



Transport Edinburgh
Trams for Edinburgh
Lothian Buses

DPD Sub-committee
Period 2 Report
Papers for Meeting 7th June 2007

09:00am – 12:00pm

Distribution:-

Willie Gallagher (DPD Chair)
Damian Sharp
Duncan Fraser
Matthew Crosse
Bill Campbell
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Jim Harries
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Steve Reynolds

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Agenda

Design, Procurement and Delivery Sub-Committee

tie Boardroom

7th June 2006 – 9.00am to 12.00pm

Attendees:

Willie Gallagher (DPD Chair)	Alastair Richards
Damian Sharp	Geoff Gilbert
Duncan Fraser	Susan Clark
Matthew Crosse	Jim Harries
Bill Campbell	James Papps
Stewart McGarrity	Miriam Thorne
Steven Bell	

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Agenda support:

Keith Rimmer	Steve Reynolds
Tony Glazebrook	

Agenda Items

- 1** Actions from previous meeting
- 2** Project Director's monthly progress report for May
- 3** SDS update
- 4** OCIP
- 5** Ingliston Park and Ride 2
- 6** Depot advance works – phase 2
- 7** St. Andrew Square works phasing
- 8** Public realm
- 9** AOB

Edinburgh Tram Network

Minutes

Design, Procurement and Delivery Sub-Committee

10 May 2007

tie offices - Verity House, Boardroom

Directors Present:

Willie Gallagher (DPD Chair) – WG
 Bill Campbell – BC

In Attendance:

Matthew Crosse – MC
 Stewart McGarrity - SMcG
 Graeme Bissett –GB
 Steven Bell – SB
 Alastair Richards – AR
 Susan Clark – SC
 Jim Harries - JH
 David Crawley - DCr
 Steve Reynolds - SR
 Keith Rimmer – KR
 James Papps – JP
 Miriam Thorne – MT
 Duncan Fraser – DF
 Geoff Gilbert – GG
 John Ramsay – JR

Apologies: Neil Renilson, Tony Glazebrook, Trudi Craggs

1.0	ACTIONS FROM PREVIOUS MEETING	Action
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: Infraco</u> – DS stated that the bidders' request for an indemnity letter from TS cannot be provided without ministerial approval of the Business Case. Further, DS noted that this would take the form of a comfort letter rather than indemnifying the bidders. TS does however accept the principle that a comfort letter which states that funding is available, can be provided via CEC to the bidders, following ministerial approval.	DS – carried forward

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1.4	<u>Action 1.4: Network Rail lease:</u> SB confirmed that little progress had since the last DPD – further updates are to be provided to the June DPD. AR requested that TEL would be involved regarding future lease issues	AR
1.5	<u>Action 1.5: Network Rail immunisation:</u> SB confirmed that the outline scope for the solution had been provided and that an agreement was signed between TS & Network Rail for Airdrie Bathgate which it is anticipated can now be varied with Tech Specification for the immunisation works. A decision on PM resource expected imminently.	SB / DS DS confirmed that PM could not be actioned. Tech Spec not yet varied in to A2B scope.
1.6	<u>Action 2.9.1: Asset Management Plan - CEC</u> is to draft for June DPD	DF
1.7	<u>Action 2.11.11: Primary Risk Register</u> - to be linked to programme key milestones.	ongoing
1.8	<u>Action 6.3: Audit of design self-assurance process:</u> SB confirmed underway when self assurance starts (not yet programmed until 11 July 07), output would be brought to a future DPD.	SB Planned
2.0 Progress report		
2.1	The progress report was taken as read, queries raised and items discussed are outlined below.	
2.2	<u>Programme:</u> DS queried whether, in light of the political uncertainties, there were any critical path items which required immediate stakeholder decisions.	
2.3	MC stated that no crucial decisions were required at this point, however major decision would become necessary in June. This was based on the understanding that works for treatment of invasive species, badgers and advance works at the depot could continue as previously agreed at the TPB.	
2.4	DS queries whether the contract for invasive species work was yet committed and what the latest date for award would be. It was confirmed that work must commence in June. However, it was possible to wait until the TPB on the 24 th before awarding the contract.	Approval to proceed received from DS 24/05
2.5	GG explained that detailed procurement plans had been developed for further advance works and recommendations would be presented to the June TPB.	GG/MC
2.6	BC questioned whether the slip of works on IPR (temporary) would impact on MUDFA main works. SC explained that the AMIS proposal received was not satisfactory, therefore a decision had been taken to go out for tender. This was in line with the current MUDFA programme.	
2.7	<u>InfraCo:</u> WG stated that two compliant bids had been received on the 8 th May which were currently being analysed.	

