



DIRECTORS' BOARD MEETING

MINUTES OF MEETING HELD IN ROOM 8W.02, BUCHANAN HOUSE,
GLASGOW
AT 2PM ON WEDNESDAY, 20 SEPTEMBER 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
In Attendance:	Angus Macleod	PS/Transport Scotland
	Claire Dunbar-Jubb	F&CS: Head of Corporate Finance (For Agenda Item 3 only)

Agenda Item 1: Minutes of Previous Meeting and Matters Arising

1. The minutes of the meeting held on Monday, 21 August (TSDB(06)9th Conclusions) were approved.

Matters Arising

Special Bonus Scheme

2. Following the initial discussion on how to fund the special bonus scheme at the meeting on 21 August, **the Board agreed** that each Directorate was to fund bonuses for its own staff once the Chief Executive had approved the payment. (**Action: all Directors**).

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Agenda Item 2: Directorate Updates (oral item)

Rail Delivery

3. The current First ScotRail performance was good and measures were in place to ensure the expected Autumn dip in performance was minimised as much as possible. There had also been discussions with First ScotRail about the proposed fare revisions and Transport Scotland's views had been made clear. On Network Rail, there were ongoing difficulties with the proposed redevelopment of Queen Street station. The preliminary report on the electrification of the Glasgow-Edinburgh had also been received, although the costs would need to be reduced

4. On major projects, the Edinburgh Airport Rail Link (EARL) Bill Committee had voted by 3 to 2 in favour of the Bill. British Airports Authority had also changed its position on the 2 airport rail links and had provided £5 million for the Glasgow Airport Rail Link and had agreed to take on some of the risk involved with EARL.

Finance & Corporate Services

5. There were ongoing issues around the implementation of the young person's concessionary fares scheme. Agreement had been reached that the scheme should provide a 33% reduction in fares, which wasn't the ultimate goal but was the best that could be done given the late decision on the young people scheme and the commitment to introduce the scheme by January 2007. There was unlikely to be any budget impact until 2008-09. A potential difficulty was the Improvement Service's plan to introduce a national entitlement card which raised the possibility of the card being abused to get concessionary travel. There was concern that, even when the concessionary fares card was smart-enabled, there was still room for abuse of the scheme by individuals. This was not just a question of fraud, but would cause serious damage to the credibility of the whole scheme.

6. At the previous meeting it had been agreed that the staff travel survey carried out during relocation should be used to inform the corporate travel plan. However, only about 70 staff had been involved in the previous survey and the data was over a year old. It was therefore proposed to carry out a further survey once people had been working in Buchanan House for enough time to know their preferred form of travelling to work. It may be helpful to widen the scope of the survey to ask staff for their views on other issues. **The Board agreed** that a travel survey should be conducted later in the year (**action: Guy Houston and Finance and Corporate Services**) and that Directors should feed in additional questions from the survey (**action: all Directors**).

7. The Human Resources Issues Group had met earlier that day (20 September) to discuss a range of issues, including opting out of the Scottish Executive pay delegation. It would be helpful if the Chief Executive could discuss the feasibility of doing so with senior management in the Executive. (**Action: Malcolm Reed**).

Trunk Roads Network Management

8. Phase 2 of the relocation exercise was proceeding, although the contractors had not been performing as well as they had in phase 1. The final 2 directorates to relocate were in the process of packing for the move. Invitations had been sent to all staff to attend a coffee

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morning to mark the end of the relocation exercise.

Trunk Roads: Infrastructure & Professional Services

9. Bids had been received for the contracts for the north east and south east operating units. Bids were expected for the A830 contract by 12 October and the procurement process had been launched for the A80 public-private partnership. On wider procurement issues, a list of delegated procurement authorisers for Transport Scotland was being pulled together.

Strategy & Investment

10. A Scottish Transport Appraisal Guidance (STAG) steering group had been established to look at updating the guidance and making it easier to use. The second version of the Commonwealth Games bid was being drafted, though there were still some outstanding issues around roadworks. **The Board agreed** that all Directors should keep Frances Duffy informed of any developments relating to the Commonwealth Games bid. **(Action: all Directors).**

Agenda Item 3: Finance Report (Paper TSDB(06)10)

11. Claire Dunbar-Jubb introduced paper TSDB(06)10 which gave the Board an update on key financial issues to the end of August 2007. Annex A to the report showed that the forecast out-turn was that there would be a significant underspend in the budget which would cause concern in Scottish Executive Finance. The main areas of concern were in the major rail and road projects. Strategic decisions would need to be taken on managing the centrally unallocated provision (CUP) and how to make investments to reduce the underspend. There would be a meeting of the Infrastructure Investment Group the following week at which Transport Scotland would need to explain the figures.

