

# Edinburgh Tram Network

## Minutes

### Tram Project Board

19 April 2007

tie offices – Verity House, Board Room

| Members Present: |             | Participants:              |      |
|------------------|-------------|----------------------------|------|
| David Mackay     | DJM (chair) | Damian Sharp (representing |      |
| Willie Gallagher | WG          | Bill Reeve)                | DS   |
| Neil Renilson    | NR          | Matthew Crosse             | MC   |
| Bill Campbell    | WWC         | Stewart McGarrity          | SMcG |
| Andrew Holmes    | AH          | Geoff Gilbert              | GG   |
|                  |             | Susan Clark                | SC   |
|                  |             | James Papps                | JP   |
|                  |             | Steven Bell                | SB   |
|                  |             | Jim Harries                | JH   |
|                  |             | Keith Rimmer               | KR   |
|                  |             | Miriam Thorne (minutes)    | MT   |

**Apologies:** Bill Reeve; Norman Strachan, Alastair Richards, James Stewart, Graeme Bissett

|            |  | Action  |
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| <b>1.0</b> | <b>REVIEW OF PREVIOUS MEETING</b>  |         |
| 1.1        | Previous minutes were accepted as read   |         |
| 1.2        | Previous actions were accepted as completed - verbal updates and exceptions are listed below:  |         |
| 1.3        | <u>Action 1.3:</u> Agreement on funding for cost overrun between CEC/TS outstanding. DS reported further progress being made but that it was unlikely to resolve quickly. Feedback will continue to be provided to the TPB ( <i>See section 11.2 below</i> )             | DS / AH |
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| <b>2.0</b> | <b>Abbreviations register</b>  |         |
| 2.1        | An abbreviations register was handed out, with regular updates to be provided.   | MT      |
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| <b>3.0</b> | <b>DPD update</b>  |         |
| 3.1        | WG gave apologies for the cancellation of the April DPD due to the absence of a large number of participants. He provided an update on the topics which had arisen as part of project progress and for which papers had been prepared. ( <i>See section 12.0 below</i> ) |         |
| 3.2        | WG explained that the next DPD will focus on the programme update expected in May, discussions on progress regarding Infracore, and discussions on SDS in relation to the historic claims and way forward.   |         |
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| <b>4.0</b> | <b>MUDFA Sub-Committee</b>   |    |
| 4.1        | WG provided an update on the MUDFA Sub-committee which had taken place after the Trial Dig on 2 April.   |    |
| 4.2        | The committee had been pleased with the performance of the customer handling team and the testing of various protocols.  |    |
| 4.3        | The Trial dig did find a number of unexpected utilities. Questions were raised with the survey providers and re-surveying of critical points would be undertaken.  |    |
| 4.4        | WG explained that the rescheduled programme was in the process of being agreed in consultation with TEL and other operators.   |    |
| 4.5        | WG outlined the discussion at the sub-committee regarding certain key junctions (Haymarket, Lothian Road, St. Andrew Square) where there may be an opportunity to align MUDFA and Infracore work programmes (See section 8.7 below).   |    |
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| <b>5.0</b> | <b>Project Director's Progress Report</b>  |    |
| 5.1        | MC presented the progress report as detailed below.  |    |
| 5.2        | <u>Engineering – critical issues:</u> MC presented the current critical design issued map. He explained that the initial fast pace of issue resolution had slowed somewhat. This was in part due to the underlying administrative processes. However, it was recognised that the outstanding issues were very difficult to resolve and that compromise would be essential.   |    |
| 5.3        | <u>Engineering – programme:</u> MC explained that SDS had accepted the proposed dashboard reporting to allow more efficient monitoring of progress by deliverables rather than hours billed. He confirmed that progress was broadly in line with the revised engineering programme. This was currently being aligned with the overall project programme and a detailed update would be provided in May.  | MC |
| 5.4        | AH stated that in light of SDS's previous performance, he was concerned how the project could be confident that the revised programme would be met. MC explained that he shared the concern to some extent, but that the project team were learning from previous shortcomings which included being able to anticipate CEC requirements. MC assured the board that the revised programme would be realistic and fully underwritten by SDS at senior level. |    |
| 5.5        | In relation to clearing of critical issues, MC proposed to provide an updated critical issues list w/c 23 April to give the TPB greater assurance that progress was being made.  | MC |
| 5.6        | DS raised the point that the delays of the engineering programme impacted on progress of the commercial arrangements between TS and Network Rail. (see section 6.0 below)  |    |
| 5.7        | <u>Forth Ports interface:</u> AH raised a question regarding Forth Port's position in relation to tram. He was concerned that Forth Ports may try to amalgamate issues and discussions regarding the project with issues in relation to their planning aspirations and other discussions with CEC. There was therefore a risk of delay to the tram project where it depended on Forth Ports sign-off.  |    |