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2.8	JP questioned the bidders position in the current political uncertainties. WG explained that the bidders were being kept informed and a briefing session was planned for 11 th May.	
2.9	SB questioned whether there was sufficient clarity in the bids to assess the price – risk balance. GG stated that certain risks were currently put up by the bidders for negotiation, their inclusion or otherwise in the price was not clear at this point.	
2.10	WG stressed the confidential matter of the negotiations which required all parties to follow due governance.	
2.11	<u>Land & Property</u> : DS queried when the next tranche of GVD notices were required – SC to provide update	2 nd Tranche are ready to be issued. This was due to be done on 31 st May but has been delayed meantime by CEC.
2.12	SC raised a question about the apparent lack funding within CEC for asset management to deal with issues such as trespassing, fly-tipping etc. She was concerned that CEC may wish to devolve responsibility to tie , however there was no funding or resource available for this work. MC pointed out that asset management is an obligation for CEC as legal owner of the land. DF confirmed that the headlines for an asset management plan had been agreed and would be presented to the June TPB, addressing these issues.	DF
3.0	Procurement strategy	
3.1	The plan to deliver the procurement strategy was presented by GG. Questions raised and matters discussed are outlined below.	
3.2	WG questioned whether a similar strategy had been used elsewhere in the industry. GG confirmed that it was common in other industry sectors.	
3.3	MC highlighted that under this strategy, tie owns all risks until contract novations. WG questioned whether TEL and CEC were satisfied with their involvement in the strategy as they are the ultimate risk owners. AR / DF confirmed this.	
3.4	JP queried the finality of the preferred bidder selection once appointed. GG stated that although the procurement methodology provides the option to change preferred bidder, this would impact negatively on costs and risk transfer. He highlighted the need to resolve all key issues in the bids before selecting the preferred bidder.	
3.5	DF questioned what mechanisms would ensure that quality thresholds would be met. GG clarified that the standards were set in the tenders and compliance would be assessed on a case by case	

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	basis.	
3.6	DF stressed that meeting these standards would be essential to achieve prior approvals. This related in particular to the proposed VE opportunities at the depot. GG explained that trade-offs between aspirations and price will be required to achieve an affordable scheme. DS seconded this point, stating functionality as priority for the scheme.	
3.7	WG emphasized the need achieve compromises between the proposals for tram works and CEC streetscape aspirations, which may not be funded out of the tram budget.	
3.8	WG asked how any commissioning risk was addressed in the procurement strategy. AR explained that the re-negotiated DPOFA included the provision of staff to InfraCo on a call down basis to allow testing and commissioning activities to be carried out.	
4.0	Cost control	
4.1	A presentation on cost control was given by GG, supported by a summary paper tabled at the meeting. Questions raised and issues discussed are outlined below.	
4.2	WG questioned what the process was to address contingency costs. GG explained that this was part of the risk management process which was in its early stages as much of the contingency risks relate to contracts award for InfraCo & TramCo.	
4.3	DS expressed satisfaction that recent costs forecasting had become more accurate and requested that greater clarity would be provided on the link between COWD and programme reporting.	GG/MT
4.4	JP requested clarity on the impact of delays on costs. GG outlined that the inflation risks would be taken by InfraCo / TramCo, dependant on the agreed programme. He explained that the InfraCo price for inflation would be assessed against industry benchmarks. The inflation risk will reduce significantly on selection of the preferred bidder.	
4.5	DF queried how any pricing difference between prices for Phase 1a vs Phase 1a+1b would be handled. GG confirmed that the negotiations would drive out any economies of scale.	
5.0	Design update	
5.1	DCr presented the update on resolution of critical design issues.	
5.2	WG questioned what the latest date for resolution of these issues is. DCr explained that these were all critical to progress and proposed a summary of the top 10 items outstanding together with an indication of key stakeholder responsible.	DCr. – done per email 24 th May
5.3	MC stated that resolution of these items was essential to achieve a robust programme going forward.	
5.4	DCr highlighted the difference between completed design in percentage terms (approxl. 30%) vs COWD on the SDS contract (approx. 60%). He affirmed that the current work in progress and COWD included the impact of delays and that SDS resourcing	

