budget to Royal Assent is £3.5M. Line 3 is now forecasting an £80k under-spend for this financial year, due to efficiencies, against the agreed deliverables. This saving will be transferred into the 2005/06 budget, as current forecast shows that the anticipated costs at April 2006 is circa £3.5, and there is no guarantee that Royal Assent will have been achieved by then. The recommended action is to continue to monitor costs, and to direct potential 04/05 savings into 05/06. Thereafter, the 2005-2006 spend profile will be revised to take account of actual spend on lines 1 & 2.

The current **overall** forecast predicts an overspend on budget of £64,670 as a result of costs incurred in relation to DPOF. It is anticipated that these costs will be "clawed back" from DPOF funding once approved.



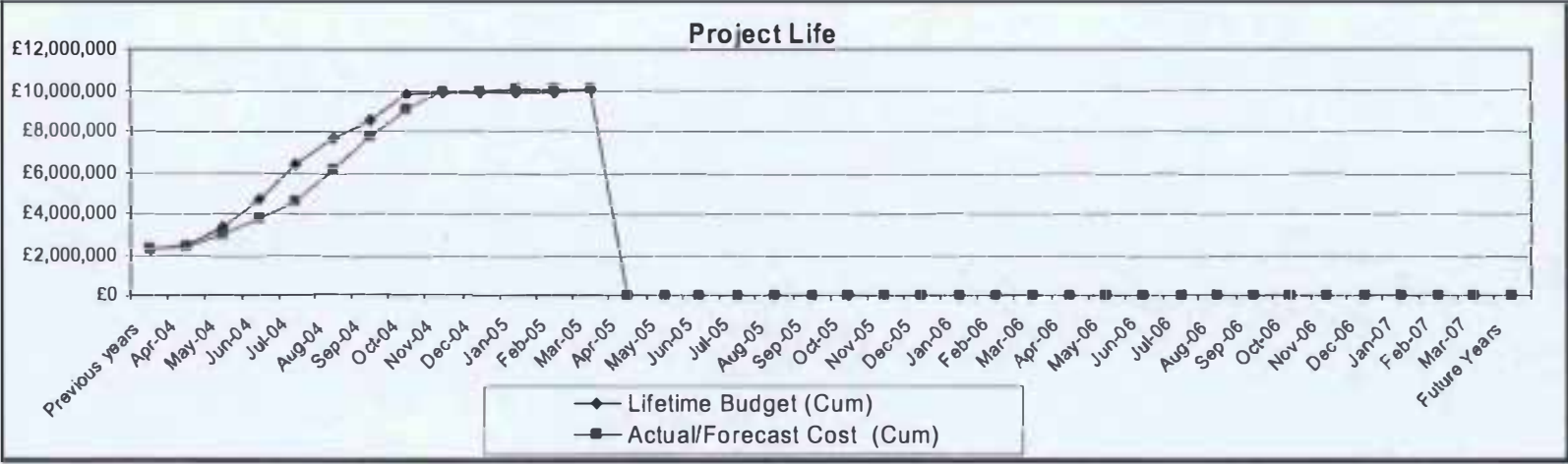
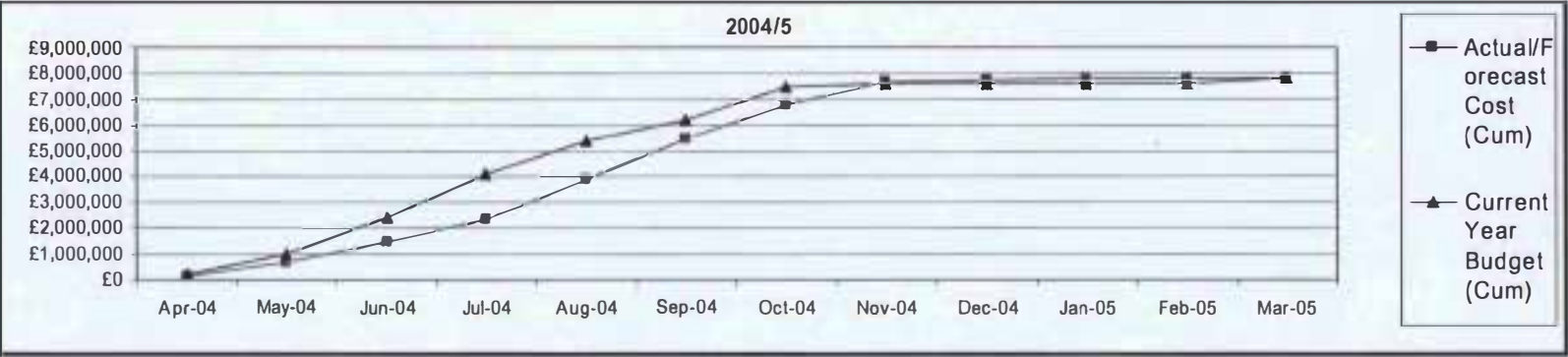
WEBS development

Significant change to outturn forecast compared to June Report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
WEBS	843,710	1,652,962	-809,251	2,321,039	4,082,640	-1,761,602	7,623,085	7,623,085	0

Construction of the Guideway is commencing well with both the Broomhouse Road and Saughton Road bridge lifts complete. These were carried out relatively smoothly on night possessions due to the proximity to the railway. Weather hampered preparation of the guideway for slipforming which has now commenced. However, weather permitting this should be completed on schedule. At present reprogramming has allowed the contract completion date to be held. However an early warning has been raised. ERDC has commenced the On street Bus priority measures contract with the widening of Stevenson Drive to accommodate a new bus lane. The programme has been revised to align completion with the guideway works. Some difficulties arose requiring design changes due to Fibre optic ducts hence some further costs. TRO's were approved by the Council Executive on the 27th of July 04. Orders should be in place for commencement of operation.

The profile has been revised to reflect initial potential savings made to the Guideway contract and an initial estimate of the profile for the On street works as tendered. An assessment of the remaining risks was undertaken and it was demonstrated that some contingency should be retained. In conjunction with Transport Planning, elements have been prioritised that were required to be added back in to the contract to deliver a fully configured and operational scheme. Considerable additional works are required to surface areas of Carriageway which were demonstrated to be sub standard before being painted for bus lanes. CCTV, Real time, further transport study work, network improvements to traffic signals arising from the TRO and Safety Audit process have all been highlighted as essential. The saving against budget highlighted in previous months' reports is absorbed by these factors.



Ingliston Park & Ride

No material change to financial prospects compared to June report.

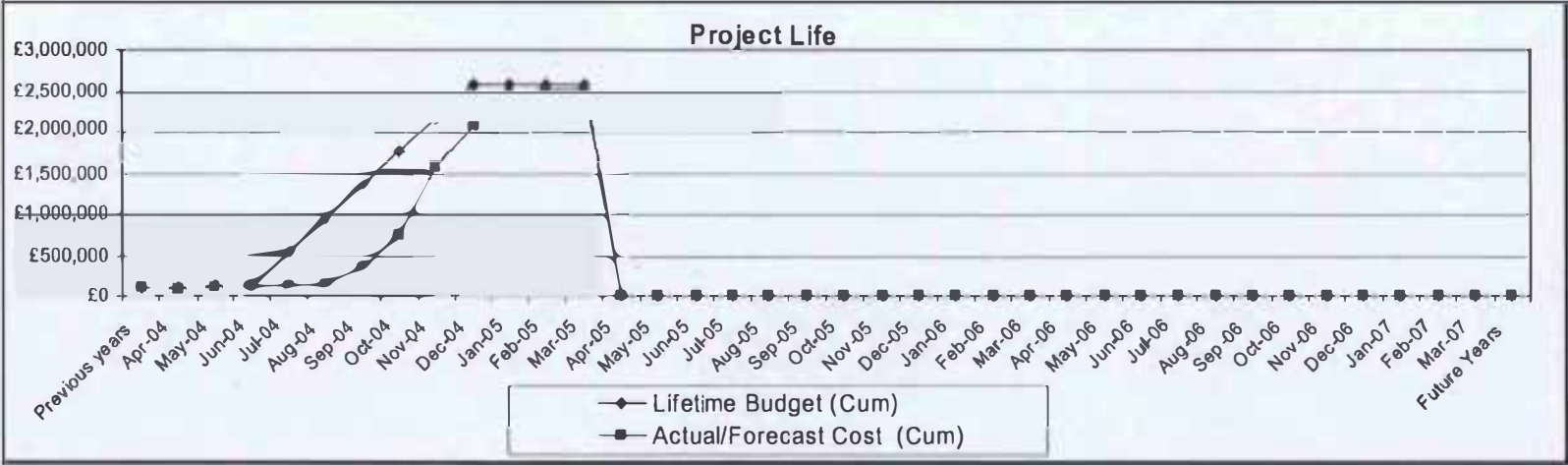
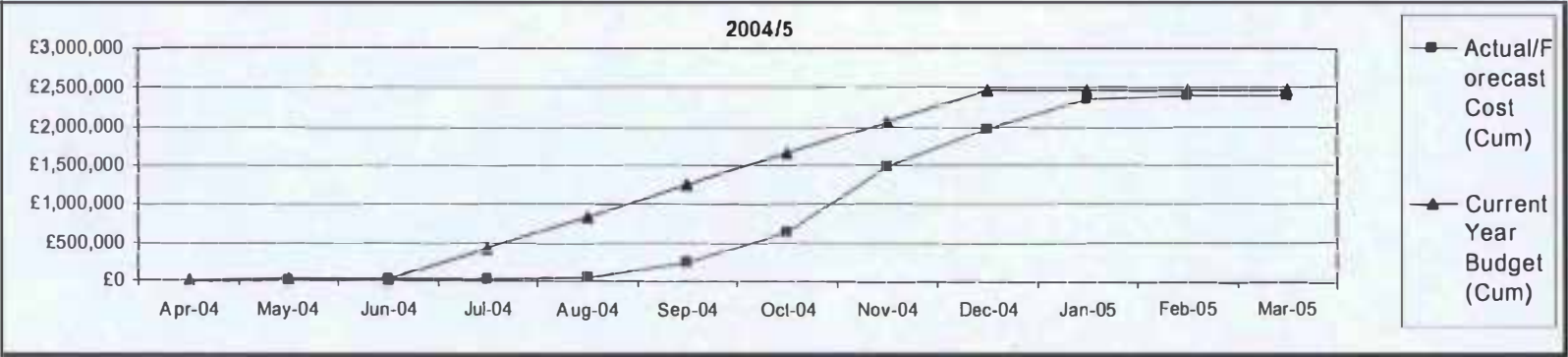
	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Ingliston Park & Ride	8,757	407,234	-398,477	25,562	430,796	-405,235	2,406,222	2,469,539	-63,317

Halcrow are supporting **tie** on this project under work package 4 of the NTI Technical and Transportation Consultancy Advisory Services Commission.

The Application to planning was passed by the Development Quality Sub-Committee of the Planning Committee on 2nd June 2004 and was sent to the Scottish Executive. Notification was received on the 7th July that the planning Permission has been granted by the Scottish Ministers.

Archaeological investigation is underway. Construction will commence week beginning 16th August 2004. In addition Border Construction has promoted the suggestion of a further value engineering workshop. Representatives from CEC will be included in this workshop to ensure delivery of their aspirations. In line with the original programme Construction is planned for completion in early 2005

Consultation documents are being produced for TROs for the enforcement of the bus lanes proposed for Eastfield Road as part of the detailed design.



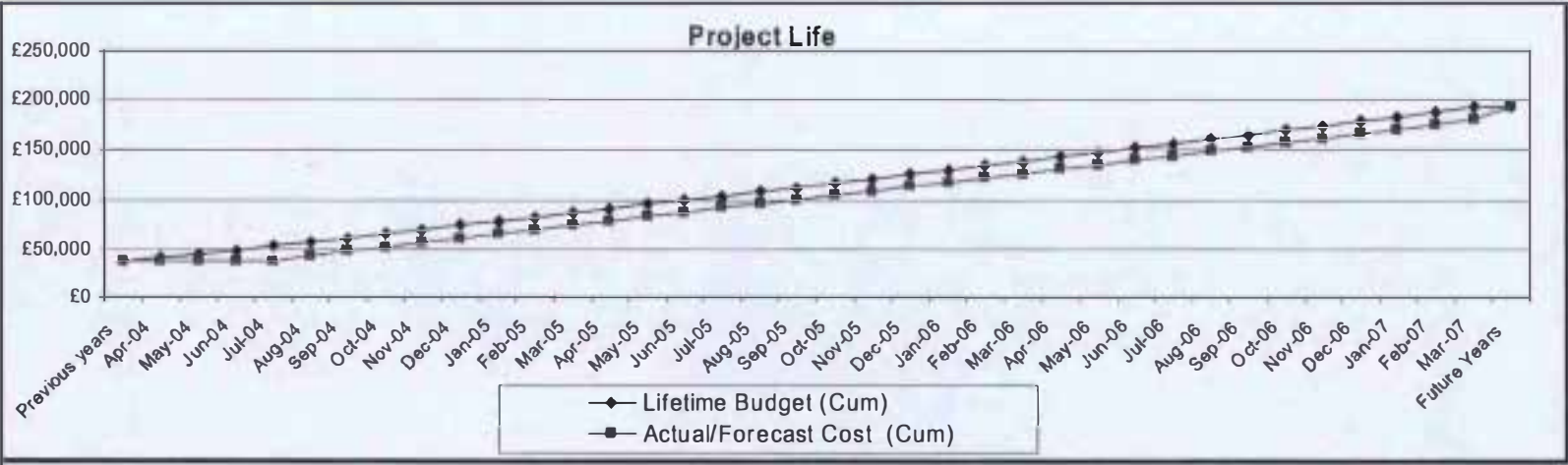
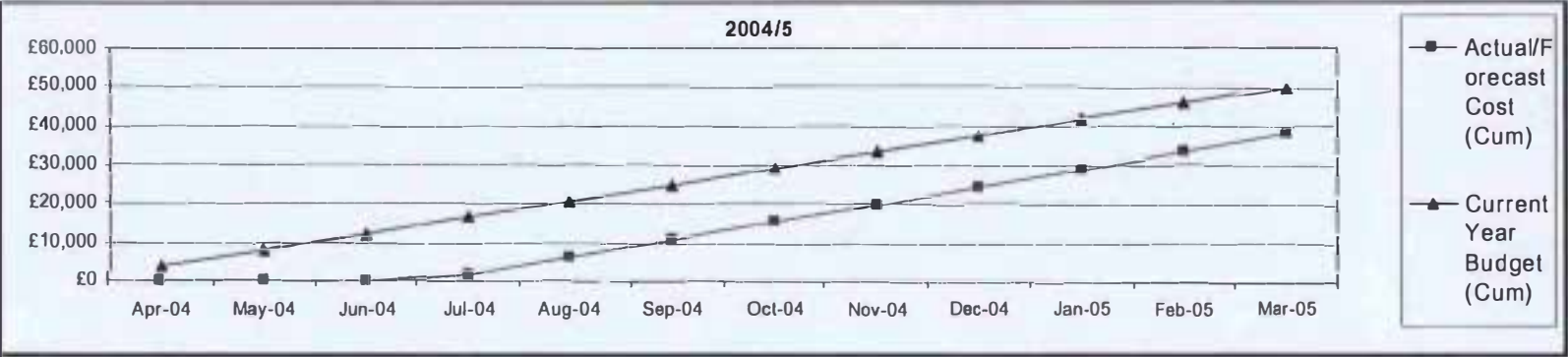
'One-Ticket'

No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Varlance	Actual	Budget	Varlance	Forecast	Budget	Varlance
Project Costs (Total Incl. OH)									
One Ticket	1,641	4,094	-2,453	1,641	16,376	-14,735	37,700	49,982	-12,282

The only costs incurred by **tie** are those relating to the employment of a Marketing Assistant/Administrator. The current incumbent, Ian Carter became a member of ties staff on 1st July 2004.

The TAS Partnership carried out a fully funded business review and their final report is now available.



EARL

No material change to financial prospects compared to June report.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
EARL	219,856	290,979	-71,123	708,666	914,552	-205,885	4,255,797	4,255,797	0

Update for month of JulyTechnical & EnvironmentalWork Package 2

- *12% complete against target of 11.4%.
- *Main GI works ongoing.
- *Tunnelling design ongoing.

Work Package 3

- *30.5% complete against target of 35.7%.
- *Slippage on Environmental work is mainly on Consultation due to awaiting decisions on vertical alignment, station design etc. Slippage will be recovered over the next few months.
- *Environmental Scoping Report provided to **tie** for review before issue to other consultees.

Legal

- *Sessions held with Engineers to progress layout of Bill and drawings.
- *Protocol developed for identification of affected persons.
- *Input to Procurement Group and paper on Rail Review complete.
- *Discussions with CEC regarding EARL and West Edinburgh Local Plan.
- *Risks identified.

Stakeholder Management, Consultation, Marketing & Communications

- *Public Consultation start date tbc. Aiming to secure ministerial support.
- *Details of launch, consultation & degree of advertising being discussed with Sc Exec.
- *Image for EARL agreed.
- *Risks identified including:
 - Not getting agreement from CEC Planning on route – meeting being held on 6th Aug to try to resolve.
 - Appears that whilst CEC have approved via the EARL Operating Group, Planning feel that they have not had an input. 2 weekly meetings held between Susan Clark and Anne Carruthers from CEC. Anne has been inviting a Planning Member along.

Finance

- *Price Waterhouse Coopers (PWC) appointed as EARL Financial Advisors and kick-off meeting held.
- *Inception Report due from PWC 26th August.

Risks/Decisions Required

- *Work ongoing to establish real ownership for promotion of the Bill. This imports a risk if not involved.
- *Lack of agreement from Sc Exec on structure of Consultation. Paper going to Sc Exec on 6th Aug with a view to them making a decision by 9th Aug.
- *Distance between 2nd Runway and main runway.
- *Grade separation of Winchburgh Jn.
- *BAA development assumptions.
- *Length of cut and cover allowed in relation to BAA operations.
- *Speed requirements of the turnouts at Roddinglaw & Winchburgh.

