

**Edinburgh Tram Network Minutes**

**Tram Project Board**

**26 September 2007**

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

<b>Principals</b>		<b>Participants:</b>	
David Mackay	DJM (chair)	Matthew Crosse	MC
Willie Gallagher	WG	Graeme Bissett	GB
Donald McGougan	DMcG	Steven Bell	SB
Andrew Holmes	AH	Bill Campbell	WWC
Neil Renilson	NR	Duncan Fraser	DF
		Susan Clark	SC
		Geoff Gilbert	GG
		Alastair Richards	AR
		James Papps (for James Stewart)	JP
		Colin McLauchlan	CMcL
		Jim McEwan	JMcE
		Miriam Thorne (minutes)	MT

**Apologies:** James Stewart

<b>1.0</b>	<b>REVIEW OF PREVIOUS MEETING</b>	<b>Action</b>
1.1	The previous minutes were taken as read.	
<b>2.0</b>	<b>Matters Arising</b>	
2.1	WG confirmed that he would provide an update on current plans for tram design to Sir Terry Farrell if required – feedback requested before 12/10/07.	
2.2	AH requested support from <b>tie</b> for the 4-weekly meetings between CEC and TS – attendance was to be agreed between CEC and <b>tie</b> off-line	<b>AH</b>
<b>3.0</b>	<b>Presentations</b>	
3.1	WG provided a high-level overview of key elements progressed during the period and the issues to be discussed in detail at this TPB.	
3.2	<b>OGC Review</b>	
3.3	SC provided an update on the programme and scope for the review which was to commence on 1 <sup>st</sup> October. She highlighted that the OGC team had indicated particular interest in the arrangements for governance during construction, the funding arrangements and technical integration plans. It was confirmed that CEC are the client for this OGC review.	
3.4	DJM gave feedback on his interview with the OGC team. Key questions discussed related to contingencies management and risk transfer, contracts management during construction and how novation will work in practice. Further, plans relating to operational phases were requested.	
3.5	Additionally, DJM confirmed that the OGC team had expressed interest in	

	<p>the matter of concessionary fares and their significance to the project. The TPB were informed that there were a number of issues to consider on this matter:</p> <ul style="list-style-type: none"> <li>- 23% of current LB revenue relates to concessionary fares – if tram was not treated equally to bus, a considerable element of tram revenue may be lost</li> <li>- TS are not currently willing to provide assurance on concessionary fares. However, indications have been that this reluctance was regarding the level of concessionary fares in the future, not about the principle of concessionary fares for tram on the same basis as for bus</li> </ul>	
3.6	The TBP agreed that this matter was an operational issue for TEL and should be discussed by the TEL board.	
3.7	<b>Governance, funding and programme to Financial Close</b>	
3.8	GB stated that the 1 <sup>st</sup> meeting of the 4-weekly reviews between TS and CEC had been held previously.	
3.9	<p><u>Governance:</u>  The TPB discussed the governance structure proposed for construction and agreed the following:</p> <ul style="list-style-type: none"> <li>- The TPB will be a formal sub-committee of the TEL board. The arrangement will ensure that the TPB retains its power as key decision making forum.</li> <li>- The TPB sub-committees would evolve as proposed in the governance paper and agendas, remits and lists of attendees would be defined during the coming months.</li> <li>- The TEL board would remain as is with a review of timing and agenda following financial close</li> <li>- The <b>tie</b> board would continue as is, including relevant committees (audit / remuneration / safety (to be set up) / etc). The meeting cycle and agenda are to be reviewed.</li> </ul> <p>GB was to update the paper for the next TPB</p>	GB - done
3.10	The TPB agreed that although the governance structure describes a number of meetings as sub-committees, these are more akin to management team meetings to harness relevant experience and allow integration of all stakeholders with the aim to provide recommendations to the TPB.	
3.11	Another key item to clarify is the role and scope of the CEC tram sub-committee so that it could be included in the proposed governance schematics. AH to feed back.	AH
3.12	The TPB also confirmed that there was no alteration to the arrangements for change control.	
3.13	<p><u>Expenditure and funding:</u>  The TPB noted that current indications were that there was sufficient funding in place to cover requirements until the projected Financial Close date of January 08. This was dependent on a number of management actions and assumed no delay to Financial Close. Progress would be monitored and reported via the 4-weekly report</p>	GB – done

