



**Transport Edinburgh**  
**Trams for Edinburgh**  
**Lothian Buses**

**Tram Project Board**  
**Report on Period 11**  
**Papers for meeting 13<sup>th</sup> February 2008**

**09:00am – 12:00pm**

**Distribution:**

David Mackay (Chair)  
Willie Gallagher  
Neil Renilson  
Bill Campbell  
Andrew Holmes  
Matthew Crosse  
Susan Clark  
Steven Bell

Donald McGougan  
Graeme Bissett  
James Stewart  
Neil Wood  
Jim McEwan  
Stewart McGarrity  
Alastair Richards

TRAM PROJECT BOARD

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**Agenda Tram Project Board**  
**Brunel Suite – Citypoint II, 2<sup>nd</sup> Floor**  
**13<sup>th</sup> February 2008 – 9.00am to 12.00pm**

**Attendees:**

David Mackay (Chair)	Stewart McGarrity
Willie Gallagher	Neil Wood
Bill Campbell	Steven Bell
Andrew Holmes	James Stewart
Matthew Crosse	Susan Clark
Donald McGougan	Andrew Fitchie
Graeme Bissett	Alastair Richards
Geoff Gilbert	Peter Strachan
Colin McLauchlin	Miriam Thorne (minutes)

Apologies: Neil Renilson

- 1 Review of previous minutes and matters arising
- 2 Presentation:
- 3 Project Director's progress report for Period 11 - Papers:
  - SDS update paper
  - Peer review
- 4 Code of Construction Practice
  - Letter from Edinburgh Chamber of Commerce
- 5 Change requests
- 6 Risk
- 7 Date of next meeting
- 8 AOB

**Edinburgh Tram Network Minutes**

**Joint Tram Project Board / tie Board / TEL Board**

**23<sup>rd</sup> January 2008**

**tie offices – Citypoint II, Brunel Suite**

<b>Members:</b>			
Willie Gallagher (Chair)	WG	Neil Renilson	NR
Brian Cox	BC	Bill Campbell	WWC
Kenneth Hogg	KH	Andrew Holmes (part)	AH
Neil Scales	NS	Donald McGougan	DMcG
Cllr Ricky Henderson	RH	James Stewart	JS
Cllr Allan Jackson	AJ		
Cllr Phil Wheeler	PW		
Cllr Gordon MacKenzie	GMcK		
<b>In Attendance:</b>			
Steven Bell	SB	Gill Lindsay	GL
Stewart McGarrity	SMcG	Duncan Fraser	DF
Matthew Crosse	MC	Jim Harries	NW
Susan Clark	SC	Neil Wood	JH
Alastair Richards	AR	Miriam Thorne (minutes)	MT
Damian Sharp (part)	DS		

**Apologies:** David Mackay, Graeme Bissett.

<b>1.0</b>	<b>REVIEW OF PREVIOUS MINUTES</b>	
1.1	The previous minutes were taken as read and the outstanding actions from previous meetings were agreed as complete.	
<b>2.0</b>	<b>MATTERS ARISING</b>	
2.1	Neil Wood was welcomed as the new General Manager for Transdev and the Boards expressed their thanks and best wishes to Jim Harries	
<b>3.0</b>	<b>OVERVIEW</b>	
3.1	WG provided an overview of the progress towards Financial Close. He outlined the developments since December 07 and highlighted the drivers for the proposed Close programme to mid / end February. This proposal addresses questions on programme ownership and allows time to resolve novation concerns and 3 <sup>rd</sup> party agreement issues. In summary, the Boards were assured that there are no indications of material price, scope or programme changes at this time.	
<b>4.0</b>	<b>MUDFA – update</b>	
4.1	SB gave an update on the current status of MUDFA works, which is on programme and budget. The Boards were informed that the programme for the next six weeks was well established, in terms of resources and traffic management, and a significant ramp up in activities would commence on	

	either the 14 <sup>th</sup> or 21 <sup>st</sup> February, depending on the ground preparations.	
	The Boards requested that the tram helpers would focus greater efforts on guiding pedestrians around the diversions at the corner of House of Frasers on Princes Street.	SB
<b>5.0</b>	<b>INFRACO CONTRACT SUITE</b>	
5.1	SB provided an outline of the progress made on the Infraco suite of documents. Key items are the SDS novation, the Employer's Requirements and the Tramco novation documents.	
5.2	<u>Infraco Employer's requirements</u> : MC stated that the latest version of the ER's were currently being validated by BBS. <b>tie</b> have undertaken an internal technical consistency check and DLA have completed their legal review. SB confirmed that there are only a small number of material changes and feedback was expected by 31 <sup>st</sup> January 08.	
5.3	<u>Tramco novation</u> : AR outlined the progress made on achieving alignment on the contracts to ensure any issues arising would flow to the appropriate party. He explained that good proposals had been received to resolve the outstanding issues and he expected the agreement to be in final shape by 11 <sup>th</sup> February 08.	
5.4	<u>SDS novation</u> : significant progress had been made. However, a number of concerns remained outstanding in relation to the Prior and Technical design Approvals. SB explained that establishing a baseline and programme for Prior and Technical Approvals, which has buy-in from SDS, BBS, <b>tie</b> , and CEC, was essential.	
5.5	In response to questions from AJ, WG explained that obtaining consents were causing tension for the SDS novation, as BBS had differing expectations of the level of design completion prior to novation and are concerned about programme impacts arising from approvals delays. For this reason, it was essential to obtain a full approvals programme from CEC and WG stated that engagement was taking place with AH and Alan Henderson to this end.	
5.6	SB also explained that, although SDS were not time-bound in their contract to deliver approvals, payment to SDS was based on achieving these as part of the milestone payment regime, thus incentivising SDS to deliver.	
5.7	<u>Prior and Technical Approvals</u> : DS gave a presentation on the process to obtain Prior and Technical Approvals and the key issues outstanding. He highlighted that the workload for both types of approvals was likely to peak between February and May 08.	
5.8	DS highlighted the issue of tramstop designs posing a significant risk for delay. Key questions relate to finishes, shelter size and passenger information delays (PID) and that costs estimated at £500k may be incurred to meet Planning's aspirations.	
5.9	NR stated that although TEL was not very concerned about finishes or sizes, the shelters would need to be appropriate for the requirement to house ticket machines and similar items.	
5.10	Further, NR explained that it was not possible to fix the design for ticket machines at this point in time, as technology would change during the construction time and thus current models would likely be outdated.	
5.11	AR stated that Planning's current aspirations for PID were contrary to the	

	ER's and likely to be challenged on accessibility grounds. DF stated that he was confident that PID size would not hold up planning approvals.	
5.12	The Boards agreed that, subject to the relevant formal paperwork being raised and costs not greatly exceeding current indications, the project would agree to fund the extra costs for finishes,	
5.13	The Boards tasked DF / DS / AH / AR to resolve the issue around PID and report back to the next TPB.	DF / DS / AR / AH
5.14	AH raised a concern about the wording in the Close report regarding exclusions from the Infracore price base. He requested that greater clarity was provided on the definition of "additional works".	SMcG
5.15	<u>Timetable</u> : SB summarised the timetable implications of the proposed programme to Financial Close, including final review of the whole document suite prior to contract sign-off.	
5.16	The Boards expressed their satisfaction that the proposed programme to Financial Close allowed for this review and the resolution of outstanding issues, which is likely to result in a better risk profile. Further, the Boards took confidence from the fact that the Close programme was owned by BBS, ensuring the bidder's commitment in terms of resourcing and meaning further push-out was less likely.	
5.17	It was agreed that information of the move of Financial Close would be passed to Transport Scotland via the regular Progress report.	SMcG
5.18	Finally, the Boards accepted that there may be a four-week impact on the construction programme. However, this was not considered material to the overall project.	
<b>6.0</b>	<b>COUNCIL FINANCIAL GUARANTEE AND GRANT AWARD LETTER</b>	
6.1	SMcG provided a summary of CEC's financial guarantee and the Grant Award letter from TS. He explained that the financial guarantee would remain in place, regardless of CEC's option to terminate the tie-CEC operating agreement under certain conditions.	
6.2	DMcG confirmed that a signed copy of the Grant Award letter had been received from TS.	
6.3	SMcG confirmed that close attention would be paid to the project spend profile to ensure that the impact on CEC of a limited funding cap from TS in 08/09 and 09/10 was minimised.	
<b>7.0</b>	<b>3<sup>rd</sup> PARTY AGREEMENTS AND LAND ACQUISITIONS</b>	
7.1	SC outlined the key issues outstanding in relation to 3 <sup>rd</sup> party agreements and land acquisitions: <ul style="list-style-type: none"> <li>- Forth Ports: Final design decisions were outstanding and a meeting was to be held on 30<sup>th</sup> January to close these out;</li> <li>- SRU: Anticipated close out of issues on 29<sup>th</sup> January;</li> <li>- Network Rail: The terms of the APA and associated station and depot changes can create a programme risk. However, NWR advised they would grant access to land which is not subject to those changes; and</li> <li>- The BAA agreement has been finalised and was awaiting sign-off from CEC Legal.</li> </ul>	