Key Issues/Other

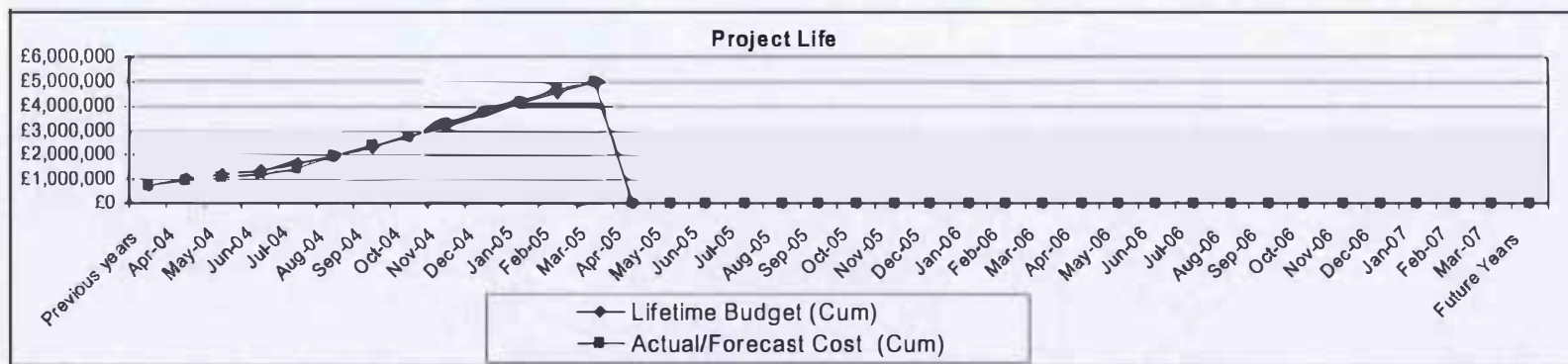
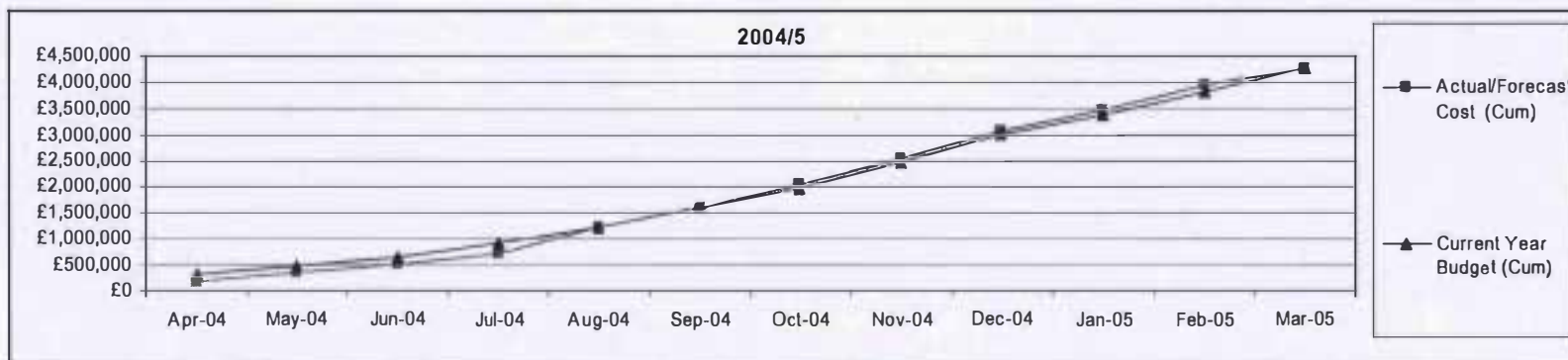
- *Demand Modelling
- *SKM meeting
- *Risk workshop
- *AEG Main GI works – planned completion 17th September.

Project Finance

- *Project spend has increased due to all EARL advisors now being on board.
- *2003 Spend - £744,204.

*2004 Spend to Date - £708,666

*Projected spend for the year end £4,255,796

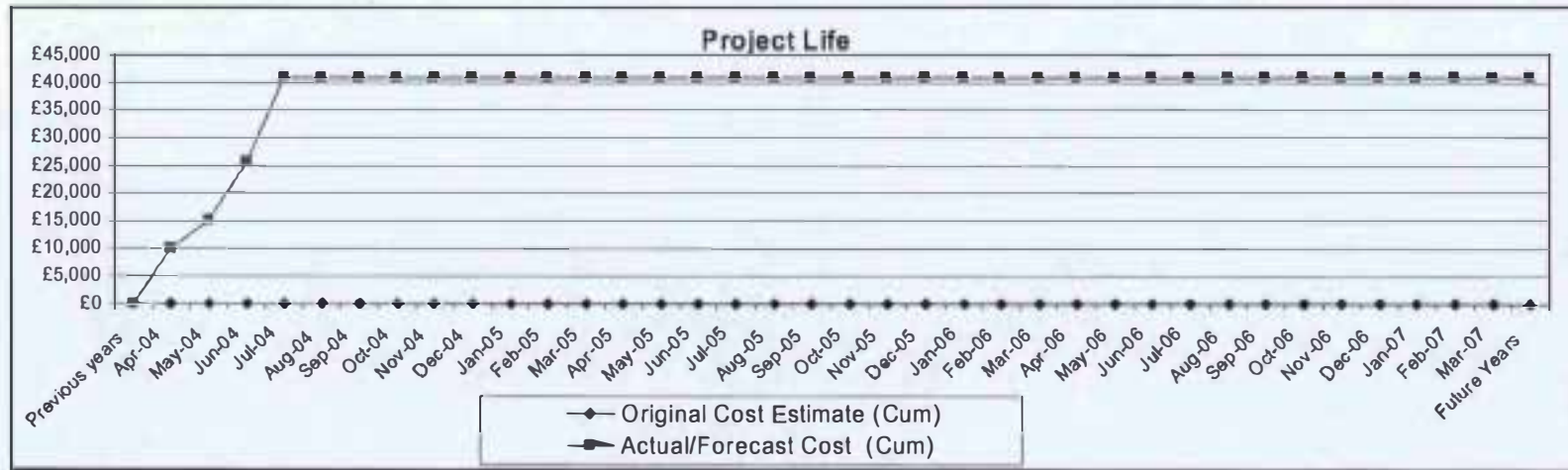
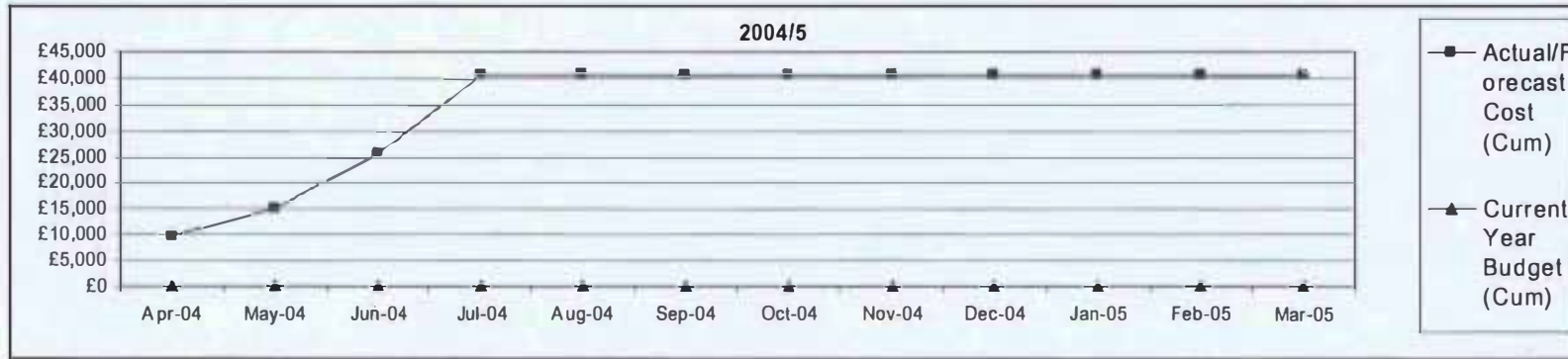


Stirling Alloa Rail Link

Important financial issues being addressed.

	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
SAK	15,379	0	15,379	40,756	0	40,756	40,756	0	40,756

This project is currently under review. ~~tie~~ received a letter of comfort, dated 9th August, from the Executive. A detailed budget is under preparation.



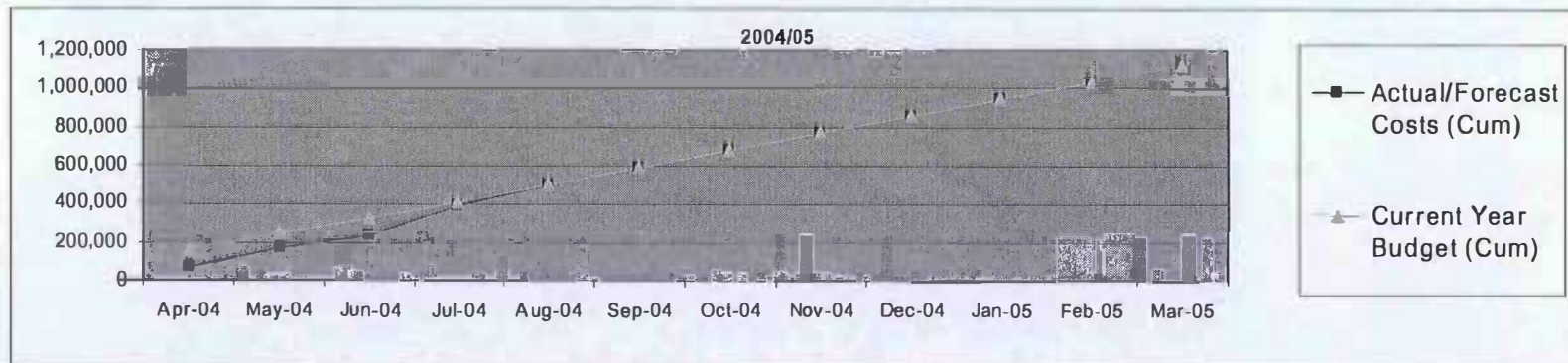
3 Overheads Commentary and Graph

No material change to financial prospects compared to June report.

Are allocated, and charged to CEC on a monthly basis, to each project pro rata as per business plan budget:

The main reasons for the variances on budget are primarily as the budget anticipated major spend being incurred in April due to office re-location. The actual spend was incurred in July.

The office re-location was executed efficiently and within the cost budget in the **tie** Business Plan.



Bank

CEC have been issued with five invoices for July. CC – Information Campaign, WEBS, EARL and Ingliston Park & Ride are now being invoiced separately. These are due for payment by 28th August. The June invoices were paid in July. The bank balance (in funds) as at 31st July totalled £0.047m. An overdraft limit of £2m has been established.

Relationship with CEC

tie has issued invoices to CEC to 31st July. Accrued costs and depreciation are not included in these re-charges to CEC. A monthly CEC/**tie** liaison meeting is held which involves representatives from CEC City Development and Finance.

4 Detailed Expenditure Report for Period Ended 31st July 2004

	TIE								
	Main Board Report								
	Current Month (July'04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Staff)									
Congestion Charging - Development	14,129	8,958	5,171	72,148	46,498	25,850	131,827	131,827	0
Congestion Charging - Procurement	17,304	21,272	-3,968	51,001	73,205	-22,204	247,849	247,849	0
Congestion Charging - Information Campaign	10,567	5,333	5,234	10,567	10,688	-99	42,864	42,864	0
WEBS	3,385	3,848	-261	13,459	14,584	-1,125	44,522	44,522	0
One Ticket	1,841	4,094	-2,453	1,841	18,376	-14,735	37,700	49,982	-12,282
EARL	18,853	26,449	-7,596	76,126	105,796	-29,670	322,948	322,948	0
SAK	15,379	0	15,379	40,756	0	40,756	40,756	0	40,756
Ingliston Park & Ride	1,877	676	1,201	7,510	2,704	4,806	8,249	8,249	0
Trams - DPOF	6,906	27,364	-20,458	49,650	109,456	-59,806	334,111	334,111	0
Trams - INFRACO	0	0	0	0	0	0	0	0	0
Tram 1	10,861	17,340	-6,879	42,645	69,360	-26,715	211,724	211,724	0
Tram 2	10,859	17,429	-6,570	43,437	69,716	-26,279	212,812	212,812	0
Tram 3	10,869	17,340	-6,871	42,674	69,360	-26,686	211,724	211,724	0
Sub-Total	122,211	149,901	-27,690	451,614	587,721	-136,107	1,846,886	1,816,412	28,474
Project Costs (External Costs)									
Congestion Charging - Development	110,527	147,567	-37,040	840,875	576,852	264,023	914,711	889,712	24,999
Congestion Charging - Procurement	26,066	281,011	-254,945	157,893	475,845	-317,952	1,612,800	1,637,600	-25,000
Congestion Charging - Information Campaign	10,925	15,853	-4,928	10,925	17,853	-6,928	557,336	557,336	0
WEBS	838,412	1,647,144	-810,732	2,297,667	4,057,724	-1,760,057	7,550,588	7,550,588	0
One Ticket	0	0	0	0	0	0	0	0	0
EARL	172,460	248,773	-76,312	560,613	733,764	-173,171	3,729,863	3,729,863	0
SAK	0	0	0	0	0	0	0	0	0
Ingliston Park & Ride	6,140	406,150	-400,010	16,188	426,150	-409,962	2,392,714	2,456,031	-63,317
Trams - DPOF	40,638	84,167	-23,529	254,057	256,867	-2,810	770,000	770,000	0
Trams - INFRACO	0	22,500	-22,500	0	90,000	-90,000	270,000	270,000	0
Tram 1	170,437	71,864	96,774	817,340	286,654	530,686	856,691	727,963	126,728
Tram 2	5,029	131,981	-126,953	310,228	542,021	-231,792	1,599,990	1,491,766	108,202
Tram 3	174,454	258,580	-84,126	609,329	766,230	-156,901	1,559,217	1,639,169	-79,972
Sub-Total	1,553,066	3,295,390	-1,742,302	5,675,117	8,231,560	-2,556,443	21,813,710	21,720,070	93,640
Project Costs (Total)									
Congestion Charging - Development	124,656	156,525	-31,870	713,023	625,150	87,873	1,046,538	1,021,539	24,999
Congestion Charging - Procurement	43,371	302,283	-258,913	208,894	549,050	-340,156	1,860,449	1,865,449	-25,000
Congestion Charging - Information Campaign	21,492	21,186	306	21,492	28,519	-7,027	600,000	600,000	0
WEBS	839,777	1,650,790	-811,013	2,311,126	4,072,308	-1,761,182	7,595,110	7,595,110	0
One Ticket	1,841	4,094	-2,453	1,841	18,376	-14,735	37,700	49,982	-12,282
EARL	191,313	275,222	-83,908	636,739	839,580	-202,841	4,052,611	4,052,611	0
SAK	15,379	0	15,379	40,756	0	40,756	40,756	0	40,756
Ingliston Park & Ride	6,017	406,826	-396,809	23,696	426,854	-403,158	2,400,963	2,464,280	-63,317
Trams - DPOF	47,544	91,531	-43,986	303,707	366,123	-62,416	1,104,111	1,104,111	0
Trams - INFRACO	0	22,500	-22,500	0	90,000	-90,000	270,000	270,000	0
Tram 1	181,098	89,004	92,095	859,985	356,014	503,971	1,068,415	939,687	128,728
Tram 2	15,888	149,410	-133,523	353,665	611,737	-258,072	1,612,602	1,704,600	-91,998
Tram 3	185,122	275,920	-90,798	652,003	835,590	-183,587	1,770,941	1,850,913	-79,972
Sub-Total	1,675,299	3,445,291	-1,769,992	6,126,731	8,819,301	-2,692,570	23,660,596	23,538,482	122,114