12. In discussion the following points were made:

(a) The agency had a presentational problem that it would need to handle carefully. Accurate forecasts were an absolute necessity and people should not be hoping for the best. A strong message would need to go back to budget-holders about the need to accurately forecast spend.;

(b) Resource expenditure was likely to be over budget by the financial year end, but the capital costs underspend could not be used to cover this;

(c) The situation could be exacerbated by the forthcoming autumn budget review, which was expected to greatly increase the underspend;

(d) The underspend could not be put into the CUP as there was already £195 million in the agency's CUP. It would be preferable to bring forward spend from future years;

(e) The major projects team within Rail Delivery was examining the feasibility of some advance works to reduce the underspend, such as accelerated land purchases on the Borders Rail Link. A possible further option would be to advance procure rolling stock, though the difficulty would be in identifying exactly what rolling stock would

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be required. It would be helpful to consider whether there was potential to shift the balance of capital and revenue costs in the franchise arrangements;

(f) Any submission to the Minister about the underspend would need to address the steps being taken to ensure similar situations would not arise in future years. In order to help better forecasting, robust reporting procedures were needed as well as clarity about the budget-setting process.

13. The Directors' Board agreed that:

- (a) All Directors should consider ways of reducing the underspend; and
- (b) Comments on Annex B should be sent to Guy Houston as soon as possible.

(Action: All Directors and Finance and Corporate Services)

Agenda Item 4: Transport Scotland events proposals (Paper TSDB(06)11)

14. Lucy Adamson introduced paper TSDB(06)11 which informed the Board of planned Transport Scotland events for the rest of 2006. It was proposed to defer the planned staff and stakeholder events to January 2007 as there were already a number of agency events making a heavy demand on resources to the end of the year.

15. In discussion the following points were made:

- (a) It may be helpful to have a second corporate away day to build on the first year of the agency;
- (b) It was planned to broaden the current series of lunchtime seminars being organised by Rail Delivery Directorate, though it was important to do so without losing the value of the current sessions.

16. The Directors' Board noted the planned Transport Scotland events in 2006.

Agenda Item 5: Strategic Transport Projects Review (oral item)

17. Frances Duffy update the Board on the Strategic Transport Projects Review (STPR). There was a project board for the STPR, which most Board members were already represented on. The Directors' Board would need to feed in views on projects to the STPR which would be enabled through the regular updates to the Board meetings.

18. In discussion the following points were made:

- (a) Delivering the STPR was one of the agency's key deliverables and the updates would provide the opportunity for the Board to make sure the STPR was successful;
- (b) The Board should have a role in deciding the priorities of projects and not play a passive role in simply reacting to projects proposed by the STPR. The Board was a stakeholder in the process and should actively engage with proposals. It would, however, be important not to undermine the STPR process. It may be sensible to use

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the Board as a further STPR reference group.

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

(a) There should be regular updates from the STPR project board at Directors' Board meetings;

(b) The Directors' Board should act as a further reference group for the STPR process.

(Action: Frances Duffy, Strategy & Investment Directorate and PS/Transport Scotland)

Agenda Item 6: Future agency structure (oral item)

20. Malcolm Reed said that, even though John Howison wasn't retiring until 2007, the length of time it took to go through the SCS recruitment process meant it should start sooner rather than later.

Agenda Item 7: Preparations for 2007 election (oral item)

21. Lucy Adamson said that Cabinet Secretariat would be issuing the formal guidance on conducting business during the 2007 Scottish Parliamentary elections, but it was important that Directorates took the elections into account when planning promotional campaigns.

22. **The Directors' Board noted** the need to factor in the 2007 elections when planning publicity or promotional campaigns in Spring 2007.

Agenda Item 8: Any Other Business

Christmas Leave

23. Malcolm Reed said it would be helpful if all Directors could let PS/Transport Scotland know about their leave plans over Christmas and New Year so that appropriate cover could be organised. **(Action: all Directors and PS/Transport Scotland).**

Agenda Item 9: Communications issues: Feedback to staff

24. Angus Macleod said that, as part of the communications strategy, a regular update on Board discussions would be issued to all staff within 48 hours of the meeting. **(Action: Malcolm Reed, Guy Houston and PS/Transport Scotland).**

PS/Transport Scotland

September 2006