<b>8.0</b>	<b>CRITICAL WORKSTREAMS AND READINESS FOR CONSTRUCTION</b>	
8.1	SB summarised the slide on critical workstreams. In addition, he stated the safety management arrangements would receive sign-off prior to Contract Close and there would be a walk-through at the <b>tie</b> Board Health and Safety committee.	
8.2	The Boards were informed that the risk management processes had been agreed with BBS and CEC and that there would be a periodic internal risk challenge session, chaired by WG and GB.	
<b>9.0</b>	<b>TAXATION</b>	
9.1	SMcG stated that VAT clearance had been obtained from HMRC and that work was planned to consider the most effective tax structure for TEL's future operations.	
<b>10.0</b>	<b>GOVERNANCE</b>	
10.1	SMcG presented the proposals on governance and delegation of authority.	
10.2	A change was requested to the section on the membership of the TPB to reflect PW's role of Transport Convenor at CEC.	
10.3	The <b>tie</b> Board members stated that request by CEC Legal to include the wording of "reckless behaviour" in clause 3.9 of the <b>tie</b> -CEC operating agreement should be discussed by the full <b>tie</b> Board.	
10.4	NR clarified that the current proposed TEL-CEC operating agreement only covered points of principle and details would be addressed at a later stage.	
10.5	The <b>tie</b> / TPB and TEL Boards and the representatives from CEC considered the proposals for governance and delegation of authority and approved them in separate resolutions – see attached.	
<b>11.0</b>	<b>PROGRESS REPORT</b>	
11.1	The progress report was taken as read	
11.2	JS requested to understand the workings of Liquidated Damages and other securities contained in the construction and supply contracts – SMcG to provide a summary note to all attendees.	SMcG
<b>12.0</b>	<b>AOB</b>	
12.1	WG highlighted that the next Boards would have to address and approve a large number of documents and therefore an aide-memoir should be prepared for the meetings.	SB / SC
12.2	AH advised that the report to full Council on the contracts would now be delayed to March.	
12.3	AH raised the question of how to best integrate Public Realm works at St. Andrew Square into the BBS contract. The Board agreed that this would best be dealt with through a post-contract change to avoid contractual complications and delay to Financial Close. CEC should raise an external change request – SB to assist.	SB/ DF/AH
12.4	Date of the next <b>tie</b> meeting – 29 <sup>th</sup> January 08 Date of the next TPB and TEL meeting – 13 <sup>rd</sup> February 08.	

## 1 Executive summary

### 1.1 Previous period update

#### 1.2.1 Commercial and procurement

##### Infraco / Tramco negotiations

During the period, negotiations continued with the preferred bidder BBS. The primary area of negotiation are:

- SDS Novation: Key items outstanding are in relation to the Prior and Technical Approvals, linkage of design submission to approvals process and CEC requirements and the legal liability relationship between BBS and SDS. To address these issues, engagement is taking place at senior level in CEC and **tie** to finalise the full approvals programme.
- Infraco Employer's requirements: Internal technical consistency checks and legal reviews were performed during the period and the final version is now with BBS for final review
- Tramco Novation: The alignment of the legal liability relationship has been significantly progressed during the period and is expected to be completed in P12.
- Other items relate to the payment milestone schedule and Phase 1b terms.

Based on the workload, BBS has proposed a programme to Financial Close to the end of February which has been reviewed and agreed. This proposal deals with a combination of programme ownership, volume of work involved and the difficulties of getting the consortium partners aligned. This may result in a short-term delay (likely slippage of revenue service of circa one month) but, as it stands, there is no material change to the project scope, cost or risk profile. Further, the proposal will help the quality of the negotiations and overall quality control on the documents, as well as enabling further progression of third party agreements.

Progress has commenced through the Advanced Mobilisation (progress outlined below).

##### Infraco – Advanced mobilisation

The Advanced mobilisation workstream is focused on ensuring appropriate factors are in place for smooth commencement of the main Infraco project once the contract has been signed and authorised. Given the updated timing to achieve Financial Close, the intent of advanced mobilisation is to ensure progress in critical activities to minimise the impact on the overall programme.

A meeting structure has been established between **tie** and BBS to pursue:

- Early works which do not carry excessive consequence in the event of scheme termination and, which if not carried out, would have greater cost implications for the programme;
- Resolution of critical design and methodology issues;
- Project plan baselining;

- Establishment of required reporting and tracking mechanisms;
- Required processes for invoicing, authorisation and assurance;
- Necessary communication and escalation procedures are developed and understood; and
- Overall ways of working are understood and fostered with the principle intent of encouraging a 'one team' based approach.

#### MUDFA

- Access to the SU apparatus which will remain within the DKE, specifically along Constitution Street and Shandwick Place, is being progressed. Following a meeting with TEL to define access parameters, DLA Piper have been commissioned to draft a formal legal agreement for TEL, CEC and the Statutory Utilities. The basis of the proposed agreement has been communicated to the affected SU's.
- Road reinstatement and potential revised specification based upon performance has been progressed by **tie** / CEC in the period. Material and the principle of performance parameters and protocol have been agreed upon. Revised rate received back from CEC on rate applied to B.0 material, this is being reviewed in terms of the commercial implications and opportunity.
- A joint review (**tie** / AMIS) of the required utility diversions to update the AFA, based upon the currently issued IFC and the issued for approval drawings in the period, is underway and will be completed by the end of Period 12. The joint review will be based upon approximately 90% of the design for the Project.

#### **1.2.2 Approvals / governance / funding**

##### Council Financial Guarantee and Grant Award letter

- The CEC Guarantee requires CEC to stand behind **tie**'s financial obligations to BBS and is now in substantially agreed form.
- The signed Grant Award Letter has now been received by CEC from TS. The Grant from TS is up to £500m and the Award Letter accommodates the possible use for Phase 1b, along with normal audit and certification arrangements.
- The annual sums available for 08/09 and 09/10 are capped, putting some pressure on adhering to programme. Work is underway to quantify the impact on potential CEC borrowing requirements.

##### Delegated authority

- A committee of Boards has been formed comprising messrs Gallagher, Mackay and Renilson, to whom authority is delegated to approve final execution by the **tie** Chairman of Notification to Award, the Infraco suite of contracts and any necessary related agreements on condition that ;
  - The final terms of the contractual arrangements are within the terms of the Final Business Case, subject to slippage of up to one month in programmed revenue service in 2011; and
  - They unanimously conclude that it is appropriate to do so ; and

- Approval has been received from the CEC Chief Executive to do so.