TIE Main Board Report									
	Current Month (July '04)			Year to Date (4 mths to 31/7/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Overheads									
IT	24,612	2,600	22,012	37,475	10,400	27,075	66,815	31,200	37,615
Administration	57,338	72,297	-14,959	244,371	284,028	-39,657	826,175	873,198	-47,023
Sales & Marketing	0	0	0	960	0	960	0	0	960
Legal & financial	6,148	7,533	-1,385	27,894	30,133	-2,240	88,161	90,400	-2,239
Overheads	6,287	3,083	3,204	16,220	12,333	3,887	40,887	37,000	3,887
Interest on Overdraft	1,794	1,350	444	-597	5,400	-5,997	12,000	16,200	-4,200
Tax & Dividends	0	0	0	0	0	0	0	0	0
Capital Expenditure:									
Computer Equipment	8,024	0	8,024	16,408	20,000	-3,592	26,000	20,000	6,000
Furniture Equipment etc.	53,139	0	53,139	53,780	51,000	2,780	56,000	51,000	5,000
Sub-Total	157,343	86,864	70,479	396,512	413,295	-16,782	1,118,998	1,118,998	0
Overheads (Allocated by Project)									
Congestion Charging - Development (9.80%)	15,420	8,513	6,907	38,858	40,503	-1,645	109,662	109,662	0
Congestion Charging - Procurement (14.59%)	22,956	12,673	10,283	57,851	60,300	-2,449	163,262	163,262	0
Congestion Charging - Information Campaign (0.00%)	0	0	0	0	0	0	0	0	0
WEBS (2.50%)	3,934	2,172	1,762	9,913	10,332	-420	27,975	27,975	0
One Ticket (0.00%)	0	0	0	0	0	0	0	0	0
EARL (18.14%)	28,542	15,757	12,785	71,927	74,972	-3,044	202,986	202,986	0
SAK (0.00%)	0	0	0	0	0	0	0	0	0
Inglston Park & Ride (0.46%)	740	408	331	1,864	1,942	-79	5,259	5,259	0
Trams - DPOF (18.77%)	29,533	16,304	13,229	74,425	77,575	-3,150	210,036	210,036	0
Trams - INFRACO (0.00%)	0	0	0	0	0	0	0	0	0
Tram 1 (11.89%)	18,708	10,328	8,380	47,145	49,141	-1,995	133,049	133,049	0
Tram 2 (11.95%)	18,803	10,380	8,422	47,383	49,389	-2,005	133,720	133,720	0
Tram 3 (11.89%)	18,708	10,328	8,380	47,145	49,141	-1,995	133,049	133,049	0
Sub-Total	157,343	86,864	70,479	396,512	413,295	-16,782	1,118,998	1,118,998	0
Project Costs (Total Incl. OH)									
Congestion Charging - Development	140,075	165,038	-24,963	751,882	665,653	86,229	1,156,200	1,131,201	24,999
Congestion Charging - Procurement	66,327	314,957	-248,630	266,745	609,349	-342,604	2,023,711	2,048,711	-25,000
Congestion Charging - Information Campaign	21,492	21,186	306	21,492	28,519	-7,027	600,000	600,000	0
WEBS	84,371	1,652,962	-868,591	2,321,039	4,082,640	-1,761,602	7,623,085	7,623,085	0
One Ticket	1,641	4,094	-2,453	1,641	16,376	-14,735	37,700	49,982	-12,282
EARL	219,856	290,979	-71,123	708,666	914,552	-205,885	4,255,797	4,255,797	0
SAK	15,379	0	15,379	40,756	0	40,756	40,756	0	40,756
Inglston Park & Ride	8,757	407,234	-398,477	25,562	430,796	-405,235	2,406,222	2,469,539	-63,317
Trams - DPOF	77,078	107,835	-30,757	378,132	443,698	-65,566	1,314,147	1,314,147	0
Trams - INFRACO	0	22,500	-22,500	0	90,000	-90,000	270,000	270,000	0
Tram 1	199,807	99,332	100,475	907,131	405,155	501,976	1,201,464	1,072,736	128,728
Tram 2	34,690	159,791	-125,100	401,048	661,125	-260,077	1,946,522	1,836,320	108,202
Tram 3	203,830	286,248	-82,418	699,148	884,731	-185,583	1,903,990	1,983,962	-79,972
Sub-Total	1,832,642	3,532,154	-1,699,512	6,523,243	9,232,595	-2,709,352	24,779,594	24,657,460	122,114
Forecast Project Out-turns							Spending Profile (Incl O/Hds)	Secured Funding Profile	Variance
Congestion Charging - Development							4,367,118	3,962,784	384,334
Congestion Charging - Procurement							3,381,217	2,742,860	638,357
Congestion Charging - Information Campaign							600,000	600,000	0
WEBS							10,044,600	10,044,600	0
One Ticket							192,390	192,390	0
EARL							5,000,000	5,000,000	0
SAK							40,756	0	40,756
Inglston Park & Ride							2,512,639	2,575,882	-63,243
Trams - DPOF							3,615,742	1,541,742	2,074,000
Trams - INFRACO							810,000	0	810,000
Tram 1							6,153,701	6,025,000	128,701
Tram 2							5,108,162	5,000,000	108,162
Tram 3							3,564,670	3,500,000	64,670
Sub-Total							45,390,995	41,205,258	4,185,737

5 CEC Format – Financial Statement and Project Life Forecast

ACTUALS	Cumulative Actuals - Year to Date																	FORECAST		BUDGET		
	Total	CC:Dev	CC:Proc	CC:Info	CC:Am.	Team 1	Team 2	Team 3	Team 4	OPDF	INFRA	CCO	WEB	One Tick	EARL	BAK	Infra	P&R	Overheads	to 31st March 2005	to 31st March 2005	
Project Staff	494,814	72,148	51,001	10,587		42,645	43,437	42,674	40,650				0	13,459	1,641	76,126	40,756		7,510	1,045,000	1,010,412	
External Advisors																						
Communications/Marketing	584,804	82,164	0	10,025		22,766	82,758	107,722	0		0	325	0	0	8,316	0	0		0			
Modelling	124,131	46,191	0			6,229	7,620	11,180	0		0	0	0	0	52,711	0	0		0			
Financial	126,814	22,084	32,310	0		5,558	6,119	2,200	89,185						0	0	0		0			
Consultation	135,721	84,202	0			63	63	870	64,605						0	5,816	0	0		0		
Technical	4,052,877	70,695	30,670	0		613,380	173,795	443,162	18,867		0	2,220,512	0	457,003	0				16,083			
Environmental	8,650	0	0	0		1,076	825	750	0		0	0	0	0	6,400	0	0		0			
Legal	762,135	294,433	83,914	0		148,374	86,722	41,946	77,163		0	0	0	20,632	0				0			
Construction	75,613	0	0	0		0	0	0	0		0	75,553	0	0	0	0	0		0			
Miscellaneous	132,642	61,266	1,989	0		9,816	2,090	1,898	32,937		0	1,277	0	1,734	0				225			
Totals	5,076,117	640,875	157,893	10,825		817,340	310,228	609,348	254,057		0	2,297,607	0	860,413	0				14,188	21,813,710	21,720,070	
Support Costs																						
Chief Executive																			20,888	0	0	
Non Exec Directors Fees																			39,132	15,000	15,000	
Finance Director																			0	622,386	622,386	
Finance/Admin Staff Salaries																			11,726	0	0	
Bonuses - Project Staff																			0	0	0	
Bonuses - Non Exec Directors																			0	0	0	
CEC Seconded Staff (Non Chargeable Time)																			0	0	0	
Temporary Staff Costs																			48,265	0	0	
Training																			2,127	37,000	37,000	
Recruitment Costs																			20,378	0	0	
Office Space																			32,478	198,800	198,800	
Computer Equipment																			16,408	0	0	
Computer Software																			16,339	38,000	38,000	
Internet Access																			7,160	0	0	
Other Computer Costs																			13,386	13,200	13,200	
Sales & Marketing																			850	0	0	
Legal & Professional																			27,934	90,400	90,400	
Sundries																			18,230	88,000	88,000	
Other Capital Equipment																			63,780	0	0	
Overdraft Interest & Charges																			507	16,200	16,200	
Total Costs (excluding overheads)	8,126,751	713,023	208,894	21,402		650,985	353,685	659,003	303,707		0	2,311,328	1,841	638,736	40,766				23,608	398,512	1,118,888	
Overheads Allocated	358,812	38,888	87,851	0		47,145	47,383	47,146	74,425		0	9,813	0	0	71,927	0			1,864		23,660,596	
Proportion	100.00%	6.80%	14.60%	0.00%		11.60%	11.95%	11.80%	16.77%		0.00%	2.50%	0.00%	16.14%	0.00%				0.47%			
TOTAL COSTS (ACCRUALS BASIS)	8,523,243	751,912	296,745	21,402		697,131	401,068	706,149	378,132		0	2,321,141	1,841	640,663	40,756				25,472	24,779,594	24,411,888	
BUDGETS																						
Year-To-Date																						
Total Costs (excluding overheads)	9,024,384	618,752	549,050	240,000		356,014	611,737	835,590	369,123		0	2,321,141	1,841	640,663	40,756				25,472			
Overheads Allocated	413,295	40,503	60,300	0		49,141	49,389	49,141	77,575		0	10,332	0	0	74,972	0			1,942	413,295		
TOTAL COSTS	9,437,679	659,255	609,350	240,000		405,155	661,125	884,731	446,698		0	2,331,473	1,841	640,663	40,756				27,414			
Year-End																						
Total Costs (excluding overheads)	23,538,482	1,021,539	1,855,449	600,000		939,687	1,704,600	1,850,913	1,104,111		270,000	7,595,110	46,982	4,052,811	40,766				2,464,280			
Overheads Allocated	1,118,998	109,682	163,262	0		133,049	133,720	133,049	210,036		0	27,975	0	202,986	0				5,259	1,118,998		
TOTAL COSTS	24,657,480	1,131,221	2,018,711	600,000		1,072,736	1,838,320	1,983,962	1,314,147		270,000	7,623,085	46,982	4,255,797	40,756				2,469,539			
FORECAST																						
Year-End																						
Total Costs (excluding overheads)	23,660,596	1,045,538	1,860,449	600,000		1,068,415	1,812,802	1,770,941	1,104,111		270,000	7,595,110	37,700	4,052,811	40,766				2,400,963			
Overheads Allocated	1,118,998	109,682	163,262	0		133,049	133,720	133,049	210,036		0	27,975	0	202,986	0				5,259			
TOTAL COSTS	24,779,594	1,155,220	2,023,711	600,000		1,201,464	1,946,522	1,903,990	1,314,147		270,000	7,623,085	37,700	4,255,797	40,756				2,406,222			
VARIANCE																						
Year-End																						
Total Costs (excluding overheads)	122,114	24,999	-26,000	0		128,728	108,202	-79,972	0		0	0	-12,262	0	40,756				-63,317			
Overheads Allocated	0	0	0	0		0	0	0	0		0	0	0	0	0				0			
TOTAL COSTS (FORECAST - BUDGET)	122,114	24,999	-26,000	0		128,728	108,202	-79,972	0		0	0	-12,262	0	40,756				-63,317			
OPCOM Reporting																						
Year-End March 2007																						
Spending Profile (including overheads)	45,390,995	4,367,118	3,381,217	600,000		6,153,701	5,108,162	3,564,670	3,615,742		810,000	10,044,600	192,390	5,000,000	40,756				2,512,639			
Secured Funding Profile	41,205,258	3,982,784	2,742,860	600,000		6,025,000	5,000,000	3,500,000	1,541,742		0	10,044,600	192,390	5,000,000	0				2,575,882			
Surplus/(Deficit) of Funding	(4,185,737)	(384,334)	(638,357)	0		128,701	(106,162)	(64,679)	(2,074,000)		(810,000)	0	0	0	(40,756)				63,243			

6 Balance Sheet – Month End and Year to Date Progress

	Year Ended	1 Month Ended	2 Months Ended	3 Months Ended	4 Months Ended
	31/3/04	30/4/04	31/5/04	30/6/04	31/7/04
FIXED ASSETS	34,090	35,800	36,252	39,774	98,473
	34,090	35,800	36,252	39,774	98,473
CURRENT ASSETS					
Trade Debtors	2,003,455	3,221,220	3,404,964	3,083,030	3,082,234
Other Debtors	5,774	4,282	4,282	4,425	4,425
Prepayments & Accrued Income	20,788	20,304	20,009	1,178	883
CEC Loan	0	0	0	0	0
Petty Cash	424	62	112	69	319
	2,030,441	3,245,868	3,429,367	3,088,702	3,087,860
CURRENT LIABILITIES					
Trade Creditors	1,925,102	1,251,205	1,388,699	1,862,375	2,460,584
Employee Creditor	-209	577	523	53	721
Bank Account	-229,479	1,218,285	1,102,852	405,612	-46,864
Pension Creditor	11,985	12,615	13,245	10,546	10,598
Lease Liabilities	0	0	0	0	0
Accruals	273,948	749,828	888,194	784,784	704,732
VAT Payable/(Refundable)	56,514	19,465	38,960	29,879	18,870
PAYE/NIC	25,670	28,667	32,095	34,228	36,692
Corporation Tax	0	0	0	0	0
Other Creditors	0	26	52	0	0
	2,063,531	3,280,668	3,464,619	3,127,476	3,185,333
NET CURRENT ASSETS/(LIABILITIES)	-33,090	-34,800	-35,252	-38,774	-97,473
Liabilities > 1 Year	0	0	0	0	0
NET ASSETS	1,000	1,000	1,000	1,000	1,000
Represented by:					
Share Capital	1,000	1,000	1,000	1,000	1,000
Reserves	0	0	0	0	0
Profit & Loss Account	0	0	0	0	0
Balance as at Period End	1,000	1,000	1,000	1,000	1,000

7 Cash Flow - Year to Date and Forecast														
Jul-04														
		ACTUAL				FORECAST								
		Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Totals
Balance b/forward		229,478.91	-1,218,284.50	-1,102,852.00	-405,611.62	46,864.12	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	229,478.91
Income														
Sales Ledger		117.50	1,762,362.28	2,551,626.00	2,137,105.87	2,448,334.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,899,545.80
Miscellaneous		10.00	3.00	3,795.39	9,810.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,619.03
		127.50	1,762,365.28	2,555,421.39	2,146,916.51	2,448,334.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,913,164.63
Expenditure														
Purchase Ledger		1,297,114.74	1,537,368.70	1,750,686.04	1,520,652.47	2,561,305.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,667,128.95
Expenses Ledger		7,000.00	123.10	0.00	0.00	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,123.10
Miscellaneous		143,776.17	109,440.98	107,492.97	173,788.30	111,556.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	646,055.05
		1,447,890.91	1,646,932.78	1,858,181.01	1,694,440.77	2,673,861.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,321,307.11
Net Movement In Month		-1,447,763.41	115,432.50	697,240.38	452,475.74	-225,527.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-408,142.28
Balance c/forward		-1,218,284.50	-1,102,852.00	-405,611.62	46,864.12	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37	-178,663.37
NEXT MONTH FORECAST: Assumptions														
Income														
Sales Ledger														
Invoices issued to CEC	No. 34 Due 28/8/04					985,436.59								
Invoices issued to CEC	No. 35 Due 28/8/04					238,615.41								
Invoices issued to CEC	No. 36 Due 28/8/04					11,369.27								
Invoices issued to CEC	No. 37 Due 28/8/04					25,252.98								
Invoices issued to CEC	No. 38 Due 28/8/04					1,176,778.50								
Invoices issued to SEEL	No. SEEL/3 Due 26/8/04					8,952.71								
Invoices issued to STTL	No. 12 Due 28/8/04					1,928.69								
						2,448,334.15								
Expenditure														
Purchase Ledger														
Aged Creditors List @ 31/7/04						2,461,305.01								
Contingencies						100,000.00								
						2,561,305.01								
Expenses Ledger														
Contingencies						1,000.00								
Miscellaneous														
HM C&E - VAT Return to 30/9/04 (Due for payment 31/10/04)						0.00								
PAYE/NI - Due on 19/8/04						36,691.55								
August Payroll - 27 members of staff						63,000.00								
Pension Fund(s) - Contributions Due on 19/8/04						11,665.08								
Bank Interest - Quarter ending 15/8/04						0.00								
Bank Charges for month						100.00								
Petty Cash for month						100.00								
						111,556.63								
Non "Cash" Items Excluded from above														
Prepayments, Accruals etc.						663,001.00								



Agenda Item 5b

Governance & Financial Matters

b) Audited Accounts to 31st March 2004

Company Registration No: SC230949 (Scotland)

TRANSPORT INITIATIVES EDINBURGH LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

TRANSPORT INITIATIVES EDINBURGH LIMITED

COMPANY INFORMATION

Directors	E Brown (Chairman)
	J Brown
	A D Burns
	M M Child
	W S Cunningham
	G J N Gemmell
	R R Henderson
Secretary	J S Richards
Company Number	SC230949
Registered Office	City Chambers
	High Street
	Edinburgh
	EH1 1YJ
Business address	Verity House
	19 Haymarket Yards
	Edinburgh
	EH12 5BH
Auditors	Geoghegan & Co
	6 St Colme Street
	Edinburgh
	EH3 6AD
Bankers	Royal Bank of Scotland plc
	36 St Andrews Square
	Edinburgh
	EH2 2YB

TRANSPORT INITIATIVES EDINBURGH LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 14

TRANSPORT INITIATIVES EDINBURGH LIMITED

DIRECTORS' REPORT

for the year ended 31 March 2004

The directors present their report and financial statements for the year ended 31 March 2004.

Principal activities

The principal activity of the company is to promote, support and effect the development, procurement and implementation of certain projects defined or referred to in the Local Transport Strategy of The City of Edinburgh Council.

Review of business

During the year to 31 March 2004, substantial progress was achieved on all of the projects for which tie has responsibility. The Draft Charging Order for the Congestion Charging Scheme was published as a precursor to the Public Inquiry which has recently completed and the report from the Inquiry Reporters is expected later this year. The Private Bills for Tram Lines 1 and 2 were prepared during 2003 and submitted to the Scottish Parliament in December 2003 following extensive public consultation. Preparation of the Bill for Line 3 is now underway. In early 2003, tie was given responsibility for preparing the Bill for the Edinburgh Airport Rail Link and this work is also making good progress.

The West Edinburgh Busways bus priority system was developed in 2003 and construction is now well-underway. Tie has continued to manage the integrated travel ticket for the East of Scotland, "One Ticket", achieving substantial revenue growth. Tie also performed preliminary work on other projects within the City of Edinburgh Council's Local Transport Strategy.

Each project undertaken by tie is subject to rigorous budget and financial control, risk assessment and project management discipline.

This represents a far-reaching and complex set of projects which are fundamental to the successful delivery of improved transport facilities for people living and working in Edinburgh. Good progress has continued in the current financial year.

Directors

The following directors have held office during the year:

E Brown
J Brown
A D Burns
M M Child
G J N Gemmell
R R Henderson (Resigned 19 July 2004)
J S Richards

Since the year end W S Cunningham was appointed as a director with effect from 19 July 2004.

Directors' interests

No directors had any interest in the shares of the company during the year under review.

TRANSPORT INITIATIVES EDINBURGH LIMITED

DIRECTORS' REPORT (continued) for the year ended 31 March 2004

Auditors

A resolution to reappoint Geoghegan & Co as auditors will be proposed at the Annual General Meeting.

