



TRANSPORT SCOTLAND DIRECTORS' BOARD MEETING

MINUTES OF MEETING HELD IN BUCHANAN HOUSE, GLASGOW AT 2PM ON MONDAY, 19 MARCH 2007

Present:	Malcolm Reed	Chief Executive
	Jim Barton	Director of Trunk Roads Network Management
	Frances Duffy	Director of Strategy & Investment
	Guy Houston	Director of Finance & Corporate Services
	Ainslie McLaughlin	Director of Trunk Roads: Infrastructure & Professional Services
	Bill Reeve	Director of Rail Delivery
	Lucy Adamson	Head of Communications
	Ian Docherty	Non-Executive Director
	Jacqueline Redmond	Non-Executive Director
In Attendance:	Angus Macleod	PS/Transport Scotland
	Jim Berryman	Corporate Finance Team (<i>For Agenda Item 2 only</i>)
	Howard Hart	Communications Team (<i>For Agenda Item 5 only</i>)
	Ian Coldwell	Pagoda PR (<i>For Agenda Item 5 only</i>)

Agenda Item 1: Minutes of Previous Meeting and Matters Arising

1. The minutes of the meeting held on 19 February (TSDB(07)2nd Conclusions) were approved.

Matters Arising

Quarterly Review of projects

2. The Minister had not yet agreed to publish the last quarterly review as he had concerns about the delay in some projects. This should be included in the Executive Board pack as an issue and the report circulated to Board members for information. (**Action: Jim**

Berryman to include issue in Board pack, Ainslie McLaughlin to circulate last quarterly review report).

Agenda Item 2: Executive Board Pack (Paper TSDB(07)05)

3. Jim Berryman introduced paper TSDB(07)05 which had been slightly revised since the last meeting, including more detail on Partnership Agreement commitments.

4. In discussion the following points were made:

4.1 Format of Board pack

(a) At previous meetings there had been detailed discussion on the layout of the Board pack, but as the next Directors away day was on 23 March, it may be preferable to discuss the format there;

(b) There wasn't much forward-looking material in the pack and this may explain why a lot of the Board meeting was about reviewing decisions rather than strategic planning;

4.2 Concessionary Fares

(a) There were still issues with the supply of the components required to deliver the smartcard system across Scotland for the concessionary scheme by March 2008;

4.3 Stirling-Alloa-Kincardine project

(a) The sub-contractor on the project had an insufficient number of signalling designers for the project and had failed to book possession of the railway line to do the necessary work. These failings meant that there was likely to be a 4-month delay in the project;

(b) It was a target cost contract and so there was no expectation of being able to extract penalties;

(c) The problems had been identified by Transport Scotland rather than Transport Initiatives Edinburgh (tie) or Clackmannanshire Council. Whilst tie was a more effective organisation than it had been previously, there were still issues around its ability to manage other major rail projects. The possibility of Transport Scotland taking more direct control over other major rail projects had advantages and disadvantages. The risk with the rail projects lay with Scottish Ministers and it may therefore make more sense for Scottish Ministers to have more direct control. However, organisations like tie had more freedom to operate and could recruit staff at market rates, though this wouldn't prevent Transport Scotland managing them as agents, as was done on the major trunk road projects;

(d) If tie was to be replaced, the decision would need to be taken very carefully as Transport Scotland did not currently have the capability or capacity to manage major rail projects directly;

4.4 M8 Baillieston to Newhouse

(a) The Office of the Solicitor to the Scottish Executive (OSSE) had appointed 2 solicitors to work on Transport Scotland's legal requirements and they would be in place by the end of the month. This would not necessarily reduce the delays to projects like the M8 Baillieston to Newhouse, but should mean there would be no further delays on the legal issues;

4.5 M74 Completion project

(a) The terms of reference had been agreed with the joint venture company at the end of February. The company was working on its bid for the tender, which should be received by early July. The detailed costs comparator was being developed to establish target costs;

(b) There hadn't been many bids on the M74 project because it was happening at the same time as the M25 project was entering the contract process;

(c) Work was ongoing to mitigate the delays to trunk road projects caused by the lack of legal resources from OSSE.

4.6 Forth Replacement Crossing (FRC)

(a) There were 3 key policy decisions that would affect the FRC: whether there should be tolling; the role of the Forth Estuary Transport Authority (FETA); and the wider issue of road pricing. It was hoped that the issues of tolling and of FETA would be resolved by the time Cabinet discussed the FRC again in the summer, though road pricing was politically very sensitive and it would take longer to reach a decision;

(b) Financing of the FRC would need to be agreed before the procurement strategy could be drawn up;

(c) The Minister was seeking input from across the Executive into the governance of the FRC. It may be worthwhile convening a project conference to get all the interested parties together

4.7 Other projects progress

(a) Rolling stock procurement wasn't tied to the Strategic Transport Projects Review (STPR) as the review was primarily for after the next spending review period. There were ongoing internal discussions about rolling stock which it would be helpful for the Board to be updated on. Rolling stock would need to be procured for the major projects by the end of 2007 and Transport Scotland would need to be aware of the recent announcement by the DfT that it was procuring 1000 carriages as this may have an impact on Scotland's ability to procure rolling stock;