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	provisions now appeared adequate.	
5.5	SB requested that a 2 – 3 month look ahead should be included in the Dashboard reporting on design progress	DCr
6.0	AOB	
6.1	JH advised that Carl Williams had resigned from Transdev to take up a post with Stagecoach in Manchester.	

Prepared by: Miriam Thorne
Date: 28 May 07

1 Executive summary

1.1 Previous period update

1.1.1 Delivery

MUDFA

A proposal to carry out some additional trial work outside Ocean Terminal was agreed and work was due to start on the 28th May for around nine weeks. Traffic management was been approved and an agreement has been reached with Forth Ports for the licence. In the current uncertain political climate, the issue of communications for this work has been postponed. Planning continues to allow an early commencement of work as soon as possible.

Advance Works

Depot

Main spoil removal work started on the 14th of May and is progressing ahead of schedule with 15,988m³ removed against a target of 12,600m³ by the 25th of May.

Invasive species

The programme of works for phase 2 was confirmed during this period with work due to commence on the 18th of June. TS confirmed that this contract could be awarded at the Tram Project Board (TPB) on the 24th May and method statements have been finalised and licences drafted.

Badgers

Construction of new sett took place between the 14th and 22nd May with co-operation from RBS.

Land & Property

May 31st was agreed with CEC as the date for the issue of second tranche GVD notices and work has been completed to allow this to happen. However, the actual issue of these has been delayed due to the current political uncertainty. This delay does not have an immediate programme impact, as this second tranche applies to CEC owned land and its primary purpose is to clean up any existing titles.

Discussions with CEC have been ongoing about the asset management of the land required for tram that is now owned by CEC. Finalisation of these arrangements is expected early in period 3.

IPR Temporary

Tenders were sought from six contractors and three bids were returned by the due date. These are now being evaluated.

IPR2

Tender documents were issued during the period requiring bidders to price three options. There are indications of a mismatch between the SEStran funding available for the park and ride extension and CEC aspirations for the site. A paper detailing the issues and options for delivery will be presented to the period 3 DPD and TPB.

1.1.2 Traffic Management

TRO Strategy

The Scottish Executive has been briefed on the TRO Strategy and an initial assessment made with them of the process and timescale for Ministerial approval that will be required for the Greenways order in addition to the normal statutory process. It is clear that the preferred strategy of retaining the 'red' regulatory lines carries increased risks in terms of timescale and the Greenways order potentially being no longer capable of synchronisation with the other four orders in the TRO suite.

These risks and uncertainties have prompted a closer review of the alternative strategy of converting to 'yellow' lines and including the required regulatory features within orders one and two of the suite. This does not appear to require Ministerial approval. A final decision will need to be made by August.