Corporate governance

Tie seeks to apply high standards of corporate behaviour and has entered into an Operating Agreement which governs the relationship between the company and its 100% shareholder, the City of Edinburgh Council. As part of its responsibility for oversight of these arrangements, the Board has established Remuneration and Audit Committees comprising independent non-executive directors. The remit and operational process of these committees are in line with best practice for UK companies, as adapted for the circumstances of the company. The company operates a detailed delegated authority structure which sets out the matters which are reserved for Board approval and the level of authority permitted to management.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

E Brown
Director

23 August 2004

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF TRANSPORT INITIATIVES
EDINBURGH LIMITED**

We have audited the financial statements of Transport Initiatives Edinburgh Limited on pages 4 to 14 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Geoghegan & Co

Chartered Accountants and
Registered Auditors

23 August 2004

6 St Colme Street
Edinburgh EH3 6AD

TRANSPORT INITIATIVES EDINBURGH LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2004

	Notes	2004	2003 (11 months)
Turnover	2	12,257,425	3,605,923
External charges		<u>(10,860,562)</u>	<u>(2,749,420)</u>
		<u>1,396,863</u>	<u>856,503</u>
Staff costs	15	(1,247,280)	(652,826)
Other operating charges		<u>(141,603)</u>	<u>(196,268)</u>
		<u>(1,388,883)</u>	<u>(849,094)</u>
Operating Profit	3	7,980	7,409
Interest receivable		2,962	-
Interest payable	4	<u>(10,942)</u>	<u>(7,409)</u>
Results of ordinary activities before taxation		-	-
Tax of ordinary activities	5	<u>-</u>	<u>-</u>
Results on ordinary activities after taxation	12	<u>£ -</u>	<u>£ -</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

TRANSPORT INITIATIVES EDINBURGH LIMITED

BALANCE SHEET as at 31 March 2004

	Notes	2004	2003
Fixed assets			
Tangible assets	6	<u>34,090</u>	<u>28,287</u>
Current assets			
Debtors	7	2,035,820	492,336
Cash at bank and in hand		<u>229,902</u>	<u>300,253</u>
		2,265,722	792,589
Creditors: amounts falling due within one year	8	<u>(2,264,722)</u>	<u>(791,589)</u>
Net current assets		<u>1,000</u>	<u>1,000</u>
Total assets less current liabilities		35,090	29,287
Accruals and deferred income	9	<u>(34,090)</u>	<u>(28,287)</u>
		<u>£ 1,000</u>	<u>£ 1,000</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Profit and loss account		<u>-</u>	<u>-</u>
Shareholders' funds – equity interests	12	<u>£ 1,000</u>	<u>£ 1,000</u>

The financial statements were approved by the Board on 23 August 2004

A D Burns
Director

E Brown
Director

TRANSPORT INITIATIVES EDINBURGH LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2004

	Notes	2004	2003 (11 months)
Net cash (outflow)/ inflow from operating activities	1	<u>(62,371)</u>	<u>305,054</u>
Returns on investments and servicing of finance			
Interest (paid)/received		<u>(7,980)</u>	<u>(7,409)</u>
Capital expenditure			
Payments to acquire tangible assets		(15,668)	(34,038)
Receipts from sales of tangible assets		<u>-</u>	<u>1,608</u>
Net cash outflow for capital expenditure		<u>(15,668)</u>	<u>(32,430)</u>
Net cash (outflow)/inflow before management of liquid resources and financing		<u>(86,019)</u>	<u>265,215</u>
Financing			
Issue of ordinary share capital		-	1,000
Capital payments received		<u>15,668</u>	<u>34,038</u>
Net cash inflow from financing		<u>15,668</u>	<u>35,038</u>
(Decrease)/Increase in cash in the year	2	<u>£ (70,351)</u>	<u>£ 300,253</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2004

	2004	2003 (11 months)
1 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Operating profit	7,980	7,409
Depreciation of tangible assets	9,865	4,143
Increase in debtors	(1,543,484)	(492,336)
Increase in creditors within one year	1,473,133	791,589
Movement on capital payments provision	(9,865)	(5,751)
Net cash (outflow)/inflow from operating activities	£ (62,371)	£ 305,054
2 Reconciliation of net cash flow to movement in net funds		
(Decrease)/Increase in cash in the year	(70,351)	300,253
Movement in net funds in the year	(70,351)	300,253
Opening net funds	300,253	-
Closing net funds – Cash at bank and in hand	£ 229,902	£ 300,253

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for services net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	25% Straight line
----------------------------------	-------------------

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

The Company is a member of the Lothian Pension Fund which is a multi-employer Defined Benefits Scheme and contributions payable are charged to the profit and loss account in the period to which they relate.

1.7 Deferred capital payments

Capital receipts in respect of capital expenditure are credited to the deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

3	Operating profit	2004	2003 (11 months)
	Operating profit is stated after charging:		
	Depreciation of tangible assets	£ 9,865	£ 4,143
	Operating lease rentals	56,975	18,750
	Auditors' remuneration	3,600	2,800
	And after crediting:		
	Capital payment amortisation	<u>9,865</u>	<u>4,143</u>
4	Interest payable		
	On bank overdraft	<u>£ 10,942</u>	<u>£ 7,409</u>
5	Taxation		
	Current tax charge	<u>£ -</u>	<u>£ -</u>
6	Tangible fixed assets	Fixtures, fittings & equipment	
	Cost		
	At 31 March 2003		32,430
	Additions		15,668
	Disposals		<u>-</u>
	At 31 March 2004		<u>48,098</u>
	Depreciation		
	At 31 March 2003		4,143
	Charge for the year		9,865
	Disposals		<u>-</u>
	At 31 March 2004		<u>14,008</u>
	Net book value		
	At 31 March 2004	£	<u>34,090</u>
	At 31 March 2003	£	<u>28,287</u>

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

7	Debtors	2004	2003
	Trade debtors	1,778,080	321,837
	Other debtors	5,774	1,684
	Prepayments and accrued income	251,966	168,815
		<u>£ 2,035,820</u>	<u>£ 492,336</u>

8 Creditors: amounts falling due within one year

Trade creditors	1,924,893	491,193
Taxes and social security costs	82,184	38,579
Other creditors	11,984	5,197
Accruals and deferred income	245,661	256,620
	<u>£ 2,264,722</u>	<u>£ 791,589</u>

9 Accruals and deferred income

	Capital payments
Balance at 31 March 2003	28,287
Capital payments received during the year	15,668
Amortisation in the year	<u>(9,865)</u>
Balance at 31 March 2004	<u>£ 34,090</u>

10 Pension commitments

The company is a member of the Lothian Pension Fund and provides benefits based on final pensionable pay to certain of its employees. The assets of the fund are held separately from those of the company and are controlled by independent trustees on behalf of the members. Contributions to the fund are centrally calculated as a whole for all participating employers and they are determined by a qualified actuary on the basis of triennial valuations, the most recent valuation being as at 31 March 2002. Contributions to the Fund are charged to the profit and loss account and although centrally calculated provide a fair basis to spread the cost of pensions over the employees' average working lives with the company. The contributions of the company and the employees were 14.7% and 6.0% of pensionable salary respectively during the year.

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

10	Pension commitments (continued)	2004	2003	
			(11 months)	
	Contributions payable by the company for the year	£ 66,340	£ 10,736	
		31 March	31 March	1 May
		2004	2003	2002
		%	%	%
	The main financial assumptions are as follows:			
	Rate of increase in salaries	4.4	4.0	4.2
	Rate of increase in pensions in payment	2.9	2.5	2.7
	Discount rate	5.5	5.4	5.8
	Inflation assumption	2.9	2.5	2.7
	The long term expected rates of return are as follows:			
	Equities	7.7	8.0	7.5
	Bonds	5.1	4.8	5.5
	Property	6.5	6.0	6.0
	Other assets	4.0	4.0	4.0
	Fund Value	31 March	31 March	1 May
		2004	2003	2002
		£'000	£'000	£'000
	The estimated employer assets in the scheme are as follows:			
	Equities	561	372	499
	Bonds	46	45	56
	Property	61	55	53
	Other assets	48	14	37
	Total	£ 716	£ 486	£ 645
	Estimated company's assets	716	486	645
	Present value of company's liabilities	(1,010)	(811)	(740)
	Company's net pension liability	£ (294)	£ (325)	£ (95)

The following disclosures are made in accordance with the transitional arrangements of Financial Reporting Standard 17, Retirement Benefits. These disclosures are for information purposes only. In accordance with the transitional arrangements, the pension scheme deficit amounting to £294,000 (2003 £325,000) has not been accounted for in the financial statements.

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

10 Pension commitments (continued)

Analysis of amount that would be charged to operating profit	2004 £'000	2003 £'000 (11 months)
Current service cost	70	14
Past service cost	-	-
Total operating charge (A)	£ 70	£ 14
Projected amount that would be credited to other finance income		
Expected return on employer assets	39	42
Interest on pension scheme liabilities	(46)	(39)
Net return (B)	£ (7)	£ 3
Net profit and loss account (A)-(B)	£ 77	£ 11
	2004 £'000	2003 £'000 (11 months)
Analysis of amount which would be recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	107	(172)
Experience gains and losses arising on the scheme liabilities	-	(27)
Changes in financial assumptions underlying the present value of the scheme liabilities	(59)	(31)
Actuarial gain/(loss) in pension plan	£ 48	£ (230)
Actuarial gain/(loss) which would be recognised in STRGL	£ 48	£ (230)
	2004 £'000	2003 £'000 (11 months)
Movement in deficit during year		
Deficit at beginning of year	(325)	(95)
Current service cost	(70)	(14)
Employer contributions	60	11
Net return on assets	(7)	3
Actuarial gains/(losses)	48	(230)
Deficit at end of year	£ (294)	£ (325)

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

10 Pension commitments (continued)

	2004 £'000	2003 £'000
History of experience gains and losses		(11 months)
Difference between expected and actual return on scheme assets:	107	(172)
<i>Percentage of scheme assets</i>	15.0%	(35.4%)
Experience gains and losses on scheme liabilities	-	(27)
<i>Percentage of present value of liabilities</i>	-	(3.3%)
Total recognised actuarial gains and losses	48	(230)
<i>Percentage of present value of the scheme liabilities</i>	4.8%	(28.4%)

11 Share Capital

	2004	2003
Authorised		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	£ 1,000	£ 1,000

12 Reconciliation of movements in shareholders' funds

	2004	2003
Profit for the financial year	-	-
Proceeds from issue of shares	-	1,000
Net addition to shareholders' funds	-	1,000
Opening shareholders' funds	1,000	-
Closing shareholders' funds	£ 1,000	£ 1,000

13 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
Expiry date:		
Within one year	£ 16,050	£ 7,500

14 Directors' emoluments

	2004	2003
		(11 months)
Emoluments for qualifying services	£ 15,000	£ 15,000

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2004

15	Staff costs	2004 Number	2003 Number
	Number of employees		
	The average monthly number of employees (excluding seconded and contracted staff) during the year was:		
	Technical and administration	13	7
	Employment and other staff costs	2004	2003 (11 months)
	Salaries	592,791	79,352
	Social security costs	60,046	6,430
	Other pension costs	68,910	10,736
		721,747	96,518
	Seconded and contracted staff	486,739	469,387
	Other staff costs	38,794	86,921
		<u>£ 1,247,280</u>	<u>£ 652,826</u>

16 Related party transactions

The City of Edinburgh Council ('CEC') holds 100% of the company's ordinary share capital and is therefore deemed to be the ultimate controlling party.

Three of the directors namely A D Burns, M M Child and R R Henderson are also considered to be related parties as they are members of CEC. The company provides services to CEC under the terms of a contractual agreement.

During the year the company made service charges to CEC amounting to £12,143,196. At the year end the amounts due by CEC to the company were £1,777,962.

E-mail: mike.crerar@geoghegans.co.uk

18 August 2004

Private and Confidential

MRC/RMcK

The Board of Directors
tie Limited
Verity House
19 Haymarket Yards
EDINBURGH EH12 5BH

Dear Sirs

tie Limited

Report to Management for year ended 31 March 2004

Following our recent audit, we are writing to bring to your attention certain observations on the company's operations which we believe can help in improving the running of the business.

Our observations and suggestions are summarised as follows :

(a) Costs to revenues reconciliation

The reconciliation to match costs incurred with revenues receivable indicated a difference of approximately £1,600. In addition within the balance sheet there is a suspense account balance of £2,250 representing a small number of unidentified receipts and payments. While these reconciliation differences are fairly minor and not material in relation to the accounts as a whole it is recommended from a control perspective that at least monthly cost to revenue reconciliations are carried out and steps taken to identify and resolve any unidentified receipts or payments.

(b) Contracted staff

Certain staff have been taken on in the past on a contracted (self-employed) basis rather than an employee of the company. From experience with other organisations there can be issues with the Inland Revenue where the nature of the contract is more on the terms of employment rather than as a self-employed contractor. It is therefore recommended that a review is made where staff are contracted on a self-employed basis to ensure that their contract terms could not be challenged in terms of employment status.

(c) Accounting procedures manual

A comprehensive and robust Delegated Authority Rules document is in place which covers the controls and procedures in connection with contractual and financial matters. While financial accounting reporting matters are covered they do not detail all procedures in place and it is recommended that a supplementary document is prepared detailing the financial accounting systems and controls in place and in particular taking account of the new accounting software introduced in the current year.

All the points made in this report have been discussed with the Finance Director, Chairman of the Audit Committee and the Finance Manager and we have taken account of their comments in drafting it. These points arose during the course of our audit which is designed primarily to enable us to form an opinion on the financial statements taken as a whole. Our report cannot therefore be expected to include all possible comments and recommendations which a more comprehensive special examination might indicate.

This report has been prepared solely for the use of the directors and senior management of the company. It may not be provided to third parties without our prior written consent.

If you wish to discuss any of the matters that we have raised in our report, or would like us to carry out further work in connection therewith, please do not hesitate to contact us.

Yours faithfully

Geoghegan & Co

23rd August 2004

Geoghegan & Co
Chartered Accountants
6 St Colme Street
Edinburgh EH3 6AD

Dear Sirs

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the financial statements for the period ended 31 March 2004.

1. We acknowledge as directors our responsibilities under the Companies Act 1985 for preparing financial statements which give a true and fair view and for making accurate representations to you.
2. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records.
3. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you and we have not withheld any information or knowledge which could cause you to take a materially different view in your report.
4. We are not aware of any substantial liabilities, contingent liabilities or capital commitments other than those of which we have already informed you and are disclosed in the financial statements.
5. There have been no significant transactions with related parties other than those detailed in the financial statements and we are not aware of any such matters required to be disclosed in the financial statements whether under Financial Reporting Standard 8 or other requirements. To the best of our knowledge and belief, the disclosures given in the financial statements regarding control are correct.

6. The company has not had, or entered into, at any time during the period any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans, or credit transactions) for directors or to guarantee or provide security for such matters.
7. There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto.
8. The directors are not aware of any breaches of law or regulations which would have a material impact on the financial statements.
9. The directors confirm that in their opinion the company will continue as a going concern for a period in excess of twelve months from date of the approval of these financial statements and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Yours faithfully

On behalf of the Board of Directors

Director



Agenda Item 5c

Governance & Financial Matters

- c) Company Name Change and
Appointment of Secretary**

Documents are attached in connection with the alterations to the articles of association to enable D.W. Company Services Limited to be appointed as Secretary and the requisite resolution in connection with the change of name to "TIE Limited".

1. Minutes of Directors' Meeting recommending the requisite resolution to be passed by written resolution of the sole member (The City of Edinburgh Council).
2. Form of written resolution to be signed on behalf of City of Edinburgh Council as the sole member.
3. Notice of the written resolution to be given to the Company's auditors (Geoghegan & Co).
4. Copy written resolutions for filing with the Registrar of Companies in connection with the change of name and alteration to the Articles of Association.

The name of the company is still Transport Initiatives Edinburgh Limited. D&W changed the name of a shelf company to TIE Limited to reserve the name.

5. Print of updated articles of association. (The articles of association should be certified by the signature of a Director on the top right-hand corner of the front page.)

6. A suitable board minute removing Eddie Bain as Secretary and appointing D.W. Company Services Limited as Secretary.

A board meeting needs to be held and the papers completed and signed and returned to D&W. They will then arrange for the necessary documents to be filed with the Registrar of Companies including the name swap with tie Limited and for notification of the written resolution to be sent to Geoghegan & Co. The Registrar of Companies can then issue the certificate effecting the change of name.

These papers have been prepared on the basis that the resolution will be agreed by written resolution of the sole member so a general meeting is not required, only the board meetings indicated.

TRANSPORT INITIATIVES EDINBURGH LIMITED

MINUTES of a DIRECTORS' MEETING held at
Verity House, 19 Haymarket Yards, Edinburgh
on the 23rd day of August 2004 at 10am.

Present:

It was agreed that Ewan Brown should act as Chairman of the Meeting. The Chairman established that a quorum was present and declared the Meeting open.

WRITTEN RESOLUTIONS: CHANGE OF NAME: ALTERATION TO ARTICLES OF ASSOCIATION

IT WAS RESOLVED to recommend to the sole shareholder:-

1. that the name of the company be changed to TIE Limited; and
2. that the Articles of Association of the Company be altered by the deletion of the whole of Article 19 and the subsequent re-numbering of Article 20 as Article 19 and by the deletion of ", 99" where it occurs in the first line of Article 2;

and to seek the written agreement of the sole member of the requisite Resolutions to give effect to such recommendations. Ewan Brown was instructed to arrange for a copy of the Resolutions proposed to be agreed to be sent to the sole member for signature and for a copy of the proposed resolutions to be sent to the Company's auditors in accordance with Section 381B of the Companies Act 1985.

There being no further business, the Chairman declared the Meeting closed.

.....
Chairman

TRANSPORT INITIATIVES EDINBURGH LIMITED

Registered No. 230949

("the Company")

WE, being the sole member of the Company having a right to attend and vote at a general meeting, in terms of Section 381A of the Companies Act 1985, HEREBY AGREE AND RESOLVE that the following Resolutions be passed:-

1. "That the name of the Company be changed to TIE Limited".
2. "That the Articles of Association of the Company be altered as follows:-
 - (i) by deleting the whole of Article 19 thereof and by the subsequent re-numbering of Article 20 as Article 19; and
 - (ii) by deleting ", 99" where it occurs in the first line of Article 2 thereof."