(b) Preparations for the Strategic Spending Review 2007 (SSR07) were at an early stage and the Board would need to be kept informed of developments;

4.8 Significant Risks

(a) It was possible Internal Audit was going to issue a qualified set of accounts for the concessionary fares scheme because they were not 'smart-enabled' and therefore liable to fraud. The actual risk of there being fraud was minimal as most of the claims came from the big bus operators and Transport Scotland was checking those claims;

(b) The categorisation of risks needed revised as there were currently too many high impact and high likelihood risks that shouldn't actually be in that category;

4.9 Finance

(a) The budget forecast was still on course for spending the entire £1.4bn budget in the agency's first full year of operation, which was a remarkable achievement, though any further slippage in the spend on projects would reduce this;

(b) The corporate finance team was not always being informed about key financial information and it was important that the team was included in the circulation list for Ministerial submissions and other correspondence relating to the Transport Scotland budget;

4.10 Communications

(a) Research was being commissioned to look at the branding used at project sites (road and rail) and how clear the information was to the public;

Part of the record of discussion under this agenda item is considered exempt from publication at this time and has been redacted

5. The Directors' Board agreed that:

(a) The role of the Board pack in supporting the Board should be discussed at the Directors away day on 23 March. **(Action: Guy Houston and PS/Transport Scotland);**

(b) The Board should be updated on both rolling stock procurement and the SSR07 as part of the Board pack and for future discussion at a Board meeting. **(Action: Jim Berryman to include in Board pack, PS/Transport Scotland to include on agendas for future meetings);** and

(c) The categorisation of risks in Transport Scotland needed to be reviewed. **(Action: Guy Houston and corporate finance);**

(d) The corporate finance team needed to be informed of any changes to spend forecasts on projects as well as other key financial decisions and issues. **(Action: all Directors to remind teams);**

(e) Communications issues to be discussed at next high-level meeting with Network Rail. **(Action: Bill Reeve and Rail Delivery).**

Agenda Item 3: Transport Scotland Business Plan 2007-08 (Paper TSDB(07)06)

6. This paper was deferred to the Directors' away day on Friday, 23 March for discussion.

Agenda Item 4: Status of Executive Board Pack under FoI (Paper TSDB(07)07)

7. Angus Macleod introduced paper TSDB(07)07 which gave the Board the advice from the Executive's FoI Unit. Currently the summary page of the Board pack was circulated to all staff as an attachment to the summary of the minutes circulated by PS/Transport Scotland. Given the summaries of the minutes would be published on the website, it needed to be decided whether the summary page of the Board pack should also be published. The Board pack as a whole could be considered exempt under section 30(c) of the Freedom of Information (Scotland) Act as it may substantially prejudice the conduct of public affairs.

8. In discussion the following points were made:

(a) Publishing the summary page of the Board pack on the website would not only lead to requests for the full Board pack, but also potentially release information exempt under the legislation, in particular commercially sensitive information around the major projects;

(b) The front page summary was helpful in giving people in the agency the context to what the Board was discussing; and

(c) The issue of FoI and publication of the Board pack was related to the discussion of the format and style of the pack which was being discussed at the Directors away day.

9. **The Directors' Board agreed that:**

(a) Given the commercial sensitivities, the summary of minutes should be published on the Transport Scotland website without the front page summary of the Board pack;

(b) There should be a further discussion on the Board pack and FoI at the Directors away day.

(Action: Guy Houston and PS/Transport Scotland)

Agenda Item 5: Internal Communications Audit (Paper TSDB(07)08)

10. Howard Hart introduced paper TSDB(07)08 which gave the Board the background to the internal communications audit carried out by Pagoda PR. Ian Coldwell gave a presentation on the audit and the initial findings and draft recommendations in the report. A survey was carried out within the agency and this was followed-up by focus groups. The response rate was fairly evenly spread across Transport Scotland. The results were broadly positive, but there was substantial variation between directorates. The main recommendation was to establish a team briefing system, building on the managers' forum, getting team leaders to take ownership of communications. An important part of this would be to

introduce a feedback loop and the forum would play a role in that. If this recommendation was acted upon correctly it would have a significant impact on internal communications. Other recommendations included: developing the monthly news bulletin into an e-zine covering all directorates; building the visibility of senior management; having an annual lengthy session with managers; and holding well-structured directorate meetings.

11. In discussion the following points were made:

- (a) There was more segregation between senior management and directorates in Buchanan House than there had been in Victoria Quay;
- (b) It was important to empower managers to pass on important information to their staff; and
- (c) It would help communications to have improved organisational charts and signage within the building so people could identify who they needed to talk to and go and visit them rather than using e-mail;
- (d) Depending on the Board's agreement, the final report would be built into the next communications strategy, part of which would be to communicate the survey to all staff.

12. **The Directors' Board noted** the initial findings and recommendations of the audit and **agreed** that the final report should be discussed by the Board once it was produced. **(Action: Guy Houston and Communications team)**

PS/Transport Scotland
March 2007