



TRANSPORT SCOTLAND DIRECTORS' BOARD MEETING

MINUTES OF MEETING HELD IN BUCHANAN HOUSE, GLASGOW AT 10AM ON FRIDAY, 20 APRIL 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
In Attendance:	Angus Macleod	PS/Transport Scotland
	Jim Berryman	Corporate Finance Team

Apologies

1. Jacqueline Redmond was unable to attend the meeting.

Agenda Item 1: Minutes of Previous Meeting and Matters Arising

2. The minutes of the meeting held on 19 March (TSDB(07)3rd Conclusions) were approved, subject to paragraph 4.5(b) being amended to start "There hadn't been many bids on the M74 project...".

Matters Arising

Relations with Network Rail

3. **The Board noted** that relevant Directors would be attending a joint away day with Network Rail managers to discuss the working relationship between the 2 organisations.

Agenda Item 2: Executive Board Pack (Paper TSDB(07)09)

4. Malcolm Reed introduced paper TSDB(07)09, the monthly Executive Board Pack.
5. In discussion the following points were made:

5.1 *Cross-Glasgow connections*

(a) One of the strands of work from the Strategic Transport Projects Review (STPR) was looking at cross-Glasgow connections. There had been 2 workshops on the issue which had suggested 12 different packages of measures to improve connections and work was ongoing to encapsulate the detail of what each package would require. Some of the packages had massive costs attached and the aim was to show what was realistic without limiting ambitions. A detailed cost/benefit analysis would be done on each package. Whilst there were some cheaper options in the different packages, there was no cheap technical solution to achieve a modal shift;

(b) The evidence of the flow of traffic suggested there was an issue about going from the north of the city to the south. There were also some surprising results, including the strong flow of traffic from Inverclyde to the west of the city. The research carried out by Strathclyde Partnership for Transport (SPT) had provided different results on the flows, but the STPR research had been on a wider geographical area. Comparisons between the 2 pieces of research would need to be carried out;

(c) There was a lot of work to be done with the Regional Transport Partnerships (RTPs) on the outcomes of the STPR and the next step would be to agree how best to engage with them;

(d) A number of other good ideas had been generated in the course of the work which did not have an obvious place in the strategic agenda. It was important that these ideas were not forgotten;

(e) There were still a number of uncertainties related to the work, in particular around population growth and economic behaviour indicators;

(f) Given the regular stories in the media about the need for a Glasgow Crossrail, as well as similar election manifesto commitments, communications handling of what Transport Scotland was doing on cross-Glasgow connections was vitally important. The Crossrail project had little benefit and lines to take would need to be drafted for any Transport Scotland announcement rejecting the scheme, and also to communicate the quality of the research and analysis undertaken. Announcing any recommendations from the STPR would have to wait until after the election and any coalition negotiations, though informing the incoming Minister via the manifesto briX briefing system could help manage expectations.

5.2 *Trawls for information*

(a) There were a number of ongoing requests for information (mainly financial) from the Executive: manifesto briX notes; the Strategic Spending Review 2007 (SSR07) capital assessment bid; the Infrastructure Investment Group (IIG) projects

database; and the scenario planning template. Each return needed to show consistency of approach and understanding, although the actual figures may not always be the same. To achieve this, it would be helpful for the Corporate Finance team to be consulted on financial returns and for the Chief Executive's Office to co-ordinate these trawls;

(b) The Rail Business Plan was probably the best set of figures to use as the baseline set and all returns on rail projects should come from that.

5.3 *Concessionary Fares*

(a) There were issues with at least one of the major bus operators not meeting deadlines for implementing the smart-enabled ticket machines on their buses by March 2008. Transport Scotland had no control in the existing contracts to pressure the operators into a change of behaviour to meet the deadlines as there were no penalties for non-delivery;

(b) The contractual situation would need to be reviewed to understand more fully Transport Scotland's position. The people appointed to carry out the review would need to be properly qualified, and it was unlikely the pool of Executive Gateway reviewers were the best people for the job. Contract specialists, such as those from PAG who were used by TRNMD, would be able to provide more informed advice;

(c) Even with a change in administration, Transport Scotland could not threaten to pull out of the smartcard scheme as there were too many other parts of the Executive with an interest in the scheme. The smartcard would also make integrated ticketing easier and would provide far more detailed information about passenger journeys which would enable Transport Scotland to cut costs.

5.4 *Year-end financial position*

(a) The forecast expenditure for 2006-07 was for the full budget to be spent, which was a very impressive achievement for the first full year of operation;

(b) There was an issue around the level of accruals as this was still being estimated. The level of depreciation on roads was still unknown as the figures generated had not made sense. However, even the worst case scenario was for an overall expenditure of £1.4bn;

(c) There was a far higher level of confidence in the ability of the organisation to forecast expenditure than previously. This should be reflected in the annual report.