For and on behalf of
City of Edinburgh Council

Dated:

Our Ref: Co. Secretarial/SJL
Direct Dial: 0 [REDACTED]
E mail: Stuart.Lockhart@tie.ltd.uk

23rd August 2004

Geoghegan & Co
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

For the attention of Mr Michael Crerar - Partner

Dear Sirs

Transport Initiatives Edinburgh Limited (Registered No. 230949) ("the Company")

In accordance with Section 381B of the Companies Act 1985, notice is hereby given that the following Resolutions are proposed to be agreed by written Resolutions of the sole member of the Company:-

1. "That the name of the Company be changed to TIE Limited".
2. "That the Articles of Association of the Company be altered as follows:-
 - (i) by deleting the whole of Article 19 thereof and by the subsequent re-numbering of Article 20 as Article 19; and
 - (ii) by deleting ", 99" where it occurs in the first line of Article 2 thereof."

BY ORDER OF THE BOARD

Ewan Brown
Director

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
TRANSPORT INITIATIVES EDINBURGH LIMITED
(No. 230949)

WRITTEN RESOLUTION

By Written Resolution of the sole member of the above Company in accordance with Section 381A of the Companies Act 1985, the following Resolution was passed on Monday 23rd August 2004

"That the name of the Company be changed to TIE Limited".

.....
Ewan Brown
Director

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
TRANSPORT INITIATIVES EDINBURGH LIMITED
No. 230949

WRITTEN RESOLUTION

By Written Resolution of the sole member of the above-named Company in accordance with Section 381A of the Companies Act 1985, the following Resolution was passed on Monday 23rd August 2004:-

“That the Articles of Association of the Company be altered as follows:-

- (i) by deleting the whole of Article 19 thereof and by the subsequent re-numbering of Article 20 as Article 19; and
- (ii) by deleting ", 99" where it occurs in the first line of Article 2 thereof.”

Ewan Brown
Director

THE COMPANIES ACTS 1985 AND 1989
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

(altered by Written Resolution dated Monday 23rd August 2004)

TRANSPORT INITIATIVES EDINBURGH LIMITED

PRELIMINARY

1. Subject to the provisions hereinafter contained, the Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 ("Table A") so far as not excluded altered or modified by or inconsistent with the following Articles shall apply to the Company and be deemed to be incorporated herein.

2. Regulations 24, 64, 73 to 80 inclusive, 82, 89, 94, 95 and 118 of Table A shall not apply to the Company and the following Regulations thereof shall be modified:-

Regulation 6 by the deletion of the words "sealed with the seal" and the substitution of the words "executed in terms of Section 36B of the Act";

Regulation 40 by the addition at the end of the second sentence of the words "provided that if the Company shall have only one member, one member present in person or by proxy shall be a quorum";

Regulation 54 by the addition of the words "or by proxy" between the words "vote" and "shall";

Regulation 66 by the addition of the words "(subject to his giving the Company an address within the United Kingdom at which notice may be served upon him)" between the words "shall" and "be";

Regulations 72 by the addition of the words "Any committee shall have power, unless the Directors direct otherwise, to co-opt as a member or members of the committee for any specific purpose any person, or persons, not being a Director of the Company.";

Regulation 85(c) by the addition of the words "subject to the terms of any contract of employment between the Company and the Director," between the words "shall" and "not"; and

Unless otherwise required by the context of the Articles, words or expressions which are defined in Table A shall have the same meaning in the Articles.

Unless otherwise required by the context of the Articles, words importing the singular only shall include the plural and vice versa; words importing any gender shall include the other gender; and words importing natural persons shall include corporations and vice versa.

PRIVATE COMPANY

3. The Company is a private company and accordingly no invitation shall be made to the public to subscribe for any shares or debentures of the Company.

SHARE CAPITAL

4. The Directors are generally and unconditionally authorised to allot relevant securities (within the meaning of section 80(2) of the Act) on such terms and at such time or times as they may in their discretion think fit; provided that:-
- (a) the maximum nominal amount or relevant securities to be allotted in pursuance of such authority shall be the aggregate nominal amount of the unissued shares in the capital of the Company from time to time while this authority is in force; and
 - (b) this authority shall expire, unless sooner revoked or altered by the Company in general meeting, on the expiry of the period of five years from the date of the passing of the resolution by virtue of which this Article was adopted as part of the Articles provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
5. Section 89(1) of the Act shall not apply to any allotment of shares in the Company.

PROCEEDINGS AT GENERAL MEETINGS

6. In the case of a corporation, the signature of a director or the secretary thereof, and in the case of joint holders of a share the signature of any one of such joint holders, shall be sufficient for the purposes of passing resolutions in writing pursuant to regulation 53 of Table A.
7. In the case of a corporation, the director or the secretary thereof shall be deemed to be a duly authorised representative for the purpose of section 375 of the Act.

POWERS OF DIRECTORS

8. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company in such manner as they think fit, including the exercise thereof in favour of any resolution appointing them or any of their number directors or officers of such other company or voting or providing for the payment of remuneration to the directors or officers of such other company.

PROCEEDINGS OF DIRECTORS

9. The quorum for the transaction of the business of the Company shall be three Directors.
10. A Director may as a Director vote and be counted as one of a quorum upon a motion in respect of any contract, matter or arrangement which he shall make with the Company or in which he shall be in any way interested provided that he shall first have disclosed the nature of his interest to the Directors.

DIRECTORS

11. Unless otherwise determined by special resolution, the maximum number of Directors shall be seven and the minimum shall be not less than two. The first Directors of the Company

shall be the persons named in the Statement of First Directors filed with the Registrar of Companies pursuant to Section 10 of the Act.

12. Any Director or a member of a committee of the Directors, may participate in a meeting of the Directors, or such committee, by means of conference telephone or similar communicating equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute a presence in person at such meeting.

APPOINTMENT AND REMOVAL OF DIRECTORS

13. The City of Edinburgh Council as constituted from time to time (in these Articles called the "Council") may appoint any person to be a Director or remove any Director from office at any time. Any appointment may be on such conditions and terms of office as the Council thinks fit. Every appointment or removal shall be by notice in writing and signed on behalf of the Council and shall take effect upon receipt of said notice at the registered office of the Company or by the Secretary. Directors may only be appointed pursuant to the provisions of this Article.
14. The number of Directors shall be not less than two and shall not exceed a total of seven constituted by a maximum of four Directors and three Council Directors.
15. Regulation 81 of Table A shall be deemed extended by the addition of a further paragraph (f):
 “(f) he shall be removed pursuant to any power of removal contained in Articles 13 and 17 of the Company’s Articles of Association”.
16. A Director shall not be required to hold any share of the Company by way of qualification.

APPOINTMENT AND REMOVAL OF COUNCIL DIRECTORS

17. The Council shall be entitled by notice in writing delivered to the Company to appoint up to three persons as Directors of the Company (referred to in these Articles as Council Directors and Council Director shall be construed accordingly) (such appointments to be made either collectively or individually) and at any time by like notice to remove from office any Council Director so appointed by the Council and to appoint another person as a Council Director in the place of any Council Director so appointed who may be removed from office or who may die, resign or otherwise vacate office. Every appointment or removal of a Council Director by the Council made pursuant to this Article shall be effected by notice in writing and either (i) lodged at the registered office of the Company or (ii) delivered to a duly constituted meeting of the Directors of the Company (whether at the beginning or at any time during such meeting) and signed on behalf of the Council by an authorised officer of the Council or by an existing Council Director and shall take immediate effect as at the actual time of such lodgement or delivery or at such later time as shall be specified in the notice. Council Directors may only be appointed pursuant to the provisions of this Article.

APPOINTMENT OF CHAIRMAN

18. The Council shall be entitled by notice in writing delivered to the Company to appoint either one of the Directors or one of the Council Directors as the Chairman of the Board of Directors of the Company and at any time by like notice to remove from office the Chairman so appointed and to appoint another Director as the Chairman in his place. Every appointment or removal of the Chairman by the Council pursuant to this Article shall be effected by notice in writing either (i) lodged at the registered office of the Company or (ii) delivered to a duly constituted meeting of the Directors of the Company (whether at the beginning or at any time

during such meeting) and signed on behalf of the Council by an authorised officer of the Council or by the other Council Directors and shall take immediate effect as at the actual time of such lodgement or delivery or at such later time as shall be specified in the notice. The Chairman appointed as aforesaid shall preside at every meeting of the Directors at which he is present but if such Chairman is not present within five minutes after the time appointed for the meeting the Council Directors present shall nominate one of them to preside as Chairman and if only one Council Director is present or if no Council Director is present as the case may be then the meeting shall be dissolved. The Chairman shall have one vote only and no casting vote.

INDEMNITY

19. Subject to the provisions of the Act , every Director or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur:-
- (a) in defending any proceedings, whether civil or criminal in which decree is given in his favour or in which he is acquitted or which are otherwise disposed of without any findings or admission of any material breach of duty on his part; or
 - (b) in connection with any application under section 144(3) or (4) or section 727 of the Act in which relief is granted to him by the court from liability in respect of any act or omission done or alleged to be done by him as an officer or employee of the Company.

TRANSPORT INITIATIVES EDINBURGH LIMITED

MINUTES of a DIRECTORS' MEETING
held at Verity House, 19 Haymarket Yards,
Edinburgh on Monday 23rd August 2004

Present:

The Chairman established that a quorum was present and declared the Meeting open.

COMPANY SECRETARY

IT WAS RESOLVED that Edward Bain be removed as Secretary of the Company and that D.W. Company Services Limited be appointed as Secretary with immediate effect. The Secretary was instructed to arrange for the relative Forms 288a and 288b to be completed and filed with the Registrar of Companies.

There being no further business, the Chairman declared the Meeting closed.

.....
Chairman



Agenda Item 5d

Governance & Financial Matters

d) AGM

ANNUAL GENERAL MEETING

1. Minutes of Directors' meeting recording approval of the accounts and convening the annual general meeting.
2. Notice of annual general meeting.
3. Form of consent to short notice.
4. Minutes of AGM.
5. Minutes of Directors' meeting recommending "elective" resolutions to the sole member.
6. Form of written resolutions for signature by the sole member.
7. Notice of the proposed resolutions to be sent to the auditors.
8. Copy written resolutions for filing with Companies House.

Please note that the AGM should be held before the written resolutions are signed.

TRANSPORT INITIATIVES EDINBURGH LIMITED

MINUTES of a DIRECTORS' MEETING
held at Verity House, 19 Haymarket Yards,
Edinburgh on the 23rd day of August 2004

Present: (Chairman)

The Chairman established that a quorum was present and declared the Meeting open.

1. **ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**

The audited Accounts of the Company for the year ended 31 March 2004 were presented to the Meeting, considered and approved. IT WAS RESOLVED to authorise the signing of the Balance Sheet by A D Burns and E Brown as Directors of the Company and the signing of the Directors' Report by E Brown as a Director on behalf of the Board.

2. **ANNUAL GENERAL MEETING**

A draft Notice of the Annual General Meeting of the Company for the year 2004 was produced to the Meeting. IT WAS RESOLVED that the Notice be approved and that the Annual General Meeting be convened and held as soon as the necessary consent to short notice had been received. Ewan Brown was instructed to arrange for the Notices of Annual General Meeting to be despatched accordingly.

There being no further business, the Chairman declared the Meeting closed.

.....
Chairman

TRANSPORT INITIATIVES EDINBURGH LIMITED

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the above-named Company will be held at Verity House, 19 Haymarket Yards, Edinburgh on the 23rd day of August 2004 at 10 am for the following purposes:-

1. To receive and consider the audited Accounts of the Company for the period ended 31 March 2003 and for the year ended 31 March 2004 together with the Reports of the Directors and of the Auditors thereon.
2. To re-appoint Auditors.
3. To fix the remuneration of the Auditors.
4. To transact any other competent business.

Dated:

BY ORDER OF THE BOARD

Registered Office:

City Chambers
High Street
Edinburgh
EH1 1YJ

.....
Ewan Brown
Director

NOTE: A Member entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a Member of the Company.

TRANSPORT INITIATIVES EDINBURGH LIMITED

CONSENT TO SHORT NOTICE

WE, being the sole Member of Transport Initiatives Edinburgh Limited having a right to attend and vote at the Annual General Meeting of the Company convened by the foregoing Notice, HEREBY CONSENT to:- (i) the holding of the said Meeting notwithstanding that such Meeting is called at shorter notice than that specified in the Companies Act 1985 and (ii) receiving a copy of the documents required to be sent by Section 238 of the Companies Act 1985 notwithstanding that these are received less than twenty-one days before the date of the Annual General Meeting.

For and on behalf of
City of Edinburgh Council

TRANSPORT I N I T I A T I V E S E D I N B U R G H L I M I T E D

MINUTES of the ANNUAL GENERAL
MEETING held at Verity House, 19
Haymarket Yards, Edinburgh on the 23rd
day of August 2004 at 10 am

Present: representing the City of Edinburgh Council

Attending:

It was agreed that Ewan Brown should act as Chairman of the Meeting. The Chairman established that a quorum was present and declared the Meeting open.

1. NOTI CE OF MEETI NG

The Chairman produced to the Meeting a copy of the Notice calling the Meeting to which was appended, duly signed on behalf of the sole member of the Company, a formal consent to the holding of the Meeting at short notice. It was agreed that the Notice be taken as read.

2. ACCOUNTS FOR THE PERI OD ENDED 31 MARCH 2003

The audited Accounts of the Company for the period ended 31 March 2003 together with the Reports of the Directors and of the Auditors thereon (copies of which had already been filed with the Registrar of Companies) were produced to the Meeting and considered and IT WAS RESOLVED that these be (retrospectively) approved and adopted.

3. ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

The audited Accounts of the Company for the year ended 31 March 2004 together with the Reports of the Directors and of the Auditors thereon were produced to the Meeting and considered and IT WAS RESOLVED that these be approved and adopted.

4. RE- APPOI NTMENT OF AUDI TORS

IT WAS RESOLVED that Geoghegan & Co, Chartered Accountants, who had intimated their willingness to continue in Office, be re-appointed as Auditors of the Company in terms of Section 385 of the Companies Act 1985 until the next general meeting at which Accounts are laid.

5. **REMUNERATION OF THE AUDITORS**

IT WAS RESOLVED that the Directors be authorised to fix the remuneration of the Auditors.

There being no further business, the Chairman declared the Meeting closed.

.....
Chairman

TRANSPORT INITIATIVES EDINBURGH LIMITED

MINUTES of a MEETING of the BOARD of
DIRECTORS held at Verity House, 19
Haymarket Yards, Edinburgh on the 23rd day of
August 2004

Present:

It was agreed that Ewan Brown should act as Chairman of the Meeting. The Chairman established that a quorum was present and declared the Meeting open.

**WRITTEN RESOLUTIONS: ELECTION TO DISPENSE WITH THE LAYING OF
REPORTS AND ACCOUNTS IN GENERAL MEETING: ELECTION TO DISPENSE
WITH THE HOLDING OF ANNUAL GENERAL MEETINGS: ELECTION TO
DISPENSE WITH THE ANNUAL APPOINTMENT OF AUDITORS**

IT WAS RESOLVED to recommend to the sole shareholder:-

- (1) That the Company elect to dispense with the laying of Accounts and Reports before the Company in general meeting;
- (2) That the Company elect to dispense with the holding of Annual General Meetings; and
- (3) That the Company elect to dispense with the annual appointment of Auditors;

and to seek the written agreement of the sole member of the requisite Resolutions to give effect to such recommendations. Ewan Brown was instructed to arrange for a copy of the Resolutions proposed to be agreed to be given to the sole member for signature and also for a copy of the proposed Resolutions to be sent to the Company's auditors in accordance with Section 381B of the Companies Act 1985.

There being no further business, the Chairman declared the Meeting closed.

.....
Chairman

TRANSPORT INITIATIVES EDINBURGH LIMITED

Registered No. 230949

("t he Company")

WE, being the sole member of the Company having a right to attend and vote at a general meeting, in terms of Section 381A of the Companies Act 1985, HEREBY AGREE AND RESOLVE that the following Resolutions be passed:-

1. "That, in accordance with the provisions of Section 252 of the Companies Act 1985, the Company elects to dispense with the laying of Accounts and Reports before the Company in general meeting".
2. "That, in accordance with the provisions of Section 366A of the Companies Act 1985, the Company elects to dispense with the holding of Annual General Meetings".
3. "That, in accordance with the provisions of Section 386 of the Companies Act 1985, the Company elects to dispense with the obligation to appoint auditors annually".

For and on behalf of
City of Edinburgh Council

Dated: 23rd August 2004

Date:

To: Geoghegan & Co
Chartered Accountants
6 St Colme Street
Edinburgh
EH3 6AD

Dear Sirs

Transport Initiatives Edinburgh Limited (Registered No. 230949)
("the Company")

In accordance with Section 381B of the Companies Act 1985, notice is hereby given that the following Resolutions are proposed to be agreed by written Resolutions of the sole member of the Company:-

1. "That, in accordance with the provisions of Section 252 of the Companies Act 1985, the Company elects to dispense with the laying of Accounts and Reports before the Company in general meeting".
2. "That, in accordance with the provisions of Section 366A of the Companies Act 1985, the Company elects to dispense with the holding of Annual General Meetings".
3. "That, in accordance with the provisions of Section 386 of the Companies Act 1985, the Company elects to dispense with the obligation to appoint auditors annually".