### Approvals

Approvals were received during the period from the boards of TEL, **tie** and TPB for the following:

- Approval of terms of Infraco and all related documents noting main open areas and in the context of the delegated authority outlined above;
- Acknowledge the terms of the Infraco Contract Suite and related documents and recommend to CEC that the council approve the terms of the Infraco Contract Suite and all related agreements and documents;
- Approval of governance and delegations papers; and
- Approvals of the relevant draft operating agreements between CEC and **tie** and TEL respectively.

### **1.2.3 Design and engineering**

The programme indicates that, although there are potential conflicts with some elements of the BBS proposed construction programme, these are manageable and containable against a schedule of activity agreed for the purpose.

Because of design slippage to date, and of the need to contain the end-date for approved designs, the amount of time available for formal approvals for CEC is compressed. The workload for Prior and Technical Approvals is expected to peak between Feb 08 and May 08. Close workings are established with CEC to achieve an agreed approvals programme.

Roads Technical Approvals are the most critical of the approvals elements as:

1. They have more complex technical integration; and
2. They require submissions which are complete in context – it is difficult for CEC to start work on a ‘part’ submission’.

Although full Roads Technical Approvals are not yet ready for transmission, a number are substantially populated and the first is due in imminently.

A key aspect is the IDC (interdisciplinary design check) process, which needs to be complete for each package to enable transmission. This requires all aspects of design to be complete, including the Road Safety Audits. It is this requirement for absolute completeness which has caused delay through a relatively small number of outstanding items such as Balgreen Road, SRU, and Park and Ride. These are all being actively pursued through the weekly critical issues meeting and significant progress has been made in the period in identifying all of the issues. This should now enable the necessary assurances to be given to BBS over this element of the programme, in terms of the removal of risk to completion of approvals.

**1.2.4 MUDFA**

Progress

		Period 11 05.01.08 to 01.02.08			Overall Performance to Date		
		PLANNED	ACTUAL	Variance	PLANNED	ACTUAL	Variance
<b>TOTAL</b>	<b>Metres</b>	<b>380</b>	<b>1160</b>	<b>780</b>	<b>6585</b>	<b>6186</b>	<b>-399</b>
	<b>Chambers</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>23</b>	<b>38</b>	<b>15</b>
<b>BT/Comm</b>	Metres	91	598	507	3002	2833	-169
<b>SGN</b>	Metres	97	13	-84	258	141	-117
<b>Scot W</b>	Metres	179	467	288	2510	2391	-119
<b>Scot P</b>	Metres	13	65	52	501	507	6
<b>Forth Ports</b>	Metres	0	17	17	314	314	0
<b>Gogar Comm</b>	Metres	0	0	0	683	683	0
<b>Gogar Scot P</b>	Metres	0	0	0	115	115	0
<b>Gogar Scot W</b>	Metres	0	0	0	617	617	0

Overall progress to date has been slightly lower than planned, largely due to the congestion of services being uncovered within Leith Walk and latterly the city centre. Some slippage has been recovered in the period and an action plan is in place to improve outputs in performance and safety:

- Procurement of specialist workforce to cover specific sections – eg. Shandwick Place / Section 7b;
- Adopt alternative methods of exposing existing services – vacuum excavation (improved output and safety);
- Extended working hours in appropriate areas (where there are few / no residences nearby) – city centre. Feedback from local businesses has been very positive;
- Prefabrication of reinforced chambers;
- Scarifying trench zones in lieu of breaker (long sections) (improved output and safety);
- Pre-identification and location of existing services in advance of section commencement;
- Increased supervision – additional Delivery Managers (2); and
- Acting on lessons learned from earlier sections and implementation of best practice.

## Section 1A

Trial holes to further inform construction recommenced 7<sup>th</sup> January 2008. The remaining 33 required, primarily at the lower, north end of the section, have been completed. One around the junction of Leith Walk with Great Junction and Constitution Street is ongoing to provide an alternative location of a major telecom chamber, which will minimise the TM requirements at this junction.

Works outwith the LOD, around Constitution Street have commenced:

- Scottish Power – phase 1 now complete. Phase 2 dependent on TM being in place (March);
- SGN – commenced 28<sup>th</sup> January. Completion due 29<sup>th</sup> February;
- SW – CDM issue resolved. Design work ongoing;
- BTO – design works ongoing;
- Communications notification for SP / SGN works has been provided by MUDFA; and
- All works are being monitored by an archaeologist.

## Section 1B

Jane Street road closure commenced 15 October 2007 for 12 weeks to accommodate a major exchange BT chamber. Despite severe congestion of services and additional works to overcome previously unidentified sewer, immediate to the ex chamber, the works were completed and the road opened to traffic on programme on 14<sup>th</sup> January 08.

TM is in place to accommodate all diversionary works from McDonald Road down to Manderston Street.

## Section 1C

The six remaining utility road crossings in Princes Street between the junctions of Frederick Street and Castle Street commenced on the 7<sup>th</sup> January. Their commencement coincided with the start of the enabling works for Phase 1 of the city centre diversionary works. The crossings are progressing well and will be complete prior to the start of the main diversionary works, as planned. The works to the crossings has been coincident with the removal of the last sections of the central reserve on Princes Street.

Diversions between the Mound and South St Andrew Street are slightly behind programme due to extent of existing services and requirements to alter / amend TM, impacting on progress.

BTO diversionary works commenced in the south end of St Andrew Street on the 8<sup>th</sup> January. These will be ongoing for 16 weeks.

The enabling works at Frasers corner, Frederick and St Andrew Square have been ongoing since the 8<sup>th</sup> January. These are being carried out by resources from Alfred McAlpine Construction services. Phase 1 is targeted for completion by the

25<sup>th</sup> February and the continuation of further enabling works (Phase 2) will continue thereon.

The necessary TM design work for Phase 1 has been completed with the specific requirements of all the alterations to the traffic signals and appropriate signage detailed out. Procurement of both traffic signal equipment and signage is well underway. Traffic signal alterations are programmed for completion by the 25<sup>th</sup> February (installed, commissioned and operational).

Communication notices / letters will be issued out early in Period 12, confirming the start date of Phase 1 construction works as 1<sup>st</sup> March 08.

### **Section 1D**

The remaining 31 planned trial holes along Shandwick Place up to Haymarket junction have been progressing since 7<sup>th</sup> January. These are due for completion prior to Shandwick Place closure and are presently on programme.

Communications teams have been contacting all the affected businesses and residences to obtain access / loading / special requirement needs along Shandwick Place to develop a support strategy. This will be incorporated within the overall construction philosophy for this closed off section.

### **Section 5A, 5B and 5C**

The 5B IFC utility drawings were issued on 18<sup>th</sup> January. A preliminary review has confirmed there are works to be carried out by MUDFA (the remainder will be transferred to Infracore).

The 5C IFA drawings were issued on 25<sup>th</sup> January. The current forecast for IFC is 8<sup>th</sup> February – this is based on SDS quality being significantly better than previously experienced in section 5B.

The majority of the works in this section will be adjacent to the Gyle Roundabout and Gyle Broadway. Drawings were issued to Edinburgh Park (IFA) 30<sup>th</sup> January.

### **Section 6 (Utilities)**

Diversion of the 33kv SP cable has been completed and energised. The 250mm water main diversion has been completed under RATs. Currently experiencing difficulties in obtaining satisfactory pressure test and investigations are underway to locate the problem.

The 800mm water main design drawings have been reviewed for discussion with SW in w/c 28<sup>th</sup> January. The delay in these drawings (issue was anticipated in latter part of December 07) has exacerbated relations with SW, and put these works on the critical path for the Gogar depot construction works. These works, which were anticipated to commence in January, will now start at the earliest in mid

February / March. Discussions are ongoing with both SW and AMIS to obtain the earliest possible commencement to this operation.

### **Section 6 (Gogar)**

No works have been carried out in depot over this period. Removal of the final earthwork quantities has been delayed by the SGN IP main and BAA fence (which is sterilising proposed route for 800mm watermain). BAA and the CAA have still to confirm a date for authorising the fenceline move. This is currently forecast as March 08.

