

## Joint Tram Project Board and tie Board

11 February 2009

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 1  
Lothian Buses

## Agenda

Minutes and Matters Arising	D Mackay
Overview	S Bell
HSQE	S Bell
Infraco Potential Dispute Risks and Approach	S Bell
Project Delivery	S Bell
- Princes St - programme and readiness	
- Utilities – programme and commercial issues	
- Infraco – programme and commercial issues	
- Other key areas	
Finance	S McGarrity
Risk Management	S Bell
Network Extensions	S McGarrity
Change Control	S Bell
HR, Comms and Stakeholder	C McLauchlan
Governance	G Bissett

*Strictly Confidential*

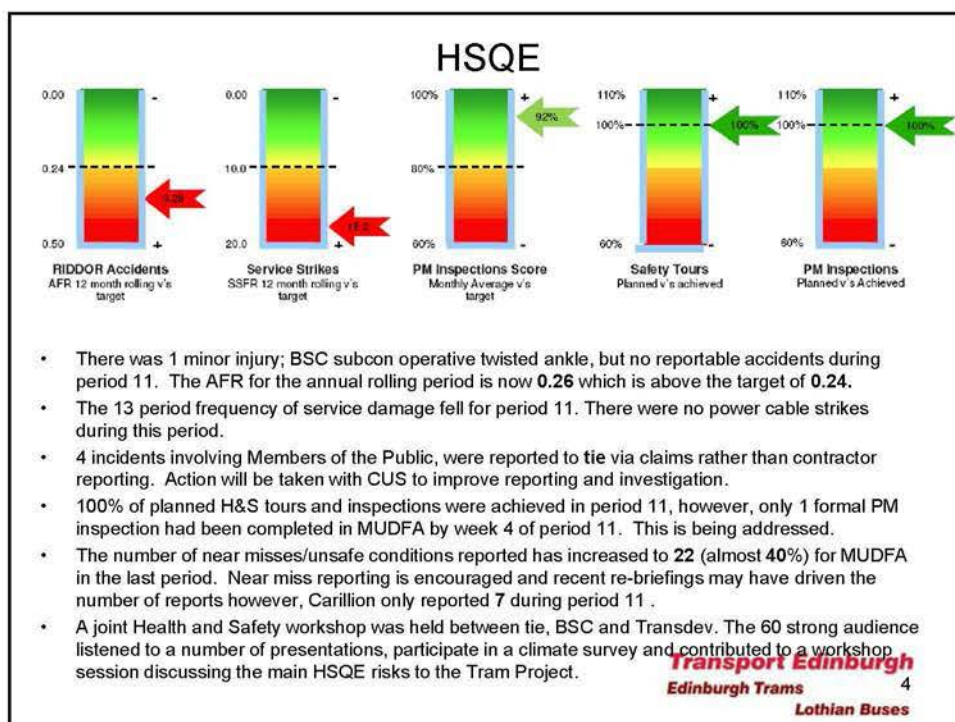
**Transport Edinburgh**  
Edinburgh Trams 2  
Lothian Buses

## Overview

- HSQE performance continues with AFR continuing to improve. Safety Strategy proposed and presented to Board.
- Infraco – Engagement is not fully effective and specific disputed areas are being addressed as a major concern.
- Co-ordinated progress on Princes Street continues on programme for 21 February.
- Utilities – CUS underperforming and necessitating further interventions. Integration opportunities and transfer of works to others being actioned actively.
- Programme recovery work progressing with better Infraco contribution.
- Cost/risk ranges presented by tie/CEC to Transport Scotland.

Strictly Confidential

**Transport Edinburgh**  
Edinburgh Trams 3  
Lothian Buses



## Project Delivery Princes Street

- Enabling works – on programme, Mackenzie's performing well
- Traffic/pedestrian management - Plans approved by TMRP. Additional pedestrian modelling underway.
- Logistics –logistics contract awarded and start-up meeting held , delivery route maps out to retailers/hauliers this week.
- Emergency plan –completed . Reflects requirements of emergency services and CEC.
- Traffic contingency plan – completed.
- Fencing – banner wrap in design, supplier on board and final details on fire standards being completed.
- Implementation plan in production with resource plan for implementation weekend.
- Risks – SU's doing other works on George St, weather

**Transport Edinburgh**  
Edinburgh Trams 5  
Lothian Buses

## Project Delivery Utilities Works

- Overall 67% complete - progress poor
- Edinburgh Airport work cannot be undertaken by Carillion because of failure to agree Collateral Warranty with EAL.
- Alternative routes to deliver being implemented.
- Further elements of scope may be transferred to BSC if there are advantages in cost/programme and confidence in BSC delivery.
- BT works now commencing.
- Integrated programme for Haymarket, Ocean Terminal, Leith Walk expected this week.
- Quality of CUS resource escalated with CUS Managing Director.

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 6  
Lothian Buses

## Project Delivery Infraco Progress

- Disappointing – ongoing issues with;
  - Delayed appointment and mobilisation of package/sub contractors
  - Design slippage and design changes (including instructions)
  - Incomplete/ delayed utilities diversions.
  - Submission of Estimate and agreement of change orders (Holding work)
  - Consortium integrated programme

### Works progressing well on;

- Princes St works and associated planning, enabling, and subcontractor engagement.
- Tram vehicle works
- Progress impeded by potential dispute.