BY ORDER OF THE BOARD

Ewan Brown
Director

THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES
TRANSPORT INITIATIVES EDINBURGH LIMITED
No. 230949

WRITTEN RESOLUTIONS

By Written Resolutions of the sole member of the above-named Company in accordance with Section 381A of the Companies Act 1985, the following Resolutions were passed on 23rd August 2004:-

1. "That, in accordance with the provisions of Section 252 of the Companies Act 1985, the Company elects to dispense with the laying of Accounts and Reports before the Company in general meeting".
2. "That, in accordance with the provisions of Section 366A of the Companies Act 1985, the Company elects to dispense with the holding of Annual General Meetings".
3. "That, in accordance with the provisions of Section 386 of the Companies Act 1985, the Company elects to dispense with the obligation to appoint auditors annually".

Ewan Brown
Director



Agenda Item 6

Communications

- a) **ITI Communications Strategy**
- b) **Transport Edinburgh Launch**
- c) **Stakeholder Management Report**



Agenda Item 6a

Communications

a) ITI Communications Strategy



COMMUNICATIONS STRATEGY

FOR

TRANSPORT EDINBURGH'S

INFORMATION PROGRAMME

August 2004

EXECUTIVE SUMMARY

1.1 STRATEGIC COMMUNICATIONS OBJECTIVES

Core Objectives

- To provide an information programme to the people of Edinburgh in order for them to consider the transport options that are available
- To raise awareness and emphasis the benefits and successes of the Council's transport projects already in place and those that will come on-stream in the short and long-term
- To maximise public support for greater use of public transport through awareness raising and winning of 'hearts and minds'

Secondary Objectives

- To develop an overarching communications approach for all Transport Edinburgh's projects to encourage debate and engage with target audiences during the design, development and implementation of each project
- To change current misconceptions about transport in Edinburgh
- To generate positive media coverage in target publications reflecting agreed messages and to limit coverage of negative issues as they arise
- To build awareness of the Transport Edinburgh brand to the target audience and the media to encourage them to think about the issues which it raises, generate debate and influence opinion
- To support the work programme of the Stakeholder Relationship Director in building relationships with key influencers, stakeholders and businesses amongst others

1.1 CORE MESSAGES

- Public transport is an efficient and attractive way of travel for work and leisure - Edinburgh has one of the best bus systems in terms of a quality fleet, patronage, city coverage and frequency of service in the UK - and is part of a range of transport improvements that have been delivered with more to follow.
- Edinburgh's congestion is increasing and only further wide scale improvements in public transport will prevent 'gridlock' on our city streets.

- Transport is the key to the economic prosperity of the city region and Scotland.
- An efficient and active transport system contributes to improving air quality, supporting the social agenda and encouraging better health.

1.2 TARGET AUDIENCES

The Edinburgh Public

- SUPPORTERS
- APATHETICS
- CYNICS

1.3 THE MARKETING MIX

- Radio Advertising
- Bus Advertising
- TV Advertising
- Media Relations
- Website
- Direct Communications (newsletters, leaflets)
- Events and Conferences

1.4 IMPORTANT MILESTONES

- Launch of Transport Edinburgh brand/DVD Presentation of key transport messages) – 30 August
- Launch of Transport Edinburgh's *Making Connections* Day - 20 September
- Opening of WEBS – late October
- Release of public inquiry report – late October 2004
- Visit of London Mayor/Question Time Debate/ Transport Conference - November 2004
- Special Council meeting to consider public inquiry report – November 204
- Real Time Information – Leith to Straiton QBC – November 2004
- Referendum – January/February 2005
- Aftermath – February/March 2005

1.5 tie STAKEHOLDER SUPPORT

Presentations
Stakeholder Forums
Community, University and School Groups

1 Rationale for the Proposed Strategy

- 1.1 If the City of Edinburgh Council is to successfully deliver its transport strategy then it is essential that the public of Edinburgh is given the information to make an informed choice when considering the transport options. It is also essential that they understand the key role an efficient transport system will play in Edinburgh's future. In order to achieve this a robust and coherent communications strategy must be in place. Central to this is delivering an information programme, which will focus on transport improvements achieved and planned, and will stress the importance of audiences using their vote.
- 1.2 Given the limited time now left, a public information programme can only be delivered through the targeted use of consumer marketing, direct communications, advertising, media relations and promotional initiatives. The communications programme will commence officially in August and will last for six months.

2 Background

- 2.1 An efficient, affordable and reliable transport system is crucial to Edinburgh's role as Scotland's capital city.
- 2.2 The Transport (Scotland) Act 2001 and other legislation gave powers to local authorities to implement a wide range of measures including road user charging, quality partnership and quality contract schemes. The City of Edinburgh Council and Transport Initiatives Edinburgh (tie) are presently implementing CEC's Local Transport Strategy. This sets out the overall vision for Edinburgh's transport infrastructure for the next 20 years. A key component of the Local Transport Strategy is the Integrated Transport Initiative (ITI) which focuses on the role of congestion charging and its related investment programme in terms of congestion reduction. Integral to this is the development and delivery of an integrated transport system for Edinburgh that encompasses both trams and buses.
- 2.3 One of the main objectives of the ITI is to introduce congestion charging in Edinburgh by 2006. The Scottish Executive has stated that it requires the congestion-charging scheme to have 'clear public support'. The Council is committed to providing the people of Edinburgh with a referendum in early 2005.
- 2.4 Any information programme for Edinburgh residents will include combating mis-information and dealing with the difficult messages relating to congestion charging which by association, impacts on the

transport strategy in its entirety. The information programme will provide information, facts and credible endorsement so that people are well informed. It will need to emphasise the benefits to the public of the huge investment in transport improvements that has been completed, is currently underway and is to be implemented. We need to educate and communicate the 'bigger picture' that the transport strategy is seeking to deliver rather than just focussing on the issue of congestion charging.

2.6 We also need to encourage residents to participate in the postal ballot scheduled to take place in early 2005.

2.7 Attention will focus on reinforcing the key message that the Council has already delivered up-front travel improvements. At the same time we will outline improvements which will be in place by 2006 as part of the £100 million-transport investment and those transport schemes to be implemented in the long term that are dependent on the congestion charge.

3 Branding

3.1 The communications strategy proposes a new overarching stronger and simpler brand identity for the Integrated Transport Initiative (ITI).

3.2 From the end of August the ITI will be referred to as **Transport Edinburgh**. This new name has been chosen to reflect the key role the city's transport strategy will have in shaping the future of the city.

3.3 The new brand identity will be applied throughout the information programme to highlight all transport issues.

4 TRANSPORT PROJECTS

A strong focus throughout the information programme will be on what has already been achieved and what is planned in the short and long term. This includes: -

4.1 Major Transport Schemes Recently Completed

- Edinburgh Crossrail, including new stations at Newcraighall, Brunstane and Edinburgh Park
- Newcraighall Park and Ride site
- Phase 1 of Leith to Straiton Quality Bus Corridor
- A90 Queue Management system and junction improvement at Barnton complementing Park & Ride at Ferrytoll (Fife)

4.2 Transport Schemes Currently Underway

- West Edinburgh Busway (WEBS)
- New Park and Ride sites at Hermiston and Ingliston
- Real Time information on Leith to Straiton QBC
- Further bus corridor improvements to growth areas of West Edinburgh, Waterfront and SE Wedge
- 20mph speed limits at every primary school in Edinburgh
- New bus/cycle/pedestrian facilities at nine main transport interchanges in the City of Edinburgh Council
- Major city centre streetscape improvements at Castle Street and St Andrew Square

4.3 Transport Schemes to be implemented in the Short Term (2 Years)

- Further Park and Ride site at Straiton
- Tram lines 1 and 2 through parliamentary process with start of construction in 2006
- Major improvements to bus service provision facilitated by congestion charging revenues
- Major streetscape improvements in the Grassmarket
- £16.5 million to be spent on road and footway improvements during 2005/6
- £2 million spending on providing 20mph zones in residential areas
- Upgrade of Waverley Station

4.7 Transport Schemes to be implemented in the Medium to Long Term with congestion charging funding

- Tram Line 3
- Additional carriageway and footway maintenance
- Cycle and pedestrian network
- Major improvements to bus service provision
- Additional park & ride sites
- Expanded programme of new safety measures at 20 mph zones
- City centre structure improvements
- Bus corridor improvements including real bus information
- Edinburgh Airport Rail Link
- South Suburban Railway, reopening and other rail improvements

5 Strategic Communications Objectives

Core Objectives

- To provide an information programme to the people of Edinburgh in order for them to consider the transport options that are available
- To raise awareness and emphasis the benefits and successes of the Council's transport projects already in place and those that will come on-stream in the short and long-term
- To maximise public support for greater use of public transport through awareness raising and winning of 'hearts and minds'

Secondary Objectives

- To develop an overarching communications approach for all Transport Edinburgh's projects to encourage debate and engage with target audiences during the design, development and implementation of each project
- To change current misconceptions about the transport strategy
- To generate positive media coverage in target publications reflecting agreed messages and to limit coverage of negative issues as they arise
- To build awareness of the Transport Edinburgh brand to the target audience and the media to encourage them to think about the issues which it raises, generate debate and influence opinion
- To support the work programme of the Stakeholder Relationship Director in building relationships with key influencers, stakeholders and businesses amongst others

6 Core Messages

6.1 There are four core messages at the heart of the debate:

- Public transport is an efficient and attractive way of travel for work and leisure - Edinburgh has one of the best bus systems in terms of a quality fleet, patronage, city coverage and frequency of service in the UK - and is part of a range of transport improvements that have been delivered with more to follow.
- Edinburgh's congestion is increasing and only further widescale improvements in public transport will prevent 'gridlock' on our city streets.

- Transport is the key to the economic prosperity of the city region and Scotland.
- An efficient and active transport system contributes to improving air quality, supporting the social agenda and encourages better health.

6.2 A variety of secondary messages will be devised that will be specially tailored to each target audience to highlight each of the strategy's activities.

7 Target Audiences

7.1 This information programme will inform and educate Edinburgh residents about the Council's transport proposals, the transport improvements that have been delivered and the transport improvements that will be delivered in future, if congestion charging is given the go-ahead.

7.2 There are only three target audiences; those Edinburgh residents who currently fall within one of the three following categories:

- Supporters
- Apathetics
- Cynics

7.3 In many ways, the messages that need to be communicated to these three target groups are the same. The key to success lies in communicating the core messages through the most appropriate communication channels. This is a public information programme targeted at a mass audience within a short space of time and not a sophisticated marketing campaign.

7.4 With this in mind, Appendix 1 has been created to provide an overview of the audiences, messages and marketing mix to be employed as well as justification of why this course of action has been chosen.

7.5 Business, retailers and major employers are not the direct targets of this public information programme, although they will be aware of the programme. They do however have particular information requirements that will be met by the *tie* Stakeholder Director whose task it is to communicate with them and address their individual concerns. This is acknowledged in later sections of this communications plan.

8 Market Research and Evaluation

- 8.1 Market research is a critical element of this communications plan. We need to ensure that our chosen communications tools are reaching the public and having an impact.
- 8.2 We need to assess public opinion before the programme is underway in August 2004 to gauge levels of awareness and understanding and, again, in late October, so that the communications activities can be fine-tuned. An amount of market research has already taken place, but this has been very much concerned with gauging stakeholder opinion rather than tailoring communications.
- 8.3 All communications activity will be evaluated to assess message delivery and public opinion. A variety of evaluation techniques will be used to assess the success of the campaign. Edinburgh residents' opinions will be measured and qualitative and quantitative results gathered.

9 Important Milestones

- Launch of Transport Edinburgh brand/DVD Presentation of key transport messages in two Edinburgh shopping centres – 30 August to 5 September
- Launch of Transport Edinburgh's *Making Connections* Day – 20 September 2004
- Opening of WEBS – late October 2004
- Release of public inquiry report – late October 2004
- Visit of London Mayor/Question Time Debate and Transport Conference – November 2004
- Special Council meeting to consider public inquiry report – November 2004
- Real Time Information – Leith to Straiton QBC – November 2004
- Referendum – January/February 2005
- Aftermath – February/March 2005

10 PUBLIC TRANSPORT INITIATIVE

Transport Edinburgh's 'Making Connections' Day (Monday, 20 September)

10.1

This is Transport Edinburgh's flagship event and its opportunity to engage with the Edinburgh public by offering free bus travel in the city. The initiative will seek to encourage take up of the offer to persuade the public to increase its use of public transport. This free travel period would also be an opportunity for those unfamiliar with bus travel to sample the services. Whilst an expensive exercise it gives a focus to the strategy which will be supported by a major information programme utilising media relations, bus and radio advertising and direct communications.

10.2

The planned format will offer a free day ticket on bus routes during the bank holiday on Monday, 20 September. This date also coincides with European Mobility Week. This programme's activities will co-ordinate with members of the EMW working group to achieve Transport Edinburgh's objectives. The theme will be based on 'Making Connections' in Edinburgh. Members of the public would be encouraged to take advantage of the free travel day to visit an attraction or enjoy an event. We will announce the initiative in advance for people to be able to plan their activity.

10.3

This activity is way of directly reaching a wider target audience and is an opportunity to engage with supporters and non-supporters alike. It provides an opportunity to convey to them Transport Edinburgh's key messages and issues of the transport strategy via information and high visibility branding.

10.5

A fuller proposal will be devised as soon as possible. It will detail the integrated marketing support and media relations' programme for this initiative highlighting the benefits of public transport on the day. The media relations could include featuring members of the public, celebrities/leading opinion formers in Edinburgh reminiscing about their past experiences of bus travel and remembering the community spirit of travelling by bus. Advertising will be placed on the identified bus routes for the day to give high visibility to the brand, while the radio advertising will reiterate Transport Edinburgh's key messages to the wider audience.

- **Details of how such an offer will be constructed are the subject of ongoing discussions with bus operators.**

11 OTHER POTENTIAL INITIATIVES

11.1 A suggested list of other potential initiatives and events have been prioritised as follows:

- Edinburgh Mobility Day (As part of European Mobility Week, 16 to 22 September). We will agree with colleagues working on European Mobility Week to integrate the two programmes.
- Encourage cultural ties and links with world wide congestion cities, invite Mayors to visit and meet with key opinion formers
- A Transport Edinburgh Map – This map would be a new and updated version of the Council's previous 'Edinburgh Travel Map' which detailed all the major bus routes of all bus operators. It is 88 cm x 60cm and is folded. The map's layout design, bus information and advertising will be updated by Transport Planning, Corporate Communications, with advertising support being handled by an external agency. Copies of the map will be distributed to all households in Edinburgh. Its distribution will be considered either by wrapping into a copy of Outlook or as a stand alone to be distributed by a mailing agency.

12 The New Brand

12.1 The main information programme will be triggered by the launch of the new Transport Edinburgh branding at the end of August. This will kick-start the public face of the information programme and will begin the brand raising awareness activities of Transport Edinburgh.

13 THE MARKETING MIX TO DELIVER THE STRATEGY

Radio Advertising

13.1 The Council has had a long and successful relationship with Radio Forth in major information campaigns. Radio Forth will act as the principal advertising media throughout the duration of this public information programme. It is a highly cost effective communications tool to use. Radio Forth 1 & 2 reach over one million people in our area. A creative and informative approach to how Transport Edinburgh will be 'Making Connections For You' will be devised through the themes of pollution, health and safety and quicker and cleaner transport choices, especially at times to support key events in the programme such as Transport Edinburgh Day. The opportunity exists to develop a number of initiatives, competitions and promotions with Forth One and Forth 2 to get the key messages across. Budget will be allocated to the purchasing of transport-

related items such as free bus passes, merchandising and, potentially, bicycles that can be given away in competitions by Radio Forth. However, private sector sponsorship will be sought to offset this. Competitions will focus on questions related to transport facts promoted during the course of a particular week. The emphasis is very firmly about what the Council has delivered, what is available and what could be available in the future.

Bus Advertising

- 13.2 In association with Lothian Buses, advertising will be devised that highlights the brand, reflects the key messages and imparts the themes of 'Making Connections'. This campaign will appear on all Lothian Buses over a period of five months with focused and tailored bursts of activity during Transport Edinburgh Day and similarly with the WEBS launch. The number of buses carrying advertising throughout the programme will be approximately 25% of the Lothian Bus fleet. Parking ticket advertising would also be used to support the information programme.

Media Relations

- 13.3 This is a core activity of the communications programme and requires a strong emphasis on local and national media within Edinburgh and the surrounding SESTRAN area. The majority of the media relation's strategy will be focused on a proactive approach. However, in the short term, much of the media activities will still be largely driven by reports to the Council Executive and full Council and it is imperative we identify every positive transport story during this period. As we move closer to the publication of the public inquiry report into congestion charging and the subsequent referendum, then national media interest will increase. We will also need to respond to national transport initiatives that may impact on the programme eg, the UK government's proposed plans for nation-wide road tolls.
- 13.4 Media relations' activity will focus on third-person contributor articles, press releases, photocalls, feature material on Edinburgh's transport plans, rebuttal of negative news and the organisation of print and broadcast interviews for key spokespeople to put across the agreed key messages. In the area of public transport we will seek to win the 'hearts and minds' of Edinburgh on the benefits of their public transport systems. The media relations programme will also include a programme of briefings to editors and key journalists.
- 13.5 The Corporate Communications media team will have responsibility for the media relations programme and will control all messages using information materials, key messages and facts, Q&As, photography and images, issue responses and statements for the Executive Member for Transport.

Website

- 13.6 The ITI website is a vital information resource and it will be updated with the new branding and new features linked to the brand themes. Home pages will be updated to feature visuals, facts and figures on all key areas and to provide a useful information tool to the public and media alike. To support the website as an information resource, it is intended that creative, user friendly, interactive pages are designed and updated with the latest data to encourage readers to return to the site. A website audit has been prepared that will determine the content and design of the existing ITI site.

Newsletters

- 13.7 The Council's quarterly newspaper, Edinburgh Outlook, is distributed to all households in Edinburgh. Outlook will have a key role to play in informing Edinburgh residents about transport improvements and its plans for the future. The September and December editions of Outlook will contain expanded coverage of transport issues and will allow the opportunity to flag up initiatives and events. In addition, opportunities will be sought to supply quality editorial on transport into partners' newsletters, such as Lothian Health, and tie's Stakeholder newsletters/emailers. Electronic versions of newsletters will be made available on the Transport Edinburgh website. Data base management will be necessary to monitor effectiveness of the activity.