### **Section 7A & 7B**

7A (RATs) are complete on site. A number of utilities identified previously under RATs will be carried out under the Infraco contract.

AMIS is in discussions with Grontmij regarding programme requirements and a workshop is to be arranged with key team members to review scope and timeframes. The revision 06 programme is expected to be maintained.

### **Traffic Management**

The traffic modeling for Phase 1 city centre works has been completed. Due to the extensive TM measures to be implemented prior to construction, the programme of works for section 1C city centre Phase 1 has been delayed by 4 weeks, and is now scheduled to start on 1<sup>st</sup> March. A programme has been established to ensure future works avoid delays arising from design / modeling needs.

Additional TM resources have been employed to cover future workload. A review of the current position within the revision 06 programme is underway to investigate options to recover the above delay.

### **1.2.5 Delivery**

GVD6, the final tranche was issued on 14<sup>th</sup> December and title vested to CEC on 23<sup>rd</sup> January 2008.

The BAA agreements are in agreed form and will be executed by Financial Close. NR have confirmed that access to the remainder of NR lease land (excluding those plots affected by depot and station change) will be available to Infraco under the agreed terms of the APA. The documentation required for the change processes, in relation to the depot and station, was submitted to NR on 21<sup>st</sup> December. First ScotRail (FSR), the depot and station operator, have expressed written support to the change proposals submitted by NR, and all but one TOC (National Express) have indicated no objection to the proposals. FSR is following this up but do not anticipate a problem. The 45 day regulated change consultation period concludes on 1<sup>st</sup> March and a positive outcome is anticipated.

The principles detailed within the NR APA are agreed, and this agreement is expected to be ratified by NR (Head of Enhancement Contracts) by 15 February. The suite of property agreements are also in the final stages of drafting, with the framework agreement expected to be executed by Financial Close.

The modelling support to inform the design process is proceeding well. Work continues on the layout of a small number of key junctions, the most significant of which is Picardy Place.

Preparations are underway to commence with a small amount of advance archaeological works in the Gogar / Ingliston area. A preferred bidder has been appointed and is due to commence work during February.

Ongoing badger monitoring continues to ensure no new setts are created on the route.

### **1.2.6 Health, safety, environment and quality**

There were no accidents in the period and the accident frequency rate (AFR) for the project remains 0.00.

There were eleven incidents reported during the period. These are categorised into two very minor, eight minors and one serious:

- AIIR0055 – Street lighting cable damaged, 1 February. Princes Street, central reservation. While pecking out tar, machine caught and broke street lighting cable. Awaiting AMIS investigation report.

Four safety tours and four site inspections were undertaken in the period. Action plans are agreed to address issues raised.

There were no audits in the period and seven audit findings were closed in the period. Three non-conformances were raised and two of these closed. One remains open with an action plan in place.

#### Public Utility Strike – action plan

The utility damage rate has increased this period. Areas under review include:

- The congestion of apparatus within the areas worked;
- The competency, turn around and increase demand of site operatives since period 10;
- Areas such as Princes Street being previously refurbished resulting in utilities becoming surrounded in concrete – alternative construction methods; and
- Unknown depth of services – likelihood of shallow services (underground cellars, etc).

AMIS are currently working on a trend analysis covering crew, area and type of utility. An updated will be provided to **tie** / MUDFA at the next HSQE meeting scheduled for 7<sup>th</sup> February.

### 1.2.7 Stakeholder and communications

All preparation is now in place for the MUDFA Phase 1 works to commence in the City Centre on 1<sup>st</sup> March 2008. Further work is being planned for communication the next phase of MUDFA works in Constitution Street which are due to start on the 17<sup>th</sup> March and this will include design of information leaflets and organising more local information surgeries.

There has been a large increase in the take up of the Small Business Support Scheme where just under £200k has now been paid to local businesses on Leith Walk. Work is continuing with the representative organisations of the business community regarding the support which is required for local businesses.

Communications teams (AMIS and **tie**) are being amalgamated to improve synergy within the team – all will be under the direct control of **tie**. This will be completed by the beginning of February.

## 1.2. Key issues for forthcoming period

### General

- Progress to Financial Close in relation to the preferred bidder process – on price, programme, risk allocation, legals and contract elements;
- Progress of the novation agreements for SDS and Tramco; and
- Achievement of Infracore mobilisation milestones.

### MUDFA specific

- BT cabling and jointing programme – working with BT to explore ways of reducing the impact, including BT working 24/7 and allowing early access for BT cabling and jointing by sub-area, requiring detailed integration with Infracore. The programme aims to minimise potential interfaces between MUDFA and Infracore to maximise the window of opportunity for BT cabling and jointing works;
- SGN 30" gas main at the Mound – commercial resolution is being progressed with an agreement having been reached on the preferred solution;
- Latest IFC drawings are primarily based on drawings yet to have final approval from CEC – there is a potential problem if any of these are subsequently 'not approved';
- Design delays in the issue of IFC drawings. Trend beginning to show again. This is being escalated to address the problem; and
- 1,500mm sewer under proposed A8 underpass. Risk of not achieving alternative solution agreement to the proposed option to divert it under the A8.

### 1.3. Cost

	COWD Period	COWD (YTD)	COWD YTD + forecast to year end	AFC
Phase 1a	£5.5m	£53.4m	£86.8m	£498.1m
Phase 1b	£0.0m	£ 1.1m	£ 2.0m	£ 87.3m
Phase 1a+1b	£5.5m	£54.5m	£88.8m	£585.4m

The COWD in the year to date primarily comprises continued development of design, advance works at the Gogar depot, utilities works under both MUDFA and direct works by utility companies, project management costs and land costs.

**The forecast outturn for the year has fallen from £94.3m to £88.8m to reflect a four week delay in the award of the Infraco and Tramco contracts until the beginning of March 2008.**

The cost of land included in the year to date totalling £16.6m (comprising both land acquired under the GVD process and land injected into the project by CEC) is included in this report for completeness. However, all payments have and will be made directly by CEC.

Costs for Phase 1b relate purely to finalising design works, as previously agreed by the Board.

As previously reported, payments to be made in the current year for advance material purchases (£24.2m) will be treated as prepayments following discussion with TS.