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| 5.8  | MC proposed to establish a mini-programme to resolve all issues for the project relating to Forth Ports. AH confirmed CEC's support to accelerate those issues which were within its powers. AH/ MC and Ian Spence (CEC) are to meet to discuss what the desired outcome for issues resolution should look like prior, to discussions with Forth Ports.   | AH/MC |
| 5.9  | <u>Delivery – Ingliston P&amp;R:</u> SC confirmed that the proposal from AMIS for the works was currently being evaluated and the start of on-site works was on target.   |       |
| 5.10 | <u>Finance:</u> The financial report was taken as read. Questions raised are listed below.  | MC    |
| 5.11 | MC explained that the increase in the Anticipated Final Costs (AFC) for the project was due to the inclusion of approved changes in the AFC – these related to CEC staff and JRC modelling costs. MC stated that budget impact arising from the programme revision would be reported to the May TPB.  |       |
| 5.12 | DS asked how the impact of the Infraco bids on the budget would be reported to the TPB. It was recognised by the board that the January 07 financial figures were being monitored closely by the project and it was accepted that matters would be reported through the Procurement sub-committee to a special TPB.   |       |
| 5.13 | JP raised the question of the impact of delaying the OCIP commencement on the AFC. SB / GG confirmed that there should be no overall significant impact and that the current proposals were within budget ranges. GG also confirmed that although any delay in Infraco commencement would result in lower spending in 07/08, this did not represent a real saving on the AFC  |       |
| 5.14 | NR queried whether the funding of £375m indexed, which was agreed in principle by TS for Phase 1a+1b would be available for Phase 1a only. DS confirmed this to be the case and took an action to confirm all relevant letters on this matter had been issued to CEC.   | DS    |
| 5.15 | <u>Approvals / Support – SDS claims:</u> GG explained that the resolution of the SDS historic and prolongation claims was ongoing and would include preparation of a counter-claim by <b>tie</b> . The anticipated end result would be a commercial agreement which would support clean SDS novation to Infraco. The progress would be reported to the Procurement sub-committee with the full proposal for claims settlement being brought to the TPB. | GG    |
| 5.16 | AH questioned the significance of the Edinburgh tram project to the SDS UK portfolio. GG/MC stated that the project was a sizeable project for SDS, a fact reflected by the involvement of a PB UK board member as Project Director and regular visits / monitoring from Keith Hawksworth (PB International President & Worldwide No2 to the CEO). MC also stated that all claims settlement would be inherently linked to future performance.          |       |
| 5.17 | <u>Approvals / Support – Letter of comfort to Infraco bidders:</u> SMcG questioned how the bidders would be comfortable that funding for the project was available. GG explained that this matter was not resolved, however, it did not appear to be on top of the bidders lists. DS  |       |

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|            | confirmed that the letter to the Leader of the Council should help address current concerns pre the elections on 3 <sup>rd</sup> May. GG stated that further support will be needed before reaching the preferred bidder stage.   |                                 |
| 5.18       | <u>Risk:</u> The risk register was taken as read. DJM raised a concern about the level of risk reporting and discussion at the TPB. The board agreed that detailed discussions should be held at the DPD. MC confirmed that the risk register was a reporting tool only and key risk issues were being covered under the relevant DPD and TPB agenda items and papers.  |                                 |
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| <b>6.0</b> | <b>Network Rail interface</b>   |                                 |
| 6.1        | SB outlined the current status of discussions around the Network Rail lease and immunisation works. He highlighted that there was some delay on both issues, partly because of Network Rail's lack of engagement on the lease issue, and partly because due to delays within TS to reach a contractual agreement.   |                                 |
| 6.2        | DS commented that the finalisation of the contractual agreement between TS and Network Rail was being affected by a lack of description of the technical solution. SB stated that relevant meetings had been held with TS and the output technical scope had been set out and was available to TS and Network Rail engineers. A summary was to be provided to DS & Matthew Spence by 20 <sup>th</sup> April.  | SB                              |
| 6.3        | DS confirmed that the imminent (within next 7-10 days) commercial agreement between TS and Network Rail regarding Airdrie-Bathgate was capable of variation to include the works required for Tram. He also confirmed that as soon as the technical scope description was received, this would form the technical specification for the variation to the agreement.<br>DS stated that there would be no further delay to such instruction caused by the wider discussions on funding and risk allocation between TS and CEC. DS further stated he would advise the project w/c 30 April whether TS would require the seconded PM resources identified and being interviewed by the project on 20 <sup>th</sup> April. | DS                              |
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| <b>7.0</b> | <b>TRO Strategy</b>   |                                 |
| 7.1        | KR presented the TRO strategy, which comprised two possible approaches, depending on whether certain statutory and legislative changes could be achieved and whether voluntary hearings would be requested by CEC. Copies of the presentation were handed out at the meeting.   | Copy to be sent to participants |
| 7.2        | KR explained that the timescales included in the programme for the TRO strategy were non-discretionary, as there were driven by statutory processes, and that the strategy was dependent on completed design being available.   |                                 |
| 7.3        | The board recognised that there was an inherent risk that where core-measures were exempted from public hearings, consequential measures may become the focus of attention. CEC would be required to resist public pressures where it was unreasonably used in such a   |                                 |