Advance work for Traffic Management

St Andrews Square is the focus of a number of works activities which require co-ordination, phasing and early action on traffic management alterations to facilitate the MUDFA and INFRACO works. The Tram works required on the west side of St Andrews Square / south and north St David St are the subject of an instruction to SDS to accelerate the design for early implementation. Before the MUDFA works can commence in the east side of the Square during May / June 2008, it will be necessary to construct the permanent west side changes, including new sets of traffic signals, in order to switch traffic clear of the east side. A paper will be presented to the DPD and TPB in period 3 setting out the approach and seeking approval for the advance works.

1.1.3 Engineering, approvals and assurance

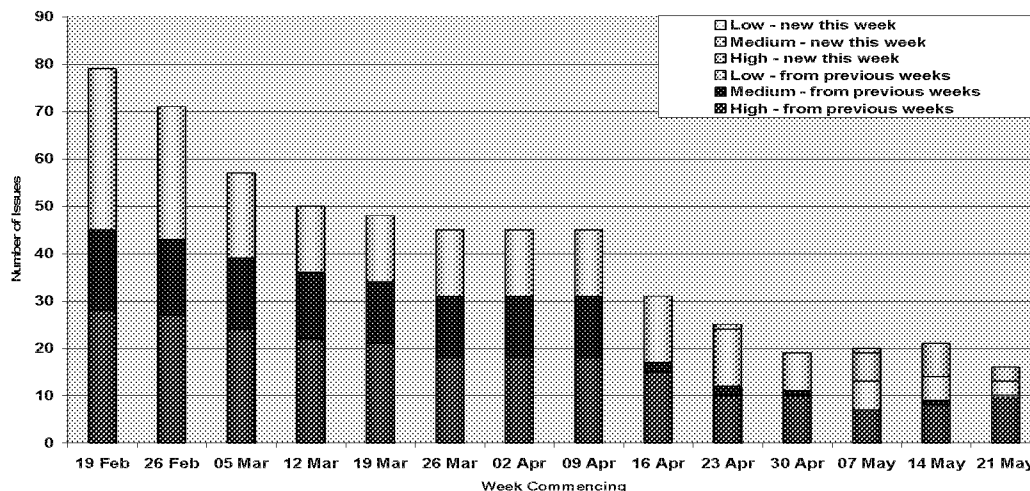
Critical Issues resolution

The ‘critical issues’ are items which are preventing SDS from achieving their programme. Good progress has been made in resolving these and there is now a small core of high status items remaining. For about half the remaining items, the processes that are already in place (involving CEC / TEL consultation) are considered adequate to achieve resolution. However, additional process may need to be applied for a number of longstanding issues, where further stakeholder support will be required to close them to avoid delay to programme. The longstanding issues where stakeholder support is required are summarised below:

- Forth Ports. The SDS track and roads design relevant to the Forth Ports redesign needs Forth Ports and CEC agreement.
- Haymarket junction. There are conflicting views on the use of the space at Haymarket for the roads design.
- Urban design team from CEC not yet in place. Sign-off from CEC for SDS cannot be completed until this is done.
- Wide area traffic management issues are unresolved. CEC require resolution to confirm SDS designs.
- A position with SRU is required on pitches and flood mitigation arrangements. SDS are currently working at risk and need an instruction.
- Decision required on 1A / 1B ability to operate only together, or separately, in respect of power design.

The chart below shows the progress over time in reducing the total number of issues. There is now a regular ‘churn’ of new issues coming through, but the rate of closure of all issues continues to exceed this, steadily reducing the overall quantity.

Critical Issues - by date



Good progress is being made on closing Requests for Information from SDS.

Design Review process

Agreement has now been reached with SDS on the provision of complete packages of design accompanied by full assurance documentation. This will radically improve the effectiveness of design and design review.

Other activities

The “Independent Competent Person” as required by ROGS (railways and other guided transport systems safety regulations) was appointed.

1.1.4 Commercial and procurement

Procurement programme

The review of the programme to financial close has been concluded and key stakeholders have been consulted. The current political uncertainty surrounding the project is hampering agreement of the revised programme with one of the Infraco bidders. The Project Master Programme will be updated once the revised programme has been reviewed and agreed by the TPB.