13.8 TV Advertising

The Council has successfully utilised TV advertising in major information campaigns. TV advertising will be employed in the final months of the programme to encourage Edinburgh residents of the importance of voting in the referendum for the benefit of Edinburgh.

13.9 Leaflets

Leaflets will not have an important role to play in this public information programme, as our objectives will only be met by focussing on advertising, direct communications, providing information and media channels. However, one leaflet introducing Transport Edinburgh tailored to the Making Connections themes will be produced and distributed at public events. This leaflet will be used to support and reinforce information about transport initiatives that have already been achieved and those that will take place in the future. Leaflets will be necessary for a wide range of events such as Transport Edinburgh Day, seminars and stakeholder presentations.

13.10 Communicating with Council Staff

The potential role of CEC and tie's own internal audience as potential ambassadors for Transport Edinburgh must not be overlooked. Existing communication tools such as City News and Team Talk provide an opportunity to establish dialogue to discuss and debate the issues with the Council's 20,000 employees. We will consider if holding a series of presentations to staff will be beneficial once the Transport Edinburgh information programme is underway.

13.11 Newspaper Advertising

Newspaper advertising offers poor value for money and does not fit with the communications tools chosen for this particular public information programme. Newspaper advertising will not be used except to promote events and initiatives such as Transport Edinburgh Day and the Question Time/Conference session later in the year.

14 EVENTS

Fringe Sunday

- 14.1 The first event will be an exhibition within the City of Edinburgh Council marquee on Sunday 15 August. Displays will include an electric car, a pictorial comparison of congestion charging schemes across the world, trams and Integrated Transport Initiative displays, including the ITI map, in addition to children's games (congestion / cycling / walking choice game and a tree "calculator").

DVD Presentation Events

- 14.2 A public broadcast DVD presentation on the key transport messages will be screened at the St. James' and Gyle Shopping centres, from 30 August to 5 September. This will be the occasion to announce the new brand name for the ITI. A CD/DVD format of the presentation will be produced for distributing to key targets, including community groups, major employers, and key business organisations. This highly visual communications tool on high quality film will provide a creative and futuristic vision of Transport Edinburgh, using full branding and detailing the travel choices that will be available through greater investment in transport infrastructure.

WEBS Launch Event

- 14.3 A major public transport project now available to the people of Edinburgh. This is a key occasion to highlight an early success of

the transport strategy and discuss its benefits to the target audiences. A launch event will be devised that will offer the public a chance to sample this route.

Public Inquiry Event

- 14.4 The announcement of the Public Inquiry Report is an important landmark event within the transport strategy. The event format to announce its results will be devised as a press conference and will be conducted in association with *tie*.

Question Time Debate

- 14.5 Though the majority of effort will be concentrated in marketing, media and advertising activities, it is important that we engage with the public and create a forum for open and frank discussion to be held about the Council's transport agenda.
- 14.6 We plan to stage a Question Time event in association with the BBC in early to mid-November to allow the public to question advocates and opponents of our transport proposals. This would provide the Council with an opportunity to present the major arguments as to why congestion charging is necessary for a successful Edinburgh. And explain trams and public transport improvements to an invited audience, which could be made up of key targets together with business, employer and retail representatives.
- 14.7 It is hoped that Louise Bachelor would facilitate this evening event.
- 14.8 This event would provide a second platform for Ken Livingstone during his visit to Edinburgh.

Transport Conference

- 14.9 As an additional platform for Ken Livingstone, a mini conference in the format of the successful, Edinburgh City Region in the 21st Century Conference is proposed, focussing solely on transport issues for UK and Scotland.
- 14.10 In considering a high quality venue with enough capacity to hold around 600+ delegates, it is envisaged that this would be an all day event with the evening time given over to the Question Time event.
- 14.11 Invited keynote speakers would feature an Edinburgh perspective on congestion charging, possibly Nicol Stephen discussing Scottish charging policy, followed by a speech from Ken Livingstone on the London charging scheme. An afternoon session could focus on the European perspective with guest speakers from Trondheim, Rome, Bergen.

- 14.12 A more detailed working plan will be devised, however, Appendix 2 outlines a proposed format for such a conference.

tie STAKEHOLDER SUPPORT

1 Presentations

- 1.1 The tie Stakeholder Relationship Director will undertake a programme of presentations to various target audiences including business organisations, retailers and community groups. In support of this programme a DVD presentation of the key transport messages will be used.
- 1.2 At each presentation, a variety of information sources that impart the key transport messages will also be available, such as the Transport Edinburgh leaflet and information packs.

2 Stakeholder Forums

- 2.1 The tie Stakeholder Relationship Director is in the process of contacting target groups as part of ongoing consultation work for trams and congestion charging. The communications plan aims to support this programme of activity through a uniform approach to promoting key messages, using brand identity and a variety of informative materials and exhibitions in discussion groups. Other public forums will be considered for reaching the public on other transport and Council-related projects, eg LDCs.

3 Community, University and School Groups

- 3.1 These groups are an important audience for Transport Edinburgh. It will be necessary for tie to keep them informed of all facts and statistics relating to the information programme. Reaching these groups and including them in the debate will aid awareness and persuade them to think about the issues. These groups are more likely to be receptive to the arguments in favour of the transport strategy. They will be included in the programme of presentations for key target audiences. We will produce a full contact list for community publications we wish to contact.

4 Account Management and Work Plans

- 4.1 Detailed work plans for media, marketing and advertising elements of the communications plan will be produced on an ongoing basis. Detailed plans will be developed for the month ahead while a provisional plan for the following month will be drawn up. This ensures that work plans can more accurately reflect changing needs or changes in public perceptions. All work plans are subject to the scrutiny and approval of TCOG. Monthly

budgetary updates on a detailed / provisional basis and covering the same time periods must be filed on the same dates.

5 Budget

- 5.1 A detailed budget for this information programme is attached as Appendix 4.

6 Appendices

The Communications Strategy Table (Appendix 1)
The Transport Conference (Appendix 2)
Tie's Stakeholder Programme (Appendix 3)
Budget (Appendix 4)



Agenda Item 6b

Communications

b) Transport Edinburgh Launch

MEDIA LAUNCH OF TRANSPORT EDINBURGH

Introduction

The launch of Transport Edinburgh will demonstrate to the people of Edinburgh our transport agenda as a fully integrated story. The accompanying strong message is 'Now is the time for the people of Edinburgh to make a choice for the type of future they want for their city.'

Our presentation of the integrated transport package will allow people to make an informed choice. The presentation of the launch will be connected to the 21st century scenario planning and the question of 'Which future will we choose?'

We will focus on the achievements so far, as well as outlining the projects that have still to take place in the short and longer-term.

This is a key opportunity to clearly explain what our key messages are and why we have decided upon the new branding.

Launch Format

The launch is planned as a press conference with a highly visible presentation of the transport strategy using DVD film format, a powerpoint presentation, exhibition/information display panels and information materials. A small selected group of stakeholders would be invited. Tie will be responsible for putting together a list of guests from its stakeholders. It is hoped that a champion would chair the event and would attach his/her aspirations for Edinburgh's 21st century future.

In delivering the large amount of information and images about Transport Edinburgh to journalists it will be necessary to gather everyone together in an accessible and convenient location.

Venue

We are exploring a number of venue options:-

1. **A location near to the WEBS site** – Edinburgh Park Station, Edinburgh Park Marketing Suite with access to its roof.
2. **Haymarket**

Due to its close proximity to the Haymarket railway station, the office development at 19 Haymarket Yards is a suitable second choice location for the launch.

Date and Time

Monday, 30 August 2004 from 11 am approx.

Top Table

A top table will be formed that is made up of the following key partners. It is intended that a champion will be sought who will support Transport Edinburgh and who will endorse the transport agenda.

With support from a third party the scenario would be as follows:

- **The Scenario**

The 'top table' will be made up of:

- 11.30 am Introduction and Welcome**
Donald Anderson, Council Leader
Quality of life and 21st century approach, scenario planning, mention of referendum context

Tie/CEC Corporate Communications August 2004

11.40 am Chairperson

Aspirations for economic success, emerging success in delivery, need to inform, need for a unifying brand

11.50 The Local Transport Strategy

Andrew Burns, Executive Member for Transport

Delivery so far, ongoing and the choices for the future/Edinburgh's Strategic Transport Objectives, tie, TransDev/Lothian Buses

11.50 am Introducing Transport Edinburgh

Michael Howell, tie CEO

Projects delivered, projects being delivered and projects on the way

(Importance of solving the transport issues for the city, its people and their future; importance of joined up approach)

12pm Brand 'owner' (Andrew Burns?)

TE brand. What it stands for? How it fits with the referendum? Plans for the rest of 2004.

12.15 pm Thanks & Q&As

Media Relations Programme has been devised and will be implemented by tie and CEC Corporate Communications

Our strategy is to develop a short-term programme to gain media interest and with follow-up activity. The programme will be tailored for national, local and regional media and will include drafting the media invitation, devising and drafting a photo call notice, drafting and distributing of tailored press releases and feature articles and media monitoring and evaluation. A photo call opportunity to support the launch will be devised.

Information materials will be supplied together with copies of the DVD, photography of key speakers and accompanying press release and leaflet.

Projects to be highlighted

Here now:

Park and Ride
Cross Rail - three new stations
One Ticket
Mpark
New Bus Station
Greenways
Quality Bus Corridors

Coming Soon:

WEBS (West Edinburgh Bus System)
New pedestrian measures
New cycle routes
More Park & Rides
Bus improvements to include better timetabling and new bus shelters

In the years to come

Tram 1 & 2
Tram 3
EARL

Tie/CEC Corporate Communications August 2004

Draft Programme for "Transport Edinburgh" Conference

Registration and Coffee		08:30 – 09:00
Chairman's opening Remarks	Ray Perman	09:00 – 09:15
Session 1 The Edinburgh/Scottish/UK Scene		
CEC/tie Speech Edinburgh Charging Scheme	CEC/tie speaker	09:15 – 09:45
Keynote Speech Scottish Charging Policy	Nicol Stephen	09:15 – 10:15
The London Charging Scheme Concept to Delivery	Ken Livingstone	10:15 – 10:45
Coffee		10:45 – 11:15
Session 2 London in Detail		
The London Charging Scheme Performance During Year 1	TfL Michelle Dix or Malcolm Murray Clarke	11:15 – 11:45
The London Charging Scheme Lessons for Edinburgh	TfL John Mason/Peter Vine/ Mandy Courtney	11:45 – 12:15
Questions		12:15 – 12:30
Lunch		12:30 – 02:00
Session 3 Mainland Europe		
The Norwegian Experience Trondheim, Oslo, Bergen	Eirik Skjetne of SINTEF	02:00 – 02:45
The Rome Scheme Concept to Delivery and Performance	Mauritsio Tomassini of STA	02:45 – 03:30
Coffee		03:30 – 03:45
Session 4 Edinburgh		
The Edinburgh Scheme The story so far	Andrew Burns	03:45 – 04:15
Panel Discussion	Nichol Stephens Ken Livingstone Andrew Burns Mauritsio Tomassini Eirik Skjetne	04:15 – 05:00



Agenda Item 6c

Communications

c) Stakeholder Management Report

Stakeholder	Date	Responsible	Communication	Key Messages
Chartered Institute of Personnel & Development – East of Scotland Branch	14 October	ML & suppt from Corp Comms	Presentation & discussion evening	Benefits for Edinburgh employers of transport infrastructure – implications of congestion charging – dispelling the myths
Q-Events – business women's networking group	20 October	ML & suppt from Corp Comms	Lunchtime presentation & Q&A session	Economic benefits – capital gains theme
Morton Fraser WS Talking Environment Group	13 Oct	ML & suppt from Corp Comms	Lunchtime Presentation & Q&A session	Capital gains, economic prosperity, environmental and health themes
Now Business – Entrepreneurial Group	October + special transport forum Nov	ML & suppt from Corp Comms	Evening Presentation	Capital gains, economic prosperity – 21 st Century Edinburgh
Age Concern Scotland – Edinburgh Branches	August 16 th	ML & MK	Letter + questionnaire & newsletter to membership + feature article in Advantage Magazine	Benefits to older population, quality of life, access to more transport choices, health road safety
Connect Scotland	Sept/Oct/Nov TBC	ML & suppt from Corp Comms	Evening Presentation	Capital gains, economic prosperity – 21 st Century Edinburgh + IT opportunities for young companies under the future of congestion charging
Institute of Chartered Accountants	8 Dec	ML & KM/GD	Lunchtime presentations on different aspects of Transport Edinburgh	Capital gains, economic prosperity, environmental and health themes

Wee Entrepreneurs	TBC subject to sponsorship fee	ML & suppt from Corp Comms	Addition of members to stakeholder newsletter + specialist written advert aimed at members	Capital gains, economic prosperity – 21 st Century Edinburgh
Institute of Directors	July – Dec	ML & suppt from Corp Comms	Edinburgh Committee added to distribution of stakeholder newsletter + content of newsletter added to circulation for Scottish members	Capital gains, economic prosperity – 21 st Century Edinburgh
Metis Partners Network	July - Dec	ML & suppt from Corp Comms	Addition of members to stakeholder newsletter	Capital gains, economic prosperity – 21 st Century Edinburgh
East of Scotland Businesswomen's Club	Aug	ML & suppt from Corp Comms	Addition of members to stakeholder newsletter	Capital gains, economic prosperity – 21 st Century Edinburgh
Law Society of Scotland	TBC	ML & suppt from Corp Comms	Presentation to members	Capital gains, economic prosperity – 21 st Century Edinburgh
Retail Summit	17 August	ML & JS	Discussion of initiatives for spend of £15m with findings from DTZ study	Open discussion encourage spirit of constructive co-operation

Agenda Item 6c

Stakeholder	Date	Responsible	Communication	Key Messages
CEC Housing Development Dept	10 Aug	ML & suppt from Corp Comms	Presentation & Q&A session	Capital gains, economic prosperity, environmental and health themes, inform and dispel myths
National Asthma Campaign Scotland	October	MK/SC	Feature article in quarterly magazine for members	Health benefits of congestion charging, lowering pollution, benefits of trams – cleaner air, better quality of life
Edinburgh Voluntary Organisations Council	9 August & thereafter monthly	ML & suppt from NRB	Monthly noticeboard newsletter to charitable organisations in Edinburgh	Stakeholder newsletter July and thereafter monthly.
Queen Margaret University College	Late October	ML & suppt from Corp Comms	Presentation to students and staff	Sustainable transport, cleaner air, safer streets, transport investments, access to study, work and better quality of life
Heriot Watt University	27 October	ML & suppt from Corp Comms	Presentation to students and staff & debate	Sustainable transport, cleaner air, safer streets, transport investments, access to study, work and better quality of life
Independent Schools	Autumn Term	MH	Presentations to 6 th form students	Sustainable transport, cleaner air, safer streets, transport investments, access to study, work and better quality of life
Public Sector Schools	Autumn term TBC by Education dept	ML & suppt from Corp Comms	Presentations to 6 th form students	Sustainable transport, cleaner air, safer streets, transport investments, access to study, work and better quality of life

Agenda Item 6c

Stakeholder	Date	Responsible	Communication	Key Messages
British Heart Foundation	TBC	ML Suppt from Corp Comms	Presentation/ newsletter to membership TBC	Transport choices, health activity, quality of life
Grapevine	19 August	ML & SC	Presentation/ newsletter to membership TBC	Benefits for the disabled of better access to public transport, reduced congestion, quality of life issues
Edinburgh Community Transport Voluntary Group	Oct TBC	ML Suppt from Corp Comms	Presentation at October meeting + circulation of newsletter	LTS transport plans, up-date on each project, benefits to group & its clients – mainly disabled or elderly.
Scottish Financial Enterprise	16 August	ML Suppt from Corp Comms	Arranging presentation or discussion forum with SFE members in Edinburgh	Capital gains, economic prosperity, environmental and health themes, inform and dispel myths
RBS	26 August	ML & GD	Discussion of RBS Sustainable Transport Strategy & communication channels in RBS	Capital gains, economic prosperity, environmental and health themes, inform and dispel myths
Chairs of Traders Associations, Princes St, Old Town, Grassmarket, George St, Rose St, St James Centre	26 August	ML&JS	Presentation to up-date current position + spend of £15m	Open discussion encourage spirit of constructive co-operation

Monica Langa
18th August 2004



Agenda Item 7

Heavy Rail

- a) EARL
- b) SAK



Agenda Item 7a

Heavy Rail

a) EARL

Paper to: tie Board
24th August 2004

Subject: Heavy Rail Update

From: Paul Prescott

Date: 16th August 2004

Edinburgh Airport Rail Link (Susan Clark)

Technical & Environmental

We are aiming to achieve a design pause for the project by mid August. This will allow detailed design to be progressed and after any input from the public consultation has been fed in we can freeze the design by mid November. Key areas to be finalised relate to the station (open or sub-surface); whether grade separation at Winchburgh Junction is worthwhile; and precise alignment at Gogar in relation to the Turnhouse runway and Tram Line 2 depot. All these are close to resolution. Earlier issues relating to the level of the 2nd runway have been resolved.

An Environmental Scoping study has been completed. Ecological surveys are in progress along with a desktop flood study.

The topographical survey and phase 2 Geo-technical surveys are almost complete.

Public Consultation

Ministerial support is being secured to launch the Public consultation of EARL in early September. As this is a national project, the consultation will differ to that seen for Trams. There will be newspaper and radio advertising, supplemented by leaflets on trains and posters at many main rail stations. Exhibition stands will be located at the airport and Edinburgh Waverley. A website will allow on-line feedback and a helpline number is being set up. Finally, a public meeting will be held. The consultation runs from 13th September until 29th October.