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|            | way. AH stated that clear briefing of CEC transport staff and elected councillors would be provided.  |                                 |
| 7.4        | JH questioned the impact of design changes on the TRO strategy. KR explained that orders could be relaxed but not fundamentally changed.  |                                 |
| 7.5        | The board recognised that the key risks in relation to the TRO strategy were in relation to the legal framework and political acceptance of the strategy. DJM questioned whether these risks were on the risk register – KR to provide an update to DJM.  | KR                              |
| 7.6        | The board welcomed KR's contribution and approved the proposed suite of TRO's and the strategy as presented.  | KR                              |
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| <b>8.0</b> | <b>MUDFA update</b>   |                                 |
| 8.1        | GG / SC presented the board with a summary of the commercial arrangements, management and control processes and an update on programme and progress for MUDFA. Copies of the presentation were handed out at the meeting. Key matters were discussed as outlined below.   | Copy to be sent to participants |
| 8.2        | <u>Incentivisation</u> : SB queried whether the contract included any "pain-sharing" elements in case milestones were not met. GG explained this was not possible due to the inherent uncertainty of utilities works and the fact that the MUDFA contract was a remeasuring contract.   |                                 |
| 8.3        | WG requested that in addition to any VE being applied to work order subsections, consideration should be given to how to incentivise SDS/ <b>tie</b> and AMIS to find innovative and economical solutions.  | GG                              |
| 8.4        | AH queried the composition of the cost increase for MUDFA works. GG confirmed that the anticipated increase of £2.8m was due to the sequential work for Phase 1b and the programme delay to June 07. The board accepted that these costs increases were not new but a restatement of previously advised information.  |                                 |
| 8.5        | <u>Programme</u> : SC confirmed that although 2 utilities had not yet fully signed up, this was due to legal issues and that all partners were fully involved in the process. It was also confirmed that although the utility companies agreed to avoid undertaking conflicting works, the responsibility to ensure this was the case ultimately lies with CEC.   |                                 |
| 8.6        | AH questioned what Forth Ports' position was regarding the MUDFA programme. SC confirmed that certain dead periods were agreed per the contract and that similar requirements were likely for Infraco.  |                                 |
| 8.7        | WG provided a summary of the debate on opportunities to combine the MUDFA and Infraco programmes at certain critical areas. Potential benefits are lesser degree of disruption to the public and costs. Conversely, such an approach increased the uncertainty risks from utilities diversions. The MUDFA sub-committee would prepare a risk/benefit analysis & feed back to the TPB.                           |                                 |
| 8.8        | DS raised a concern that the principle of separating Infraco & Utilities diversions had been very welcomed by the Infraco bidders and was a key aspect of the procurement strategy. WG confirmed that a risk/benefit review was currently being performed and that Infraco's assessment of the risks in such a changed approach would be obtained once greater detail on the design was available. Any decision |                                 |

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|             | to progress with this approach would require approval from the TPB.   |      |
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| <b>9.0</b>  | <b>Procurement strategy</b>   |      |
| 9.1         | Due to time pressures, the planned presentations on the Procurement strategy, Cost Control and a detailed VE update were postponed to the May TPB.  |      |
| 9.2         | MC summarised the “risk map” which is the output from the recent “Blue Sky” day. The purpose of that day was a review of the procurement strategy and risk allocations to assess whether it was still fit for purpose. The review was performed in consultation with Transdev, TEL and PUK and it found that the strategy and risk allocation was generally robust. |      |
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| <b>10.0</b> | <b>Value Engineering</b>  |      |
| 10.1        | GG outlined the current status of the process. Consultation with CEC and TEL was ongoing, however to achieve desired progress decision on which ideas to take forward for recommendation to the TPB was required within the next 2 weeks.   |      |
| 10.2        | The recommendations were to be presented to the Procurement sub-committee. WG proposed to invite DS to attend this meeting to ensure full TS involvement.   |      |
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| <b>11.0</b> | <b>Funding and Business Case</b>  |      |
| 11.1        | The board noted that comments from TS on the DFBC had been received early April and that draft responses had been provided to TS by <b>tie</b> and CEC.   |      |
| 11.2        | SMcG stated that Heads of Terms for a funding agreement had been drafted but needed significant further work. Further meetings between TS and CEC with <b>tie</b> 's support were planned before the next TPB and an update on progress would be provided.  | SMcG |
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| <b>12.0</b> | <b>Papers for approval</b>  |      |
| 12.1        | <u>Invasive Species</u> : The summary paper was presented by SC and the change request for £300k to allow commencement of the required treatment cycles was approved.   |      |
| 12.2        | <u>Gogar Depot Utilities works – Stage 1</u> : The summary paper was presented by SC and the board approved the recommendation to commence the works under the MUDFA contract by AMIS.  |      |
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| <b>13.0</b> | <b>AOB</b>  |      |
| 13.1        | A query was raised whether the CEC initiative to improve Edinburgh's streetscape would have a budget impact for the project. AH confirmed that this was not the case.   |      |

Prepared by Miriam Thorne, 25 Apr. 07