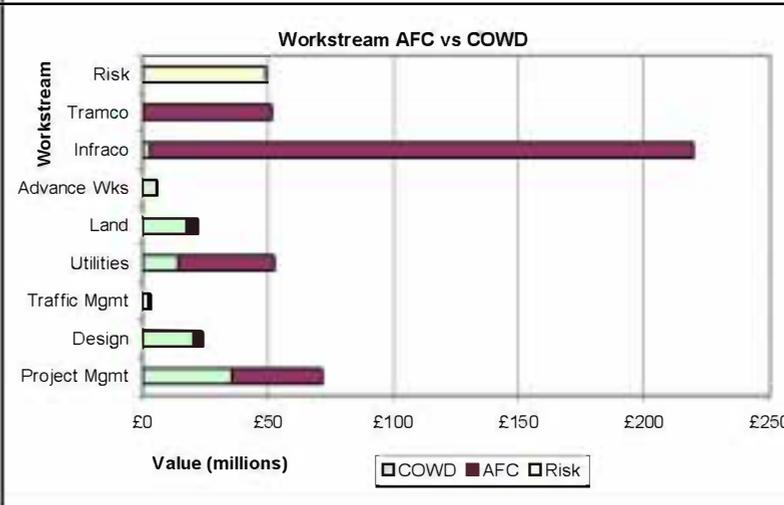
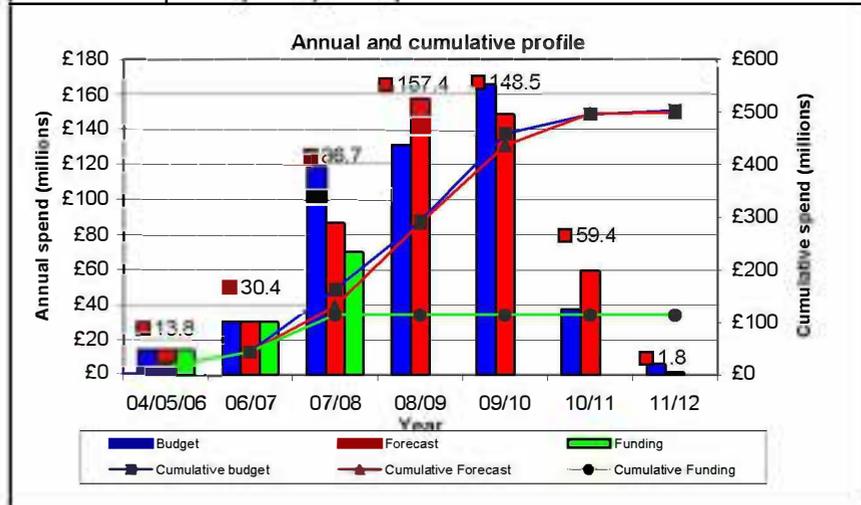
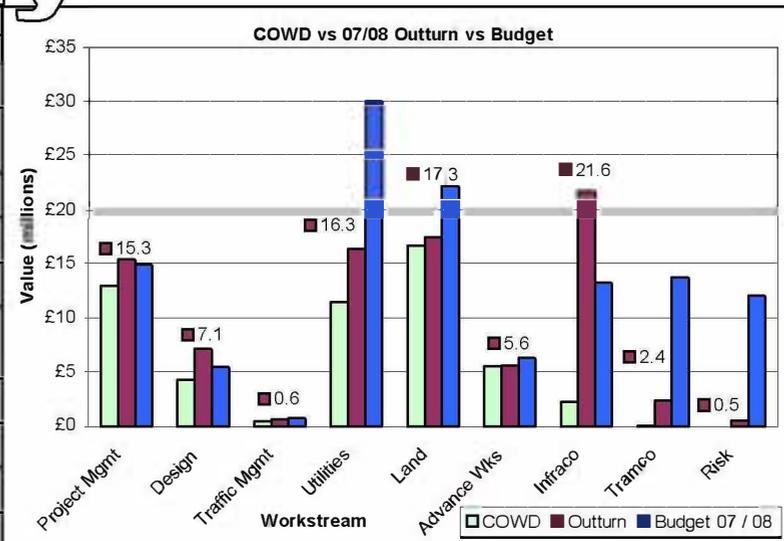
Forecast expenditure during FY 08/09 (now estimated at £157.4m on Phase1a) and subsequent years is subject to finalisation of tendered costs and related cost profiles with the Infraco and Tramco bidders and the element of the risk allowance allocated to that year. Cognisance is being taken of the current £120m cap on TS funding for FY 08/09 to the extent it makes commercial sense.

# Phase 1a only

FOISA exempt

Yes  
 No

Period 11 - 07/08 COWD (£000s)				
Workstream	F/cast	Act	Var	Comments
Project Mgmt	1,301	833	(468)	Duplication of tie accrual (staff and overhead costs) now resolved
Design	369	368	(0)	
Traffic Mgmt	77	(129)	(206)	Over accrual on legal support now corrected
Utilities	1,828	2,362	535	Partial recovery of measured work slippage
Land	91	51	(39)	
Advance Wks	10	52	42	Reflects F/A assessment for Phase 2 mass excavation at Depot
Infraco	4,111	1,936	(2,174)	Early mobilisation deferred to reflect movement in Financial Close date
Tramco	100	30	(70)	Early mobilisation deferred to reflect movement in Financial Close date
Risk	0	0	0	
<b>Total</b>	<b>7,886</b>	<b>5,505</b>	<b>(2,381)</b>	



## **1.4. Programme**

The critical path is becoming clearer as the agreed-in-principle construction programme is developed in conjunction with BBS and the major stakeholders is “tweaked” to overcome emerging constraints.

### Design

The delivery of design to meet the construction schedules for various structures is causing concern and detailed reviews and discussions are underway with SDS, CEC and BBS to provide solutions. All design issues that are now directly impacting the agreed-in-principle Infraco construction programme have been reviewed and will be reflected in the Period 12 report.

### Network Rail

Network Rail immunisation works are showing as near critical as the final stages are tied to pre-booked possession dates in late December 2008 and early January 2009. This will remain critical until such times that the scope and programme are confirmed. This work has to be completed prior to the depot energisation in November 2009.

### MUDFA

There is little change to MUDFA as the revision 06 construction programme although slightly behind schedule (~400m) is expected to have recovered to programme by end of Q1 2008.

### Infraco

Infraco areas showing critical are those impacted by the design availability above. The final phase of the advance works contract for mass excavation prior to Infraco commencement is dependant on Scottish Gas Network delivering to programme which is continuing to experience delays. This situation is being monitored and current indications are that the existing SGN Gas Main will be isolated ready for removal by 25<sup>th</sup> April 2008. During January 2008 agreement was reached between **tie**, BBS and major stakeholders including TEL, CEC, and Lothian and Borders Police on the outstanding areas of the Infraco construction programme covering:

- A8 Underpass construction sequencing and associated traffic management arrangements; and
- The sequencing for the construction of track-works to existing guided busway system.

## **1.5. Risk**

There have been reviews conducted of various risk registers including MUDFA and SDS. The current risk profile is being monitored against the current contract negotiations with BBS. The project risk register will be updated immediately prior to contract award notification to reflect the risk profile as at the end of the contract negotiations.

Activities in this period include reviews of the Tramco, TRO, MUDFA and SDS risk registers. In addition, work progressed on the Executive Risk Register and CEC Close Report.

### ***1.6. Approvals / decisions / support required***

Decisions / support required from TS

- Cash availability in line with milestone schedule and prepayment for advance material purchases.

Decisions / support required from CEC

- CEC Chief Executive approval for **tie** Chairman to sign;
- Signing of CEC Financial Guarantee;
- Signing of operating agreements CEC-tie and CEC-TEL; and
- Approval for formal publication to award contracts to BBS and CAF.

Decisions / support required by others

- N/A

## Appendix A Headline Cost Report

### 1.1. Current Financial Year

	COWD (YTD)	COWD YTD + forecast to year end	Funding authorised current year	COWD YTD + forecast to period to Financial Close (end Period 12)
Phase 1a	£54.5m	£88.8m	£77.1m <sup>2</sup>	£59.8m
Phase 1b	£ 0.0m <sup>1</sup>	£ 0.0m <sup>1</sup>	£ 0.0m <sup>1</sup>	£ 0.0m <sup>1</sup>
Phase 1a+1b	£54.5m	£88.8m	£77.1m <sup>2</sup>	£59.8m

#### Notes:

1. Phase 1b design costs are to be expended against Phase 1a budget as agreed by the Tram Project Board and as previously reported;
2. This comprises £60m grant for 07/08 plus £10.6m grant carried over from 06/07 for land purchases plus £1.8m grant funding from 05/06 in respect of a single property purchase plus £4.7m free issue land which is an injection of funding by CEC rather than TS; and
3. The above estimates are now based on achieving Financial Close by the beginning of period 13 (i.e. the beginning of March 2008).

As previously reported and agreed with CEC and TS, Milestone payments under the Infraco and Tramco contracts for advance material purchases to be made before the end of FY 07/08 will be classified as prepayments. The aggregate amount of these payments for advance material purchases is **£24.2m**. These prepayments will be reclassified as expenditure against funding in the periods in future years when the related materials are delivered to site and incorporated in the works.

