



TRANSPORT SCOTLAND DIRECTORS' BOARD MEETING

MINUTES OF MEETING HELD IN BUCHANAN HOUSE, GLASGOW AT 9:30AM ON MONDAY, 18 DECEMBER 2006

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
	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
	Jacqueline Redmond	Non-Executive Director
	In Attendance:	Angus Macleod
Philip Rycroft		Head of Enterprise, Transport & Lifelong Learning Department
Claire Dunbar-Jubb		Head of Corporate Finance (<i>For Agenda Item 2 only</i>)
Jim Berryman		Corporate Finance Team (<i>For Agenda Item 2 only</i>)
Gregor Marshal		Symbia Ltd. (<i>For Agenda Item 2 only</i>)
Neil Barrett		Symbia Ltd. (<i>For Agenda Item 2 only</i>)
Angela Vint	Amargo Consultancy	

Agenda Item 1: Minutes of Previous Meeting and Matters Arising

1. The minutes of the meeting held on 16 November (TSDB(06)12th Conclusions) were approved, subject to the second bullet point in paragraph 6 being amended to remove the words "including good news stories". **The Board agreed** that action points in the minutes should include dates for completion. (**Action: PS/Transport Scotland to include deadlines for action points in future minutes**).

Matters Arising

Future Staff Needs

2. Malcolm Reed said that he had discussed a graduate recruitment scheme with the Permanent Secretary who had said he was content for Transport Scotland to proceed. **The Board agreed** that the HR Issues Group should be responsible for developing a recruitment scheme for graduate engineers. **(Action: Guy Houston and HR team to include in agenda for next HRIG meeting)**

Agency Administration Costs

3. Guy Houston said that the Corporate Finance team were still working on reducing the projected overspend on the administration budget and would report to the Board at the next meeting. **(Action: Guy Houston and Corporate Finance team to submit paper at next Board meeting).**

Agenda Item 2: Executive Board Pack (Paper TSDB(06)21)

4. Claire Dunbar-Jubb introduced paper TSDB(06)21 which provided the Board with the first populated version of the Executive Board pack. Following the discussion at the previous meeting on the outline of the pack, Symbia Ltd had met with relevant officials from Transport Scotland to get the key information needed to populate the outline. A cribsheet had also been developed to provide details on the colour coding and how best to read the pack. A red dot indicated an issue should be discussed at the Board.

5. In discussion the following points were made:

(a) A lot of work had been done to get to the current stage, but there were still things to be done and the relevance of some sections was unclear, such as the risk profile in the summary section. The summary section was the headlines from the rest of the pack;

(b) The business plan and major projects sections (2 (a), (b) and (c)) flagged up where a commitment milestone was not going to be met and summarised progress. There was a glossary on slide 12 which provided narrative on any risks and issues. The red dots in these tables were assigned automatically against set criteria, though it may be more meaningful for there to be an automatic system for generating orange dots and for Directors to indicate which of those they thought were red dot issues. Alternatively, Directors should provide commentary on each red dot before the meeting. There was some confusion around the red dots meaning different things on different tables (in table 2(a) it referred to slippage in deadlines, in 2(b) it referred to projects going over-budget), but it was generally helpful in focussing attention where it was needed;

(c) It wasn't clear whether there was a need to include milestones that had been achieved several months previously, although it was helpful to see what progress had been made. The tables were also difficult to decipher and gave no commentary on why there was any slippage in a milestone. There was a lot of moving between pages in the pack to fully understand it and there was no context on whether any slippage

was a trend or whether it was a one-off glitch. There was also no indication of whether a decision or action was required and there should be a flag to indicate where intervention was needed;

(d) The Board pack was intended to present operational issues to achieved commitments. It was for Directors to decide whether the current format was the best way to do so. Possible changes would be to condense the information by cutting out the commitments that had been achieved and move table 2(c) to before 2(a) as it gave the narrative on the risks and issues. There also needed to be more contextual commentary to report on whether progress was being made and what actions the Board needed to take. A further improvement would be to reduce the amount of jargon and code in the pack to make it easier to understand;

(e) The Board pack was unlikely to be exempt under Freedom of Information (FoI) legislation and so it would be preferable to control the story by proactively publishing the commentary and not hiding any bad news. There were some commercially sensitive issues which may be exempt, but if the summary of the pack was published on the website at the same time as the summary of the Board minutes, then it may avoid any requests for the full pack. However, if there were no risks or slippage in what was published, then it would look like Transport Scotland was hiding information. Ultimately, there was little that could be done about FoI and what was most important was what was most useful for the Board to discuss. It was important not to exclude bad news stories out of a fear of the pack being published;