5.5 *Human Resources Statistics*

(a) The statistics in annex C provided a snapshot of some key HR issues, such as grades, vacancies, sick leave, gender distribution. Future Board meetings would consider any trends to monitor delivery of the HR strategy;

(b) The number of vacancies in the agency was increasing, although the recent recruitment exercise for road engineers was hopefully going to fill some of those

vacancies;

(c) There was a possibility of the incoming administration implementing a recruitment freeze, which would involve the reassessment of the agency's abilities to carry out its current level of business.

5.6 *Other Issues*

(a) The Easter holidays and the increased level of business around the end of the financial year meant that it had been difficult to populate the Board pack in time for the meeting. Holding the April Board meeting later in the month would relieve those pressures slightly;

(b) The risk table had been significantly revised to reflect the change in probability thresholds and the application of the new categorisation;

(c) The problems with the internal audit of the concessionary fares scheme had been exacerbated by the failure of the managers in question to meet with the auditors to explain the situation. There was a wider issue around people not attending important internal meetings because they had no time in their calendars and not engaging in important corporate business.

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

(a) The STPR work on cross-Glasgow connections should be discussed at the June Board meeting once further work had been done and a media handling strategy drafted. **(Action: Frances Duffy and Strategy & Investment Directorate to prepare Board paper and work with Communications on handling strategy);**

(b) All teams would need to be reminded of the importance of ensuring consistency in their returns to requests for information and to consult corporate finance and PS/Transport Scotland before replying to such requests. **(Action: All Directors to raise with team leaders);**

(c) Contract specialists from PAG should be tasked to review the contracts with the bus operators for the concessionary fares scheme. **(Action: Guy Houston to invite Jim Barton and Ainslie McLaughlin to review contractual situation with the support of PAG);** and

(d) Staff should be congratulated on the level of expenditure achieved for 2006-07. **(Action: all Directors pass on message to their teams).**

Agenda Item 3: Forth Replacement Crossing: Procurement of Consultants (Paper TSDB(07)10)

7. Frances Duffy and Ainslie McLaughlin introduced paper TSDB(07)10 which sought the Board's approval to begin the process of engaging consultants for the development of the Forth Replacement Crossing (FRC) and the internal requirements for Transport Scotland. The Scottish Cabinet had agreed that, even though the decision on the route and mode of the FRC would be deferred until the new political administration came into power, Transport

Scotland should proceed with the process of appointing consultants to maintain momentum and ensure key posts were in place to take action when the political decision was taken. The approach suggested in the paper was modelled on that used for the M74 completion project and involved appointing a lead consultant with relevant experience in project management. The approach also retained flexibility to deal with the uncertainties around the FRC until the new Cabinet had agreed what and where the FRC should be. A multi-discipline team of consultants would initially be appointed and more specialist consultants could be procured once it was known whether it would be a bridge or a tunnel.

8. In discussion the following points were made:

(a) The project was moving onto the more detailed design and construction phases which would require a separate team within Transport Scotland to work on it. Given the existing expertise and experience within TR:IPS in handling such a major project, it made sense for responsibility for the project to pass from Strategy & Investment Directorate to TR:IPS. The creation of a new team may also provide the opportunity for some of the smaller trunk roads projects to move to TRNMD to relieve the pressure on TR:IPS Directorate;

(b) Once the lead consultant was appointed, they would be involved in the process to appoint the rest of the consultancy team, although not responsible for actually procuring them. The consultants being appointed in the initial phase would have been procured regardless of whether the FRC was going to be a bridge or tunnel;

(c) Given the difficulties in recruiting staff elsewhere in the agency, it wasn't clear how easy it would be to recruit an entire new team to manage the project internally. The HR Issues Group would need to consider how best to fill the 13 new posts being created;

(d) The timing of the Official Journal of the European Union (OJEU) announcement was important. Even though there was almost unanimous political support for the FRC, announcing the procurement of the consultants could interfere with the Parliamentary elections.

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

(a) The process of engaging consultants should begin, though the announcement should not be placed in OJEU until after 3 May. **(Action: Frances Duffy and Ainslie McLaughlin);**

(b) A dedicated Transport Scotland team should be established to manage the delivery of the FRC. **(HR Issues Group to discuss how to best recruit the new team);** and

(c) Funds should be allocated to the project in line with the estimates in the paper. **(Action: Frances Duffy and Ainslie McLaughlin)**

Agenda Item 4: Any Other Business

Graduate Training Scheme

10. Jim Barton said that the graduate training scheme was being developed and it looked likely to be approved by the relevant professional bodies. **The Board noted** that there would be a recruitment fair to promote the scheme on 21 May and **the Board agreed** it would be worthwhile widening this to attract other potential recruits. **(Action: Jim Barton)**.

PS/Transport Scotland
April 2007