The forecast outturn expenditure for the year has reduced from £94.3m to £88.8m, primarily due to a delay to Financial Close of 4 weeks. The forecast expenditure for the remainder of the year (periods 12 to 13) is summarised in the following table (NB - excludes payments for advance material purchases £24.2m, as explained above):

Nature of expenditure	P12 £m	P13 £m	Total £m
SDS design	0.30	2.60	2.90
MUDFA and other utilities	2.16	2.73	4.89
Infraco	0.79	18.06	18.85
Tramco	0.07	2.25	2.32
Land	-	0.51	0.51
Other	1.62	1.87	3.49
Risk	-	0.50	0.50
<b>Phase 1a Total</b>	<b>4.94</b>	<b>28.52</b>	<b>33.46</b>
Phase 1b (Design)	0.26	0.58	0.84
<b>Overall Total</b>	<b>5.20</b>	<b>29.10</b>	<b>34.30</b>

## 1.2. Next Financial Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£40.7m	£38.0m	£30.1m	£48.6m	£157.4m
Phase 1b	£ 0.5m	£ 0.1m	£ 0.9m	£ 2.3m	£ 3.8m
Phase 1a+1b	£41.2m	£38.1m	£31.0m	£50.9m	£161.2m

Note: Any variance in summation of table figures is due to rounding. The profile forecast for Phase 1b assumes commencement of utility works under MUDFA in Q3, 2008/9

The forecast for FY 08/09 remains highly sensitive to:

- Commencement of Infraco works in FY 07/08;
- Treatment of advance material purchases as prepayments (see above);
- The final negotiation of the Infraco / Tramco expenditure profiles which will take cognisance of the current £120m cap on TS funding for FY 08/09 to the extent it makes commercial sense; and
- The proportion of the overall risk allowance allocated to the year (the estimate for FY 08/09 includes £24.6m).

## 1.3. Total project anticipated outturn versus total project funding

	FUNDING (total project)			Total COST (To funders)
	TS	Other	Total	Promoter TOTAL AFC
Phase 1a	£500m	£ 45m	£545m	£498.1m <sup>2</sup>
Phase 1b	£ 0m	£ 0m	£ 0m	£ 87.3m <sup>1, 2</sup>
Phase 1a + 1b	£500m	£ 45m	£545m	£585.4m
Phase 1a + 1b concurrent	£500m	£ 45m	£545m	£580.4m

Total anticipated outturn is as per the Final Business Case.

Notes:

1. If Phase 1b did not proceed then £3.0m of design costs for Phase 1b would require to be expended against Phase 1a funding.
2. Estimate is valid for Phase 1b if option under Infraco contract is exercised prior to 31<sup>st</sup> March 2009 as per FBC.

Significant work remains through to Financial Close to ensure the current position is maintained include the pricing of provisional sections contained within the bid and realising the targeted savings from value engineering initiatives.

### 1.4. Change Control

The current change control position is summarised in the table below.

£m	Phase1a	Phase 1b	Phase 1a+1b
Project baseline (FBC)	498.1	87.3	585.4
Anticipated changes	-	-	-
Potential AFC	498.1	87.3	585.4

### 1.5. Summary Breakdown

Latest estimate / AFC (including escalation)

	Base Cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£449.1m	£49.0m	£0	£0 <sup>1</sup>	£0 <sup>2</sup>	£498.1m
Phase 1b	£ 77.7m	£ 9.6m	£0	£0 <sup>1</sup>	£0 <sup>2</sup>	£ 87.3m
Phase 1a + 1b	£526.8m	£58.6m	£0	£0 <sup>1</sup>	£0 <sup>2</sup>	£585.4m

**Notes:**

1. OB included in risk (QRA at P90 confidence level) as agreed with TS; and
2. Contingency included as part of risk at present.

## **Appendix B Risk and opportunity**

### **1.1. Summary**

There have been reviews conducted of various risk registers including MUDFA and SDS. The current risk profile is being monitored against the current contract negotiations with BBS. The project risk register will be updated immediately prior to contract award notification to reflect the risk profile as at the end of the contract negotiations.

Activities in this period include reviews of the Tramco, TRO, MUDFA and SDS risk registers. In addition, work progressed on the Executive Risk Register and CEC Close Report.

### **1.2. Review project risk register**

The updated primary risk register is enclosed as Appendix A. The principal changes in the risk position since the last period are outlined below.

#### **1.2.8 Risks added**

There was only one risk added during the period. The new risk relates to the new badger sets which have been constructed along the 1A route.

#### **1.2.9 Risks closed**

There were eight risks closed in the period. The most significant ones were 'tie required to assumes asset management role during and following construction', 'use of legal advisors beyond current budget' and 'submission of CAAD claim for plot 322'.

#### **1.2.10 Risks reassessed**

There was one risk reassessed in the period. The risk 'Submission of CAAD claim for plot 322' on the Land and Property risk register had its potential impact increased from £375k to £750k.

ETN Primary Risk Register - Feb 2007

ARM Risk ID	Risk Description			Risk Owner	Significance	Black Flag	Treatment Strategy	Previous Status	Current Status	Due Date	Action Owner
	Cause	Event	Effect								
286	Infraco lack of confidence in SDS designs or delivery programme	Infraco refuses to accept or fully engage in novation of SDS.	Possible delay to award; Damage to reputation; Possible extra costs or risk transferred back to tie.	B Dawson	Project		Complete designs and allow due diligence to be undertaken by bidders	Complete	Complete	1-Oct-07	B Dawson
							Consult with legal on options relating to due diligence to be carried out on design and availability of consents	On Programme	Complete	31-Dec-07	B Dawson
							Introduce and engage Infraco bidders to SDS as early as possible	Complete	Complete	28-Feb-07	B Dawson
916	CEC do not achieve capability to deliver	CEC are unable to honour their funding commitment	Potential showstopper to project if contribution not reached; Line 1B may depend on incremental funding from CEC	S McGarrity	Project		CEC has formed a multi discipline Tram Contributions Group to monitor identified sources of £45m contribution including critically developers contributions. tie are invited to that group. (see add info)	On Programme	Complete	30-Jan-08	CEC
							CEC to deliver necessary contributions for 1a	On Programme	Complete	30-Jan-11	CEC
							Tram Project Board to monitor progress towards gaining contributions	On Programme	On Programme	30-Jan-11	D MacKay
987	Unacceptable financial cost and/or risk	CEC do not agree to final negotiated contract	Potential cancellation of project	D Fraser		Project	Ongoing member engagement	On Programme	On Programme	29-Feb-08	W Gallagher
870	SDS Designs are late and do not provide detail Infraco requires	Infraco does not have detail to achieve a fixed price without provisional designs	Delay to due diligence and start on site and need to appoint additional design consultants	T Glazebrook	High		Monitor design progress and quality	On Programme	On Programme	29-Feb-08	T Glazebrook
							Obtain Design Progress Dashboard from SDS	Complete	Complete	15-May-07	T Glazebrook
							Review AIPs for Structural Information	Complete	Complete	2-Feb-07	S Clark

139	Utilities diversion outline specification only from plans	Uncertainty of Utilities location and consequently required diversion work/ unforeseen utility services within LoD	Increase in MUDFA costs or delays as a result of carrying out more diversions than estimated	G Barclay		Carry out GPR Adien survey Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales.	Complete Complete	Complete Complete	31-Oct-07 23-Nov-07	J Casserly J McAloon
						In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities and inform designer	On Programme	On Programme	1-Mar-08	A Hill
164	Utilities assets uncovered during construction that were not previously accounted for; unidentified abandoned utilities assets; asbestos found in excavation for utilities diversion; unknown cellars and basements intrude into works area; other physical obstructions; other contaminated land	Unknown or abandoned assets or unforeseen/contaminated ground conditions affect scope of MUDFA work.	Re-design and delay as investigation takes place and solution implemented; Increase in Capex cost as a result of additional works.	I Clark		Carry out GPR Adien survey Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales.	Complete Complete	Complete Complete	31-Oct-07 23-Nov-07	J Casserly J McAloon
						In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities and inform designer	On Programme	On Programme	1-Mar-08	A Hill
47	Poor design and review processes; cumbersome approvals process; reiterative design/approvals process.	Completion of MUDFA works is delayed (due to late design/approvals) - late utility diversions in advance of Infraco works.	Increase in price and time delay in the Infraco contract; Infraco could end up delay to commencement or with utility diversion and would have to price for or have to carry out unplanned re-sequencing; Claims from MUDFA as a result of being unable to proceed with works.	G Barclay		Incentivisation of SDS  Micro management of design  Review design timescales  Review tie design review  Revise design process	On Programme  On Programme Complete On Programme On Programme	Complete  On Programme On Programme On Programme	28-Sep-07  1-Mar-08 30-Apr-07 1-Mar-08 1-Mar-08	M Crosse  J McAloon J McAloon J Casserly J Casserly