(f) It was suggested that the Board should discuss the minutes of all the other high-level groups such as the HR Issues Group and the Rail Policy Group, but this would be impractical as it would be time consuming and the meeting cycles of the other meetings did not necessarily fit in with the Board cycle. However, it would still be helpful for the Board to be aware of actions being taken elsewhere;

(g) It would be helpful in table 2(b) to have a chart showing a timeline of all the key milestones in each major project. This would help identify when there was likely to be any periods when there was a cluster of key decisions to be taken at the same time;

(h) The actual commitments highlighted in the tables with red dots required commentary as some of them may not need to be discussed but the current format did not make that clear. For example, commitment 22 related to the roll-out of the electronic reimbursement process for the concessionary fares scheme and was marked as being deferred to December 2007 (from March). However, Transport Scotland had inherited a situation it could not control partly because of the contract that had been drawn up and partly because of UK national standards. The scheme had been introduced in April 2006, but there was no assurance over the security of the scheme because of the political imperative. This should not be an issue for the Board to discuss as work was in hand to manage any risks within the Directorate, although it would be helpful for the Board to see a presentation on the latest situation with the concessionary fares scheme for information. Similarly, the red dots on Edinburgh trams (commitments 30-31) and on the Waverley Station redevelopment (commitment 36) did not need discussed and this could be avoided by including some commentary;

(i) The information in table 9 on commitments 45 and 46 (the M8 Baillieston-Newhouse project) was not accurate. The key issue with these commitments was the delay in processing compulsory purchase orders by the Office of the Solicitor to the Scottish Executive (OSSE). This raised the question of whether the support from OSSE was adequate and whether Transport Scotland needed to outsource its legal requirements. There was considerable pressure on OSSE from across the Scottish Executive, but the legal delays were putting projects at considerable risk and this should be reflected in the risk summary. The situation needed to be discussed with solicitors in OSSE to see if a solution could be reached;

(j) It was not clear that Directors needed to discuss the information in table 2(b) as a lot of it was repeating the information in 2(c) and it may be more worthwhile to just have a summary. The table was incomplete and should include figures on the total spend-to-date for different projects. The red dot referred to a budget variance of more than 10%, but this was not necessarily the best measure as the £5 million overspend on the Stirling-Alloa-Kincardine project was more concerning than the £43 million overspend on the EARL project;

(k) Section 3 was the finance summary and included new ways of presenting the information, including classifying the different types of money (table 2). It was important to keep within the preset limits on resource and capital monies to avoid breaking HM Treasury rules;

(l) Section 4 covered significant risks but was difficult to understand. It would be helpful to have a second page of issues for discussion and to also pick up more generic risks, such as the difficulties with OSSE. Whilst the Board needed to be aware of the risks, there was a danger of duplication with the work of the Audit Committee, although the latter group did need to be informed by the Board discussions. One of the risks listed was on a business continuity plan, but this was being taken forward with the wider Enterprise, Transport & Lifelong Learning Department. It was unclear what the relation between this section and the risk profile table in the summary section at the front of the pack, but the Board probably only needed to discuss high likelihood/high impact risks. The Audit Committee should be left to discuss the detail of individual risks whilst the Board should review any underlying, repetitive risks. To ensure consistency of reporting of risks, it may help if the Directors discuss the risk table before finalising the Board pack for circulation;

(m) The communications spotlight in section 5 was a quick summary of recent and forthcoming events and media headlines. There was likely to be negative press coverage of the works at Waverley station over the Christmas period and the impact on train services. However, everything had been done that could be done to minimise the impact.

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

(a) The Executive Board pack was a helpful tool, but would need amending in light of the comments made in the discussion, in particular:

- ◆ there was a need for more narrative in the pack to explain whether a risk or issue was being addressed or, if not, why it needed the Board's attention;
- ◆ there should be less code in the Board pack; and

- ◆ there should be clear identification of where action was required and who should be leading on it.

(Action: Guy Houston and Corporate Finance team to amend Board pack with Symbia for January meeting)

- (b) Discussions should take place with OSSE to establish ways to improve the legal services being provided.

(Action: John Howison to arrange meeting with OSSE management)

Agenda Item 3: Any Other Business

John Howison's Retirement

7. Malcolm Reed said that John Howison was due to retire as Director of TR:IPS in February 2007. In light of this Directors had discussed whether there should be any reorganisation of responsibilities in the agency, but concluded that minimal changes should be made. **The Board agreed** that the recruitment process for a replacement for John Howison should proceed and that Jim Barton should take over as Chief Road Engineer. **(Action: HR team to start recruitment process).**

PS/Transport Scotland

January 2007