



## DIRECTORS' BOARD MEETING

### MINUTES OF MEETING HELD IN BUCHANAN HOUSE, GLASGOW AT 10:00AM ON THURSDAY, 16 NOVEMBER 2006

<b>Present:</b>	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
	John Howison	Director of Trunk Roads: Infrastructure & Professional Services
	Bill Reeve	Director of Rail Delivery
	Lucy Adamson	Head of Communications
	Ian Docherty	Non-Executive Director ( <i>part of meeting only</i> )
Jacqueline Redmond	Non-Executive Director	
<b>In Attendance:</b>	Angus Macleod	PS/Transport Scotland
	Claire Dunbar-Jubb	F&CS – Head of Corporate Finance ( <i>For Agenda Items 2-4 only</i> )
	Gregor Marshal	Symbia Ltd. ( <i>For Agenda Item 2 only</i> )
	Stuart Gillies	Symbia Ltd. ( <i>For Agenda Item 2 only</i> )
	Joanne Roberts	F&CS – Corporate Finance ( <i>For Agenda Item 4 only</i> )

#### **Agenda Item 1: Minutes of Previous Meeting and Matters Arising**

1. The minutes of the meeting held on 16 October (TSDB(06)11<sup>th</sup> Conclusions) were approved.

#### **Matters Arising**

##### ***Finance Report – root causes***

2. Guy Houston tabled a paper setting out the figures behind the underspend in the major projects budgets. He said that the reasons behind budget over/under-spends lay in the 2004

Spending Review (SR04) when the budget figures were originally set. A number of events, which would have been hard to envisage in 2004, had caused a delay in expenditure on 3 major rail projects (the Edinburgh and Glasgow Airport Rail Links and the Edinburgh trams projects) and 2 major road projects (the M74 completion and the M80 projects). On the rail side, the protracted negotiations with BAA had delayed the airport rail links and the Edinburgh trams promoter was not likely to spend its allocated budget. On the roads project, the M74 had been taken to a Court of Sessions appeal and the M80 went to a Public Local Inquiry.

### ***Transport Scotland 2007 Calendar***

3. Lucy Adamson said that the Communications Team was working with TR:IPS to agree the design of the calendar. A draft copy would be circulated to Directors for approval. **(Action: Lucy Adamson and Communications Team).**

### ***Future Staff Needs***

4. Malcolm Reed would be meeting the Permanent Secretary on 22 November and would raise the issue of recruiting graduate engineers. If the Permanent Secretary approved the scheme, there would be no need to seek Ministerial clearance as this was a corporate issue. Formal approval of the scheme would be sought at the next Board meeting. **(Action: PS/Transport Scotland).**

### **Agenda Item 2: Board Pack update (Paper TSDB(06)16)**

5. Claire Dunbar-Jubb introduced paper TSDB(06)16 which gave the Board an update on the development of a Board management information pack as well as the proposed layout and contents of the pack.

6. Stuart Gillies gave a presentation on the suggested overall design and layout of the pack. The purpose of the pack was to provide information to the Board on significant issues, which meant finance, whether the agency was meeting its objectives, any political sensitivities and the delivery of major projects. The pack was likely to include:

- ◆ A front page ‘dashboard’, which would be a summary of the rest of the pack;
- ◆ Key divisional highlights from the previous month;
- ◆ Progress against the Transport Scotland Business Plan;
- ◆ Updates on major projects;
- ◆ Finance issues, though not replacing the monthly Finance Report;
- ◆ Significant issues and risks; and
- ◆ Communications issues.

7. Gregor Marshal said that the Board pack could not be developed in isolation. There were governance issues still to be resolved around the remit of the other high-level Boards and Groups in the agency. Depending on that work, issues that the Board currently discusses may be transferred to a different group, which would have an impact on the contents of the Board pack. The pack should address the senior management team’s behaviours and processes and most of the time discussing the pack should focus on the risks and issues. This would mean establishing an effective filtering system to identify what was significant, and

therefore should be discussed, and what wasn't. Much of the information was already embedded in current systems and processes so there should be a mechanism for generating the pack without duplicating effort.

8. In discussion the following points were made:

(a) The 'dashboard' was the key element in the Board pack, it would provide the executive summary to flag up significant issues and risks which should be based on a single source of information. However, the rate of refreshing the information differed between directorates and it was difficult to see how a single source could be established;

(b) The business plan section would need to be clarified as the suggested layout was confusing and it may not be necessary to include it in the Board pack for every monthly meeting. There was also extensive overlap between the business plan section and the section on major projects as all the latter were included in the business plan;

(c) The divisional highlights section duplicated the purpose of the weekly management team meetings and the Chief Executive news bulletin that was circulated to all staff;

(d) If the Finance Report was also to be discussed, it was uncertain if there was value in having a finance summary in the pack. It was proposed to merge the Finance Report into the Board pack in due course, though the level of detail in it was more than was desirable for the pack;

(e) There may be too much information in the pack for it to be effective as a summary, although the level of detail was helpful for those who didn't necessarily have the day-to-day information across the agency's responsibilities, in particular the Non-Executive Directors. If the pack was going to be as long as 20-25 pages, then it would need to be very clear which items were for information and which were for discussion;

(f) The pack should also measure softer targets around organisational development and building a Transport Scotland culture. This was hard to map and report, but it needed consideration by the Board;

(g) It would need to be clear how the pack related to the Board meeting agenda. The pack should presumably be a regular standing item and be the main item for discussion at the meeting as it would replace most of what the Board currently discusses;

(h) Producing the pack should be a low maintenance exercise and be linked with the other information-gathering/distilling systems in existence. The pack should not require anybody spending considerable time and effort to produce it and should be part of a streamlined reporting process rather than adding an extra layer. It would be helpful to identify what processes could be stopped and replaced by the Board pack.