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 7  
Lothian Buses

## Project Delivery Infraco Issues Resolution

- There is a significant risk of a major dispute with Infraco. This is drawn by the following issues:
  - BSC's refusal to progress works which may be affected by a change which has not been subject to issue of an agreed **tie** Change Order .
  - BSC's failure to provide timely and/or competent Estimates to allow a change to be assessed and if appropriate a Change Order agreed and issued.
  - Specific areas of disagreement e.g. responsibility for changes in design from Base Date Design Information (BDDI) to Issued for Construction (IFC) drawing.
- Absence of any approach to resolving these issues acceptable to BSC constitutes plus other mobilisation issues represent multiple breaches of contract.
- Preparations underway to commence formal Dispute Resolution based upon legal advice.

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 8  
Lothian Buses

## InfraCo Issues (2)

### Options

- A. Agree a workable solution (e.g. Section by Section release) after raising visibility within top level consortium.
- B. Targeted DRP to unlock pressure point(s).
- C. Significant dispute – major impact on Works progress and costs.

*Strictly Confidential*

**Transport Edinburgh**  
 Edinburgh Trams 9  
 Lothian Buses

## Project Delivery Other Issues

For noting;

- TROs – expect formal consultation in May/June
- Haymarket Car Park compensation – NR agreed; First ScotRail element re: franchise extension still being pursued with Transport Scotland. TS initial response was to reject.
- Fastlink (Guided Busway) wide area measures and associated TRO underway and on programme currently.
- Murrayfield pitch works complete. Lighting variations being completed.

*Strictly Confidential*

**Transport Edinburgh**  
 Edinburgh Trams 10  
 Lothian Buses



## Costs Review – Summary Table

£m	Spent to					
	P10 08/09	Approved Budget	Increases	High Outturn	Opps	Low Outturn
<b>Base Costs</b>						
Infrastructure and Vehicles	62.8	304.9	2.9	307.8	(4.4)	303.4
Utilities diversions	45.3	49.9		49.9	(1.8)	48.1
Land and Property	18.1	20.6		20.6	(1.0)	19.6
Design, modelling and technical services	36.9	39.0	0.8	39.8	(0.4)	39.4
Team Resources (tie/TEL/CEC/Transdev)	21.6	38.4	6.3	44.7	(1.4)	43.3
Legal costs	5.4	5.8		5.8		5.8
Insurance	1.3	4.5	0.5	5.0	(0.5)	4.5
Accommodation and overheads	7.4	10.9	1.1	11.9		11.9
Other	7.6	9.2	0.4	9.6	(0.6)	9.1
<b>Total Base Costs</b>	<b>206.3</b>	<b>483.1</b>	<b>12.0</b>	<b>495.1</b>	<b>(10.1)</b>	<b>485.0</b>
<b>Risk Allowance</b>						
Infrastructure and Vehicles		17.5	13.9	31.4	(6.3)	25.2
Utilities diversions		6.7	(0.2)	6.4		6.4
Land and Property		1.1	(0.1)	1.0	(1.0)	(0.0)
Approvals		1.3	(0.1)	1.2	(0.9)	0.4
Value engineering delivery		2.0	2.3	4.3		4.3
Other		0.4	(0.0)	0.4		0.4
<b>Total Risk Allowance</b>		<b>28.9</b>	<b>15.8</b>	<b>44.7</b>	<b>(8.1)</b>	<b>36.7</b>
<b>Total Phase 1a Delivery</b>	<b>206.3</b>	<b>512.0</b>	<b>27.8</b>	<b>539.8</b>	<b>(18.2)</b>	<b>521.6</b>
Phase 1b Cancellation				6.2		6.2
<b>Total Costs to Fund</b>				<b>546.0</b>		<b>527.8</b>

Strictly Confidential

**Transport Edinburgh**  
Edinburgh Trams 11  
Lothian Buses

## Costs Review – Update from Jan TPB

- No change in range of outturn for Phase 1a - £522m to £540m.  
Same principal assumptions:
  - No future disruption due to unforeseen traffic management
  - No future design changes not separately funded
  - The Infraco will commence construction on Princes Street and the Depot as programmed in Jan/Feb 09
  - Commercial engagement with Infraco and delivery impetus improves significantly and leads to a revised programme with service commencement date +/- July 2011
- Commercial engagement with Infraco and progress with works remains the major uncertainty – additional risk allowances for time and design changes are key variables
- Report to March TPB on progress in mitigating costs increases / securing opportunities in all areas.

Strictly Confidential

**Transport Edinburgh**  
Edinburgh Trams 12  
Lothian Buses

## Risk Report

- Corporate risk report review and updated.
- Major issue previously discussed is Risk – Infraco Mobilisation.

*Strictly Confidential*

**Transport Edinburgh**  
 Edinburgh Trams 13  
 Lothian Buses

## Change Control

- Update on status for P11 evaluated.
- During the period £3.9m was drawn down from risk and contingency all of which has been approved in line with the delegated authority and the project change panel.
- Potential Changes identified in papers as;
  - Conclusion of programme re-calibration
  - Gogar Interchange
  - Additional Embargo imposed in Leith Walk and Constitution St
  - Princes St – additional resources to keep city moving etc
  - Manor PI – consequence of delays implementation of closure of utilities
  - Picardy PI – CEC change funded via developer under consideration.

*Strictly Confidential*

**Transport Edinburgh**  
 Edinburgh Trams 14  
 Lothian Buses

## HR and Comms

### Princes Street – Communications and Customer Services

- Construction Surgeries – 6 this week
- Leaflets, Fact Sheet and Fencing Banners
- Signing
- Logistics and TCA's
- Media – full alert
- Advertising – bus shelters
- Web sites
- Tram Mock Up

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 15  
Lothian Buses

## Governance

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 16  
Lothian Buses



END

*Strictly Confidential*

**Transport Edinburgh**  
Edinburgh Trams 17  
Lothian Buses