48	Two stage tender pricing does not achieve price certainty for works at first stage.	Price certainty is not achieved	Price creep post tender (during pre-construction period). Tender evaluation period exceeds 2 months currently planned. Bidder may attempt to price low at first stage.	B Dawson	[REDACTED]	Close principal contract conditions prior to preferred bidder selection	Complete	Complete	28-Aug-07	B Dawson
						Infraco to undertake due diligence on SDS design	On Programme	Complete	1-Oct-07	G Gilbert
						Minimize Infraco qualifications to price and assumptions	On Programme	On Programme	29-Feb-08	B Dawson
44	SDS contractor does not deliver the required prior approval consents before novation	Late prior aproval consents	Delay to programme with additional resource costs and delay to infraco. Impact upon risk balance.	T Glazebrook	[REDACTED]	Evaluation of prior approval programme	On Programme	On Programme	31-Oct-08	D Sharp
						Hold fortnightly Roads Design Group	On Programme	On Programme	31-Dec-08	T Glazebrook
						Hold weekly CEC/SDS liaison meetings	On Programme	On Programme	31-Jul-08	T Glazebrook
						Informal consultation prior to statutory consultation	On Programme	On Programme	31-Jul-08	T Glazebrook
						Integrate CEC into tie organisation/accomodation (office move)	Complete	Complete	4-Jun-07	T Glazebrook
Tram Design Working Group	On Programme	On Programme	31-Jul-08	G Murray						

**Appendix C Milestone summary report**

Board date	Milestone	Due date	Delivered date	Comment
12 <sup>th</sup> July	Conclude initial review	03/07/07	05/07/07	Complete
	Return of Update Package 3	06/07/07	07/08/07	Complete
	Initial normalisation of price	15/06/07	29/06/07	Complete
	Draft evaluation	10/07/07	14/09/07	Complete
9 <sup>th</sup> Aug	Conclude negotiation of key contract terms for Preferred Bidder recommendation	17/07/07	12/10/07	Complete
	Infraco final bid proposals	07/08/07	07/08/07	Complete
	Updated evaluation	09/08/07	12/09/07	Complete
5 <sup>th</sup> Sept	Conclude negotiations with bidders	27/08/07	14/09/07	Complete
	Presentation of evaluation to evaluation panel	02/10/07	12/10/07	Complete
	Presentation of evaluation to TPB Procurement sub committee	02/10/07	12/10/07	Complete
26 <sup>th</sup> Sept	TPB update on Procurement and FBC	26/09/07	26/09/07	Complete
	OGC 3 Gateway review – final report	05/10/07	05/10/07	Complete
15 <sup>th</sup> Oct	TPB Endorsement of preferred bidder recommendation and FBCv1	10/10/07	15/10/07	Complete
31 <sup>st</sup> Oct	Conclusion of final facilitated negotiations	25/10/07	End Feb 08	Complete
	Conclusion of negotiations for final deal and contract	25/10/07	End Feb 08	
	CEC Council meeting to endorse recommendation	25/10/07	25/10/07	
	Conditional Award – mobilisation	01/11/07	20/12/07	Complete
7 <sup>th</sup> Dec	Conclusion of due diligence on critical design items	19/11/07	12/12/07	Complete
	Conclusion of negotiations for Phase 1b option	27/11/07	End Feb 08	



Name	Experience
Mike Heath	Croyden Trams, contracts and operations, client side
Willie Gillan	Major roads, local government
Malcolm Hutchison	Croyden Trams, contracts and operations, client side
Peter Strachan	Network Rail and rail operations
Andy Sloan	Geo-technical, consultancy

### Schedule of Reviews

The following schedule of reviews is proposed to align with key milestones in the project, but planned far enough in advance to allow corrective action to be implemented.

	Date	Purpose
1	March 2008	Readiness for management of delivery
2	October 2008	Ground risk management, HSQE and 1b status, Gogar, scope change review, management framework and structure associated with acceptance testing and commissioning
3	April 2009	Readiness for depot commissioning and driver training
4	April 2010	TEL readiness for service, commissioning and testing, handover arrangements
5	September 2010	TEL readiness for service

### Detailed Remit for Peer Review 1

Peer Review 1 will focus on the Tram Project Team readiness for delivery. The Peer Review team will be asked to review:

- Team structure and population;
- Contract management procedures;
- Change management procedures;
- Site supervision policy;
- Incident management; and
- Stakeholder management procedures, traffic management procedures and lessons from MUDFA.

### Recommendation

It is recommended that a TPB approve the schedule and content of Peer Reviews for the Edinburgh Tram Project. The costs will be contained within the existing budget.



FOISA exempt  
 Yes  
 No

**Proposed**                      Name David Crawley                      Date: 06-Feb-2008  
   Title Director, Engineering Approvals & Assurance

**Recommended**                Name Matthew Crosse                      Date: 06-Feb-2008  
   Title Project Director

**Approved**                      .....  
   Date: .....  
   David Mackay on behalf of the Tram Project Board

Willie Gallagher  
Chairman  
tie Ltd  
City Point  
65 Haymarket Terrace  
Edinburgh  
EH12 5HD

Tuesday 29<sup>th</sup> January 2008

Dear Mr Gallagher

**Tram Code of Construction Practice**

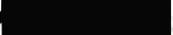
On behalf of the business community in Edinburgh, I am writing to request that the works to complete the utility and route constructions by MUDFA and, later INRACO, are conducted as speedily as possible.

As Chair of the Edinburgh is Open for Business Group I am keenly aware of the concerns amongst retailers in the city centre and along the construction route that the inconvenience during construction is kept to a minimum. Essentially, businesses are saying, let's get the work done as speedily as possible and then move on to enjoy the benefits of the scheme down the line. In these circumstances, we would encourage as much out of hours and weekend working as is practicable.

We would also encourage tie and its contractors to make the maximum possible use of opportunities to work extended hours on weekdays and over the weekend to ensure business continuity.

Yours sincerely

  
**Graham Birse**  
**Deputy Chief Executive**

From: Fax:  Tel:  / [information@edinburghchamber.co.uk](mailto:information@edinburghchamber.co.uk)

Capital House, Festival Square, Edinburgh, EH3 9SU

**tie LIMITED**  
(the "Company")

**MINUTES OF BOARD MEETING DATED 29 January 2008**

The Board, having been duly convened in accordance with the Articles of Association, was declared quorate by the Chairman. After due consideration of the status of the Edinburgh Tram Project and the approval provided by the Full Council Resolution of the City of Edinburgh Council dated 20 December 2007, the Board noted that all approvals and conditions to execution having been satisfied in accordance with the delegation of authority arrangements and resolved that WILLIE GALLAGHER in his capacity as Executive Chairman of the Company should proceed subject to the final formal confirmation of authority to sign from the Chief Executive of the City of Edinburgh Council

1. to sign and execute on behalf of the Company the relevant contracts (and all ancillary agreements and documentation) (the "**ETN Contract Suite**") to enable the delivery of the Edinburgh Tram Project in accordance with the Final Business Case approved by the City of Edinburgh Council, such Contracts being:-
  - the Infraco Contract between the Company and Siemens plc ("**Siemens**") and Bilfinger Berger UK Limited ("**BB**"), contracting on a joint and several basis;
  - the Tram Supply Agreement between the Company and Construcciones y Auxiliar de Ferrocarriles S.A. ("**CAF**") and the related novation agreement between the Company, CAF, BB and Siemens;
  - the Tram Maintenance Agreement between the Company and CAF and the related novation agreement between the Company, CAF, BB and Siemens;
  - the Guarantee Agreement between Siemens Aktiengesellschaft (as guarantor) and the Company (as beneficiary);
  - the Guarantee Agreement between Bilfinger Berger Aktiengesellschaft (as guarantor) and the Company (as beneficiary);