Planning

Concerns were raised at the last board meeting in relation to the preferred route for EARL running close to Tramline 2 in the West Edinburgh area. This concern related to the potential severance of development land. As a result of these concerns a number of meetings have been held with CEC Planning and the West Edinburgh Planning Framework Steering Group. These meetings have been very positive. They have allowed those concerned to see both vertical and horizontal alignments for the route in relation to Tramline 2 and have demonstrated that the land to the north of the route will still be capable

of development. Further reviews are taking place within CEC and a paper is being presented to Executive on 21st September.

Procurement

A Procurement Group has been established for EARL to take an early view on the most appropriate procurement, contracting and funding strategy for the project. Currently a number of client and contractor organisations are being visited to harness best practice in relation to similar complex infrastructure projects. This workstream is running in parallel to the work recently started with our Financial Advisors to develop the business case and funding statement for the project. The aim of the group is to be able to go out to the industry by early next year at the latest to outline the approach and timescales. Regular updates will be presented to the Board.



Agenda Item 7b

Heavy Rail

b) SAK

Stirling-Alloa-Kincardine (Richard Hudson)

Management Arrangements

We now have drafts from our lawyers (Dundas & Wilson) for each of the 3 contracts necessary for tie to manage the project. These are:

- a contract between Clackmannanshire and tie for overall management of the project, in which we act as their agents and oversee the management of all workstreams;
- a contract between Clackmannanshire and tie for management of the workstream covering rail industry contracts (management of the other major workstream covering construction is exercised by Jacobs Babbie under their existing contract with the council);
- a contract between tie and Jacobs Babbie to govern our joint activities (previously referred to as a JV).

These contracts have been drawn up following discussions with Clacks and Babbie, and so it should now be fairly straightforward to proceed to agreement and formal endorsement. However the history of the project so far encourages caution.

Project programme

The key milestone for the project is to get approval at a meeting of Network Rail's London-based Investment Board not later than December. This will permit our contractors to gain full access to the site from the new year. Meanwhile phase 1 (see below) is scheduled for completion by the end of October 2004.

A draft of the main construction programme has been received from First Nuttall which indicates completion of construction by April 2006 (the earlier target was December 2005). We are now reviewing this. Train operation would be later than this date to allow for commissioning and staff training.

Parliamentary

The Scottish Parliament approved the Bill in July, and on 9 August it received Royal Assent, making it an Act. The Act gives Clackmannanshire powers to construct the railway as specified, and in particular to require co-operation from affected landowners. The major ones are Network Rail, Scottish Power and Diageo, who are all co-operating. The one exception is the company owning the BP petrol station at the new Alloa station site who are dragging their feet, and we (on behalf of the council) may need to push matters along.

Contracts with Network Rail

Biggart Baillie have been appointed to assist us in the negotiation of the Asset Protection Agreement (APA) with Network Rail. Two meetings have been held with Network Rail to discuss the terms of the APA and the output from these meetings is now being drawn up by the solicitors. Further meetings will be arranged when a draft is available. The target for agreement of the APA is in September to allow Network Rail approval through their various committees not later than December.

Technical & Environmental

The First Nuttall JV has been appointed and has commenced work on phase1 which is the completion of Outline Design and agreement of the Target Cost and Risk Allocation. The Joint Project Team is now co-located in the project offices in Alloa. The target cost for this phase has been agreed.

Fugro Engineering Services have been appointed to carry out Ground Investigation. Access for this has been agreed with Network Rail, and a fence has been erected near Causewayhead in Stirling to demarcate the site.

Risk Management

The risk management process for the project has begun.



Agenda Item 8

AOB –

- a) Freedom of Information (Scotland) Act**
- b) Meeting with Adrian Colwell– 1st September**



Agenda Item 8a

AOB –

a) Freedom of Information (Scotland) Act



Freedom of Information (Scotland) Act 2002

1. Introduction

Further to the report to the last Board, the draft publication scheme for tie was modified to incorporate the boards views and sent to the information commissioner for comment. The version sent to the commissioner is attached. The commissioner has responded to the draft and to specific questions asked of them and the response is reported below for board decision. tie is required to publish for approval by the Scottish Information Commissioner a Publication Scheme by 31st August this year to be effective by 30th November.

2. Commissioner's comments

3.1: This publication scheme is based on the Model Publication Scheme for Publicly Owned (Active) Companies and has been developed by the Scottish Information Commissioner. This statement needs to clarify the fact that the Commissioner created the model and that TIE's own scheme has been based upon this. This statement suggests to me that the Commissioner created your modified version of the model.

Action: Wording will be modified

5.1 States that info included within the scheme will be provided within 20 working days. Given that the scheme identifies information that has been identified and prepared for publication, we would expect that requests for the information it lists would be satisfied within far less time than the 20 day maximum. As you note though, this might be slower where a charge is required.

Action: Insert maximum of

5.1 That the disclosure may seriously prejudice the commercial interest or confidentiality of any person or organisation. The confidentiality exemption in the Act does not refer to substantial prejudice. I suggest an alternative wording of this point. That the disclosure may seriously prejudice the commercial interests of any person or organisation, or breach the law of confidentiality.

Action: Wording will be changed accordingly

5.1 That the Disclosure is otherwise prohibited by law, for example, the information comprises of a City of Edinburgh Council Committee Report which has been or is to be considered in private because it contains "exempt information" which is defined in Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973. Apart from where confidential information is concerned, the exemptions listed in Sch. 7A of the Local Government



(Scotland) Act (1973) are optional. This means that most information that is Exempt for the purposes of that Act will not be automatically exempt from release under FOI under s.26 (prohibitions of disclosure). For this reason, this is not a particularly helpful example of a prohibition on disclosure.

Action: The example will be deleted

7.1- We encourage inclusion of telephone as an option for accessing information under a publication scheme as the routine requests for information published under the scheme should be simply answered outside the scope of the more formal procedures required by requests for non-published information. It would be helpful to provide the contact details for all of the methods you list in this section alongside this list.

Action: Details will be added

Charges for publications. As the publications listed in this scheme should be ready to be provided to people when they request them. While there is no problem with charging for the publications themselves (as long as charges are not unreasonable), I am concerned by your proposal to charge £15 per hour for staff time in responding to requests. If you wish to charge for all publications other than where accessed through the internet, I recommend that you alter this to attach a small charge per publication.

Action: Board decision required

3. Board Decision

The board is asked to approve the draft publication scheme for tie for submission to the Information Commissioner subject to the amendments outlined above and to the decision on charging.

Alex Macaulay

Projects Director

19 08 04

Transport Initiatives Edinburgh Limited (tie)
Registration Number SC230949
Registered Office: City Chambers, High Street, Edinburgh, EH1 1YJ

Freedom of Information (Scotland) Act 2002
Publication Scheme

1 Introduction

1.1 Welcome to the publication scheme for Transport Initiatives Edinburgh Limited (**tie**). This is a guide to the information routinely made available by **tie** as required under Section 23 of the Freedom of Information (Scotland) Act 2002 (**the Act**)

1.2 The Act gives a general right of access to all types of recorded information held by public authorities or publicly owned companies, sets out exemptions from that right and places a number of obligations on public authorities and publicly owned companies.

Any person who makes a request to a public authority or publicly owned company for information is entitled to receive that information, subject to exemptions.

1.3 Under Section 23 of the Act, **tie** must adopt and maintain a publication scheme setting out the information we routinely make publicly available. Our scheme has to be approved by the Scottish Information Commissioner, who is responsible for the enforcement of the Act. In addition, we have to review the scheme from time to time. In adopting (or renewing) our publication scheme, we are required to have regard to the public interest in:

- allowing public access to information we hold; and
- the publication of reasons for the decisions we make.

1.4 Our publication scheme must:

- set out the classes of information which we publish or intend to publish;
- say how we will publish the information in each class; and
- say if we will provide the information free of charge for it.

The purpose of our publication scheme is to let you know what information is readily available from us. By readily available we mean that the information can be obtained from us on request.

1.5 **tie** has regard to the public interest in the information it holds. In preparing to meet its obligation under the Act, including the drawing up of this publication scheme, it has been mindful of the value of openness and transparency.

2 About tie

2.1 **tie** is a company incorporated under the Companies Acts on 30 April 2002, which aims to establish, acquire, conduct and carry on the business and businesses of

FOISA **tie** Publication Scheme

providing or procuring the provision by others of any service, need or requirement with regard to and in respect of any transport projects.

2.2 The issued share capital is one share and this is held by The City of Edinburgh Council. There is an authorised share capital of £1,000 but no other shares have been issued.

2.3 **tie's Role**

2.3.1 The purpose of **tie** is

- 2.3.1 (a) (i) To promote, support and/or effect the development, procurement and implementation of projects defined or referred to in an integrated transport strategy as determined and varied from time to time by The City of Edinburgh Council; and to do all such other things as are incidental or conducive to the attainment of those objects;
- (ii) to carry on, promote or develop any trade or business in the field of transport required in connection with the said integrated transport strategy including the establishment and management of a Road User Charging Scheme (**RUC Scheme**), achieving statutory approval for the RUC Scheme, informing the public of the RUC Scheme, carrying out the development of the RUC Scheme, implementing the RUC Scheme and managing the operation of the RUC Scheme and to provide services of all kinds which may be required, directly or indirectly, in connection with any of the foregoing;
- (iii) to establish, acquire, conduct and carry on the business and businesses of providing or procuring the provision by others of any service, need or requirement with regard to and in respect of any transport projects.

3 **Formulating the Scheme**

3.1 This publication scheme is based on the Model Publication Scheme for Publicly Owned (Active) Companies and has been developed by the Scottish Information Commissioner. The Scottish Information Commissioner is responsible for the promotion and enforcement of the Act.

3.2 Section 23 of the Act provides that in adopting or renewing its publication scheme **tie** must have regard to the public interest in allowing public access to information about:

- the services provided by **tie**;
- the costs of those services;
- the standard attained by those services;
- the facts which form the basis of decisions taken by **tie** which are of importance to the public; and

- the publication of reasons for decisions made by it.

We have therefore included, as far as possible, information about those matter in this scheme.

3.3 The Board of **tie** has considered the Publication Scheme and has endeavoured to reach the correct balance between public interest and commercial confidentiality.

3.4 **tie** expects to review the scheme regularly and the process will be informed by the introduction of regular monitoring of requests for information.

4 **Responsibility for the Publication Scheme**

4.1 The person responsible for the overall running of the scheme is:

Michael D Howell
Chief Executive
Transport Initiatives Edinburgh Limited
Verity House
19 Haymarket Yards
Edinburgh
EH12 5 BH
Telephone: 01 [REDACTED]
Fax: 0131 622 8301
E-mail: Michael.howell@tie.ltd.uk

4.2 The person responsible for the day to day administration of the Scheme is:

Heather Manson, Telephone 0131 [REDACTED]
Transport Initiatives Edinburgh Limited
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH
email: Heather.Manson@tie.ltd.uk

5 **Exemptions**

5.1 (a) All information included in this scheme must be provided within 20 days of the later of (i) the date of the request for information or if subsequent information is necessary in order to deal with the request, the date of receipt of any such subsequent information and (ii) payment of any fee charged (subject to the exemptions discussed below).

(b) From 1 January 2005, the general entitlement to make a request for information under section 1 of the Act will enable any member of the public to make a request for information.

tie aims to be as open as possible with the information it holds. However information may be withheld from any of the classes of information listed in Section 11 where it is considered that the disclosure may fall within one of the exemptions contained in the Act:

- That the disclosure may seriously prejudice the commercial interest or confidentiality of any person or organisation.
- That the information is personal information under the Data Protection Act 1998.
- That the Disclosure is otherwise prohibited by law, for example, the information comprises of a City of Edinburgh Council Committee Report which has been or is to be considered in private because it contains "exempt information" which is defined in Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.
- That the Disclosure may seriously prejudice law enforcement, legal proceedings or our regulatory or enforcement activity

5.2 When **tie** withholds information it will indicate why the information is being withheld. However, even where an exemption exists, it may nevertheless be possible to provide copies with the exempted information edited out. If you wish to complain about information which is being withheld from you please read the complaints section below.

6 Copyright

6.1 Information obtained from this Publication Scheme may be subject to **tie** copyright. If so it can be copied or reproduced without formal permission, provided it is copied or reproduced accurately, it is not used in a misleading context or for purposes prejudicial to **tie**'s commercial interest and provided that the source of the material is identified and the copyright status acknowledged.

6.2 Some material we include in our scheme may be the copyright of a third party. Our rights to hold and use such material do not extend to others. You must obtain authorisation from the copyright holder(s) concerned if you wish to copy or reproduce such material.

7 Accessing information under the Publication Scheme

7.1 There are various ways in which information can be accessed under the publication scheme:

Online: Some information listed in our publication scheme is available from **tie**'s website.

By email/electronic disc: If the information you request is not available on this website but is listed in our publication scheme we will send it to you by email, wherever practicable or provide the information on an electronic disc. When requesting information, please include a telephone number so that we can telephone to clarify details, if necessary.

[By phone: Information can be requested over the telephone - please provide full contact details, including a telephone number, so that we can telephone to clarify any details if necessary.]

By post: All information is also available in a paper copy form. Please address your request to Heather Manson, Transport Initiatives Edinburgh Limited, Verity House, 19 Haymarket Yards, Edinburgh, EH12 5BH. When requesting information, please include the following details: your name and address, the

information or documents you want to see and any fees applicable. Please include a telephone number so that we can telephone to clarify details, if necessary.

Personal Visits: For some classes of information, you will need to make an appointment to view the information. Please contact Heather Manson.

- 7.2 Heather Manson is willing to assist individuals who have difficulty in identifying the information they require or formulating the request.

8 Charging Policy

- 8.1 There will be a standing charge of £10 for dealing with requests for information. In return, **tie** will provide hard copies of the information requested up to 100 sheets. Thereafter **tie** shall be entitled to recover all reasonable costs incurred in dealing with requests for information including a charge of £15 per hour for staff time, 10 pence per sheet in excess of 100 sheets and the cost of any electronic disc provided.

- 8.2 Charges will be kept under review.

9 Complaints

- 9.1 Unfortunately sometimes things do go wrong. If the information you have received is not what you needed, whether under this Publication Scheme or otherwise under the Act, the person you are dealing with within **tie** will try to meet your requirement or explain why the information is not available.

- 9.2 If you believe that your complaint has not been handled fairly, impartially or promptly, and cannot be dealt with satisfactorily on an informal basis then you should contact Michael Howell, whose contact details can be found at Section 4

- 9.3 If we are unable to resolve any complaints, you can complain to the Scottish Information Commissioner who oversees the Act and whose contact details are below. From 1 January 2005, when the general rights of access comes into force, there will be a formal appeal mechanism when information is withheld. Further details on this will be available on the Commissioner's website at www.itspublicknowledge.info before this date:

Scottish Information Commissioner
Kinburn Castle
Doubledykes Road
St Andrews
KY16 9DS
Telephone: 013 [REDACTED]
Fax: 01334 464611
E-mail: inquiries@itspublicknowledge.info

10 Feedback

- 10.1 As part of our statutory duty we are required to review our publication scheme periodically. **tie** welcomes comments, suggestions and views on how it can help

develop our commitment to openness and transparency through the publication of information. For instance:

- Did you find the information you sought easy to locate and were the members of staff helpful?
- What did you like and dislike about this publication scheme?
- Is there any additional information you would like to see made available through the Publication Scheme?
- What improvements would you like to see in the format of the Publication Scheme?
- Do you have suggestions on how **tie** can be more open and transparent in the provision of information?

Please send your comments to:

Heather Manson
Transport Initiatives Edinburgh Limited
Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH

Telephone: 0131 6 [REDACTED]
Fax: 0131 622 8301
E-mail: Heather.Manson@tiedinburgh.co.uk

11 Classes of Information

- 11.1 The following classes set out the information which **tie** are making available under this publication scheme.

Class 1 - Legal framework

tie's certificate of incorporation, memorandum and articles of association and address of the registered office.

Format

Website: www.ititime.com
Email or electronic disc
Hard Copy

Timescale of availability

From 30 November 2004

Fee

Information accessed via the website is available free of charge
Information requested by email is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request

Information requested on electronic disc is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request plus the cost of the disc
Information requested in print is available at 10 pence per page plus £15 per hour or part thereof for staff time spent fulfilling the request

Class 2 - Financial resources

The annual accounts and auditor's report for financial year 2003/4 to the present;
the annual business plan.

Format

Website: www.ititime.com

Email or electronic disc

Hard Copy

Timescale of availability

From 30 November 2004 and thereafter within 28 days from final approval by The City of Edinburgh Council or the the board, as appropriate

Fee

Information accessed via the website is available free of charge

Information requested by email is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request

Information requested on electronic disc is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request plus the cost of the disc

Information requested in print is available at 10 pence per page plus £15 per hour or part thereof for staff time spent fulfilling the request

Class 3 - Board meetings

Minutes, agendas and papers of Board meetings from 1 January 2005 to the present

Format

Website: www.ititime.com

Email or electronic disc

Hard Copy

Timescale of availability

Within 28 days from the date of the subsequent board meeting which approves the minutes

Fee

Information accessed via the website is available free of charge

Information requested by email is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request

Information requested on electronic disc is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request plus the cost of the disc

Information requested in print is available at 10 pence per page plus £15 per hour or part thereof for staff time spent fulfilling the request

Class 4 - Directors

List of the names of current directors

Format

Website: www.ititime.com

Email

Hard Copy

Timescale of availability

From 30 November 2004 and thereafter within 28 days from any approved change

Fee

Information accessed via the website is available free of charge

Information requested by email is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request

Information requested on electronic disc is available at a charge of £15 per hour or part thereof for staff time spent fulfilling the request plus the cost of the disc

Information requested in print is available at 10 pence per page plus £15 per hour or part thereof for staff time spent fulfilling the request



Agenda Item 8b

AOB –

b) Meeting with Adrian Colwell– 1st September