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

- (a) The draft layout and contents of the pack should form the basis of the first Board pack, subject to the comments made during the meeting being taken on board;
- (b) It was important that the process of producing the Board pack did not become cumbersome and time consuming; and
- (c) The first version of the Board pack should be discussed at the next meeting.

**(Action: Guy Houston and Finance & Corporate Services)**

### **Agenda Item 3: Finance Report (Paper TSDB(06)17)**

10. Guy Houston introduced paper TSDB(06)17 which gave the Board an update on key financial matters to the end of October 2006. The Autumn Budget Revision had not been entered onto the SE system in line with our understanding and the budget was now at £1415 million instead of £1432 million. The problem would not be resolved until the Spring Budget Revision. The overspend in the budget was due to the over-commitment on Trunk Roads Network Management expenditure, as agreed at the previous Board meeting (TSDB(06)11<sup>th</sup> Conclusions).

11. In discussion the following points were made:

- (a) Whilst the minor projects in TRNMD were not absolutely committed, it would be embarrassing not to carry them out;
- (b) The hard work being done to balance the budget should be recognised, but it was disappointing that this was being undone by mistakes made outwith the agency;
- (c) The pressures and savings for Transport Scotland and Transport Group (Annex B of the paper) would be circulated separately.

12. **The Directors' Board noted** the contents of the Finance report and **agreed** that the table of pressures and savings should be circulated to all Directors following the meeting. **(Action: Guy Houston).**

### **Agenda Item 4: Transport Scotland administration costs – update (Paper TSDB(06)18)**

13. Joanne Roberts introduced paper TSDB(06)18 which outlined the current administration expenditure. The forecast expenditure was expected to be nearly £1 million over budget, with one of the main reasons being staff costs, including excess fares. The corporate finance team was working with SE finance to get a clearer picture of staff costs and looking into other measures such as transferring programme staff out of the administration budget and looking at telephone charges. These would have a minimal impact, but were steps in the right direction. A re-examination of the costs from refurbishing Buchanan House would also be conducted to identify equipment that could be capitalise.

14. In discussion the following points were made:

- (a) The Spring Budget Revision was approaching and the Board would be presented with significant issues for that, including around the administration budget,

(b) The original settlement around the establishment of the agency had underestimated the budget required and took no account of the transfer of staff from SPT. However, whilst this was a valid reason for the overspend, the image of Transport Scotland would still be damaged. Accurate figures for the setting up of the agency and the relocation to Glasgow would be hard to establish, but work should be done with SE finance to unpick the figures they had;

(c) There would be further administration expenditure incurred on the recruitment road engineers before the end of the financial year.

15. **The Directors' Board noted** the update on the agency's administration costs and **agreed** that there should be a further discussion once more accurate figures on the establishment of the agency were available. (**Action: Guy Houston and Finance & Corporate Services**).

#### **Agenda Item 5: Communication of Transport Scotland's Major Infrastructure programme (Paper TSDB(06)19)**

16. Lucy Adamson introduced paper TSDB(06)19 which gave an overview of issues concerning the presentation of major transport infrastructure projects and proposed ways of improving communications. It raised the potential for negative publicity undermining the corporate reputation of Transport Scotland in its early days and the sensitivities about this in light of the forthcoming election.

17. In discussion the following points were made:

(a) There had been a conscious decision taken prior to the start of the agency's work in January 2006 not to undertake an aggressive campaign to promote the Transport Scotland brand prior to May 2007, but negative media coverage was a potential threat to the reputation of both the agency and of Ministers;

(b) Plans to promote the infrastructure programme across Europe in order to attract competitive interest from bidders were discussed. This would also reinforce the investment Ministers had tasked Transport Scotland to deliver. The approach to European industry would show what Transport Scotland had achieved and try to ensure the supply chain for projects did not collapse;

(c) Most of the negative media coverage was on rail projects, but there was still considerable attention on the Aberdeen Western Peripheral Route and M74 completion projects. It would be helpful to promote road and rail messages jointly;

(d) There were 2 related issues, one was political criticism of projects, the other, by inference, was questioning Transport Scotland's ability to deliver the projects. It was important that the agency protected its reputation on the latter without getting involved in the political nature of the former. It was agreed an aggressive media campaign would not be helpful, but there would be merit in defending the agency's professional capability through the work it had been tasked to deliver. It was agreed that while it was not for the agency to defend the reasons why the programme had

been chosen (this was for Scottish Ministers) it was also not for Transport Scotland to distance itself from it and the agency should, in fact, defend its ability to deliver it;

(e) There were concerns that some of the political criticism was being driven by other bodies, but it was important not to damage relationships by going on the offensive unless it was clear that this was happening.

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

(a) There proposed communications strategy to protect the agency's reputation should be drafted; and

(b) The contractual arrangements with the promoters of major projects should be reviewed to clarify communications issues.

**(Action: Lucy Adamson and Communications Team)**

**Agenda Item 6: Communications Update (Paper TSDB(06)20)**

19. Lucy Adamson introduced paper TSDB(06)20 which gave the Board an update on major communications events in the previous month as well as forthcoming issues. One of the likely main media stories over the coming weeks was the launch of *The Scotsman's* 'Back the Bridge' campaign. **The Directors' Board noted** the communications update and that there would be little the agency could add in media responses over the next few months given that such campaigns were, in essence, a precursor to the Scottish election manifestos.

**PS/Transport Scotland**  
November 2006