- the Novation Agreement between the Company, Parsons Brinkerhoff Limited, BB and Siemens;
  - the Tram Inspector Agreement between the Company, [Interfleet], BB and Siemens;
  - all performance security agreements relating to the ETN Contract Suite; and
  - all other ancillary agreements, commitments and undertakings required for the ETN Contract Suite.
2. to take all other executive action on behalf of the Company to perfect the ETN Contract Suite (and the transactions contemplated within it) in order to effect legally binding and enforceable commitments;
  3. to report in the agreed manner as provided in the Full Council Resolution of 20 December 2007 to the authorised officer of the City of Edinburgh Council so as to enable the Company to proceed with the execution of the ETN Contract Suite;
  4. to conclude the Company's Operating Agreement with the City of Edinburgh Council and to execute the same;
  5. to deliver any reports, acknowledgements or notifications to the City of Edinburgh Council, Transport Scotland, HMRC or other third parties or as required by law regarding the award of the contracts comprising the ETN Contract Suite; and
  6. to formally delegate any of the above functions to a Director or officer of the Company.

CHAIRMAN \_\_\_\_\_

SECRETARY \_\_\_\_\_

DATE \_\_\_\_\_ 2008

**TIE LIMITED**

(the “Company”)

RESOLUTION OF THE BOARD OF DIRECTORS OF tie Limited AT A MEETING ON 23 JANUARY 2008, HELD JOINTLY WITH THE Tram Project Board AND BOARD OF Transport Edinburgh Limited

The Board resolved after due consideration of the papers presented and discussion of matters at the meeting :

1. to approve the terms of Infraco Contract Suite and all related agreements and documents, as such documents were defined in the Board papers, as a basis for commitment to the final contractual agreements, noting the main open areas and in the context of the delegated authority to conclude the above agreements approved under Resolution 3 below.
2. to approve the terms of the Governance and Delegations paper, subject to one specified wording change relating to the title of a member of the TPB , as the basis on which the Tram Project would be governed and managed in the period following financial close, until further amendment;
3. to approve the proposed delegated authority arrangements to be adopted in order to ensure an efficient and properly controlled process was followed through to contractual commitment and during project implementation:

The delegated authority arrangements proposed and approved were :

A Committee of the Boards of the Company and Transport Edinburgh Limited would be immediately formed comprising messrs Gallagher, Mackay and Renilson, to whom authority is delegated by the Tram Project Board, Transport Edinburgh Limited and the Company to approve signature by the tie Chairman of Notification to Award, the Infraco Contract Suite and any necessary related agreements on condition that:

1. the final terms of the contractual arrangements are within the terms of the Final Business Case, subject to slippage of up to one month in programmed revenue service in 2011; and
  2. they unanimously conclude that it is appropriate to do so ; and
  3. approval has been received from the CEC Chief Executive to proceed to execution of the Infraco Contract Suite.
4. to approve the terms of the draft Operating Agreement between the City of Edinburgh Council and the Company subject to certain further changes which the Board requested be brought back for further consideration or confirmation that the requested position had been reflected in the final form of the agreement.

By order of the Board of Directors of the Company

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Willie Gallagher,  
Chairman

**TRANSPORT EDINBURGH LIMITED**

**(the "Company")**

RESOLUTION OF THE BOARD OF DIRECTORS OF Transport Edinburgh Limited AT A MEETING ON 23 JANUARY 2008, HELD JOINTLY WITH THE Tram Project Board AND BOARD OF Tie Limited

The Board resolved after due consideration of the papers presented and discussion of matters at the meeting :

1. to approve the terms of Infraco Contract Suite and all related agreements and documents, as such documents were defined in the Board papers, as a basis for commitment to the contractual agreements, noting the main open areas and in the context of the delegated authority to conclude the above agreements approved under Resolution 2 below;
2. to recommend to the City of Edinburgh Council that the Council approve the terms of Infraco Contract Suite and all related agreements and documents, as such documents were defined in the Board papers, as a basis for commitment to the final contractual agreements, noting the main open areas and in the context of the delegated authority to conclude the above agreements approved under Resolution 5 below;
3. to acknowledge the terms of those aspects of the Infraco Contract Suite and related documents which were anticipated to be assigned to the Company at an appropriate point in the future, at which point a detailed review of the terms of assignment would be examined by the Board ;
4. to approve the terms of the Governance and Delegations paper, subject to one specified wording change relating to the title of a member of the TPB, as the basis on which the Tram Project would be governed and managed in the period following financial close, until further amendment;
5. to approve the proposed delegated authority arrangements to be adopted in order to ensure an efficient and properly controlled process was followed through to contractual commitment and during project implementation:

The delegated authority arrangements proposed and approved were :

A Committee of the Boards of the Company and tie Limited would be immediately formed comprising messrs Gallagher, Mackay and Renilson, to whom authority is delegated by the Company, the Tram Project Board and tie Limited to approve signature by the tie Chairman of Notification to Award, the Infraco Contract Suite and any necessary related agreements on condition that :

1. The final terms of the contractual arrangements are within the terms of the Final Business Case, subject to slippage of up to one month in programmed revenue service in 2011; and
2. They unanimously conclude that it is appropriate to proceed to execution of the Infraco Contract Suite; and
3. Approval has been received from the CEC Chief Executive to do so

6. To approve the terms of the draft Operating Agreement between the City of Edinburgh Council and the Company, noting that detailed comments were awaited from the Council which, if and when received, would be presented to the Board for consideration.

By order of the Board of Directors of the Company

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Willie Gallagher  
Director

## TRAM PROJECT BOARD

RESOLUTION OF THE MEMBERS OF THE Tram Project Board AT A MEETING ON 23 JANUARY 2008, HELD JOINTLY WITH THE BOARDS OF Tie Limited AND Transport Edinburgh Limited

The Board resolved after due consideration of the papers presented and discussion of matters at the meeting:

1. to approve the terms of Infraco Contract Suite and all related agreements and documents, as such documents were defined in the Board papers, as a basis for commitment to the contractual agreements, noting the main open areas and in the context of the delegated authority to conclude the above agreements approved under Resolution 2 below;
2. to recommend to the Board of Transport Edinburgh Limited that the Board approve the terms of Infraco Contract Suite and all related agreements and documents, as such documents were defined in the Board papers, as a basis for commitment to the final contractual agreements, noting the main open areas and in the context of the delegated authority to conclude the above agreements approved under Resolution 4 below;
3. to approve the terms of the Governance and Delegations paper, subject to one specified wording change relating to the title of a member of the TPB, as the basis on which the Tram Project would be governed and managed in the period following financial close, until further amendment;
4. to approve the proposed delegated authority arrangements to be adopted in order to ensure an efficient and properly controlled process was followed through to contractual commitment and during project implementation:

The delegated authority arrangements proposed and approved were :

A Committee of the Boards of Transport Edinburgh Limited and tie Limited would be immediately formed comprising messrs Gallagher, Mackay and Renilson, to whom authority is delegated by the Tram Project Board, Transport Edinburgh Limited and tie Limited to approve final execution by the tie Chairman of Notification to Award, the Infraco Contract Suite and any necessary related agreements on condition that:

1. The final terms of the contractual arrangements are within the terms of the Final Business Case, subject to slippage of up to one month in programmed revenue service in 2011; and
2. They unanimously conclude that it is appropriate to do so ; and
3. Approval has been received from the CEC Chief Executive to proceed to execution of the Infraco Contract Suite.

Approved on behalf of the Tram Project Board:

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Willie Gallagher  
Acting Chairman