3.14	<b>MUDFA</b>	
3.15	SB gave an update on the current situation regarding progress, contract management and expenditure. He highlighted that the current cost position was as expected. However, it was too early to assess how much of the MUDFA risk contingency would be utilised this year. He also confirmed that the commercial issues with the SUCs were being resolved.	
3.16	The key issue for MUDFA is the delivery of the IFC drawings to programme. The design contract was being closely managed by <b>tie</b> but it was important not to dilute SDS's responsibility to obtain approvals from the SUCs. SB confirmed that settlement payments on the claim were contingent on delivery of utility drawings. SB to update TPB on progress.	<b>SB</b>
3.17	Another key item related to BT design and cabling programme – <b>tie</b> is working with BT to explore ways of reducing the impact.	
3.18	AH questioned when the more difficult sections for utility diversions would be tackled – SB confirmed that initial work would commence in October 07 with physical works starting in April 08. WG stressed the success of trial holes in mitigating issues. However, all progress was also dependent on support from CEC and TEL.	
3.19	<b>Design</b>	
3.20	MC highlighted that current progress showed a good correlation to the approved V17 programme. He pointed out that the current shortfall related to 26 packages and SDS had produced approximately 58%-60% of the detailed design. He also stated that the design review process had now commenced which would address quality issues with CEC's input.	
3.21	SB explained that the design delivery for MUDFA had been stripped out of the overall design programme to allow sufficient detailed monitoring.	
3.22	AH raised concerns that the programme assumed that SDS would get designs right first time and what the impact on the CEC review would be. MC pointed out that the programme review accepted the technical and prior approval timescale and had been developed with input from CEC. DF was to perform a detailed review of the programme and feedback to AH and the TPB.	<b>DF</b>
3.23	MC explained that the proposed commercial settlement of the claim had been accepted by the PB UK board and was now being finalised, subject to some legal drafting.	
3.24	<b>Procurement</b>	
3.25	MC / GG presented the progress made on the Infracore bid negotiations and evaluation. GG confirmed that, as the bids were very close at this time in their results on normalised basis, this gave greater credence to the option to go back to the reserved bidder, should the necessity arise.	
3.26	GG explained that the current prices were based on a programme which included procuring materials of up to £60m immediately post Financial Close. The benefit, other than for the programme, was that this would de-risk the bidders procurement chain. Similar early payments were considered for Tramco.	
3.27	GG stated that both bidders had provided detailed programme proposals. However, their achievements would be contingent on assumed	

	productivity rates for on-street works and early mobilisation.	
3.28	The TPB was informed that the offer of a £5m discount for Phase 1b only applied to concurrent construction.	
3.29	<b>Value engineering</b>	
3.30	JMcE presented an update on VE. He expressed concerns about some of the anticipated savings on structures due to the lack of detailed design available. However, he stated that much of the VE works resulted in reducing potential future costs, thus reducing risks for the project.	
3.31	The TPB recognised that the proposed capital costs for the project of £498m included significant VE savings. Concerns were raised that the capital £'amount could therefore move upwards between October and December when final Council approval was sought. However, it was recognised that using a range or a higher number would introduce ambiguity and may reduce the bidders' commitment to meet budget. These considerations were set against concerns about the impact on public perception should the number change. Ultimately, the TPB agreed that there were sufficient levers available to the project to ensure that changes in VE could be absorbed within the estimate.	
3.32	<b>FBC</b>	
3.33	MT provided an update on the current status of the FBCv1 which was targeted for completion by 03 October.	
3.34	The TPB agreed that there would be no update to the TEL business plan for the FBCv2 in December.	
3.35	<b>Legals and contracts</b>	
3.36	SC provided an update on progress which included close working with CEC legal and focussed on risk transfer as per the Infracore contracts. She confirmed that a separate risk review was being procured by CEC.	
3.37	GB highlighted that briefing of TS / the minister on the FBCv1 and the recommendation of the Preferred Bidder should take place immediately following the approval by the Council on October 25 <sup>th</sup> .	
3.38	<b>Stakeholder and communication management</b>	
3.39	CMcL outlined the proposed briefing programme. It was confirmed that a similar process for briefings should be followed in December in the lead up to Financial Close.	
<b>4.0</b>	<b>IPR</b>	
4.1	SC provided an update – no issues were raised.	
<b>5.0</b>	<b>Funding of works outside the core scheme</b>	
5.1	SC presented the paper which set out the principles for funding of items not included in the project scope. The TPB confirmed that this presented no change to the current arrangements on change control and accepted the recommendations of the paper.	
<b>6.0</b>	<b>Public Realm</b>	
6.1	The TPB noted the paper but stated this was a matter for the TEL board and / or the CEC tram sub-committee.	
<b>7.0</b>	<b>CEC contribution</b>	
7.1	AH provided an update on the progress to secure CEC's contribution to the project. A concern was raised as to how borrowing costs would be met. DMcG stated that CEC recognised this was not part of the tram cost	

	estimate.	
<b>8.0</b>	<b>AOB - CEC / TEL recharges to the project</b>	
8.1	DJM stated that the TEL recharges to the project for staff time would cease as of September 07 and that an agreement had been achieved with Tom Aitchison that CEC recharges would discontinue from 31 March 08. DMcG to confirm at next TPB.	<b>DMcG</b>

Prepared by Miriam Thorne, 25<sup>th</sup> September 2007