Infraco

Consolidated proposals were returned on the 8th May and evaluation is now underway in accordance with the detailed programme for delivering the Infraco evaluation and negotiation to preferred bidder stage.

Tramco

The evaluation is proceeding in accordance with programme. The technical issues outstanding from the previous phase are currently being closed out and updated contract terms have been issued to the bidders which address certain Infraco / Tramco alignment issues.

MUDFA

Revised incentivisation proposals have been issued to AMIS for their review. It is intended to finalise and agree these during period 3.

OCIP

The current phase of the evaluation has been concluded and a recommendation paper will be submitted for approval to the TPB in period 3.

Value engineering

The recommendations for the implementation of value engineering proposals were approved by the TPB in period 2 and instructions for implementation are being issued to SDS. These proposals relate primarily to savings at the Depot with a potential of £4m in savings.

SDS Changes and Claim

Progress has been made on establishing the position between the two parties. A separate verbal report will be made to the TBP on the current status of the resolution of changes.

SDS have advised that their claim for prolongation will now be submitted by the end of May. The project team is preparing a counterclaim and legal advice has been sought on certain points of principle in support of this claim.

1.1.5 Finance and Business Case

Work has continued to develop the approach to preparation of the FBC in alignment with the project master programme.

1.2 Key Issues for forthcoming period

1.2.1 Delivery

MUDFA

Work is due to commence on both the RAT's (risk and trade-off) section (Ocean Terminal) and the full programme works in Design Section 1A – Newhaven – Ocean Terminal. Due to the political uncertainty, the commencement of the communication cycle has been postponed. This cycle normally requires eight weeks. However, work is underway to clarify the minimum time needed to commence work on site once approval is received from TS.

Advance Works

Depot

Works will continue throughout the period in line with the programme

Invasive Species

Works are due to commence on the first treatment cycle on 18th June.

Badgers

Monitoring will commence this period to ensure that Otters are using the new sett, with appropriate intervention if required.

Land & Property

- The second Tranche GVD will be issued as soon as approval is given by CEC.
- Detailed proposal for the Asset Management Plan is expected from CEC early period 3.
- Work continues to prepare for 3rd tranche of GVD's in August.

IPR Temporary

Bids have been received and are being evaluated. TS approval will be required to award the contract.

IPR2

Bids are due back on 21st June. A paper will be presented to the period 3 DPD and TPB to outline the options for delivery available given the funding constraints.

1.2.2 Engineering, approvals and assurance

The first self-assured design package is being prepared by SDS with delivery for review scheduled for July. The newly-appointed Independent Competent Person will be reviewing the sites of the proposed works and progress to date with design and preparation for proof of safety. Progress will continue with stakeholder liaison, particularly for detailed roads design arrangements.

1.2.3 Commercial and Procurement

Programme

The revised programme for the procurement phase will, subject to obtaining clarity from bidders on their final positions, now be presented to the Tram Project Board in period 4

Infraco

The initial review, clarification and evaluation will be concluded with a view to preparing a draft evaluation report in early period 4. To enable refinement of bids further design information packages will be released to Infraco during this period. Further negotiations on contract terms will also be undertaken during this period.

Tramco

Remaining technical issues will be negotiated and resolved during this period.

MUDFA

Revised incentivisation arrangements are to be finalised in this period.

Invasive species

Contract to be awarded early in period 3

Advance works

The strategy for executing the piling works at the depot in advance of the Infraco award is being developed for approval for approval at the TPB in period 3.

Value engineering

The following activities are due to be undertaken during period 3:-

- The bidders proposals for trackform will be reviewed and viable options endorsed by **tie**.
- Value engineering workshops will be held with the bidders to review their proposals. Following these sessions, the proposals will be evaluated and recommendations for implementation submitted to the Tram Project Board Procurement sub committee.

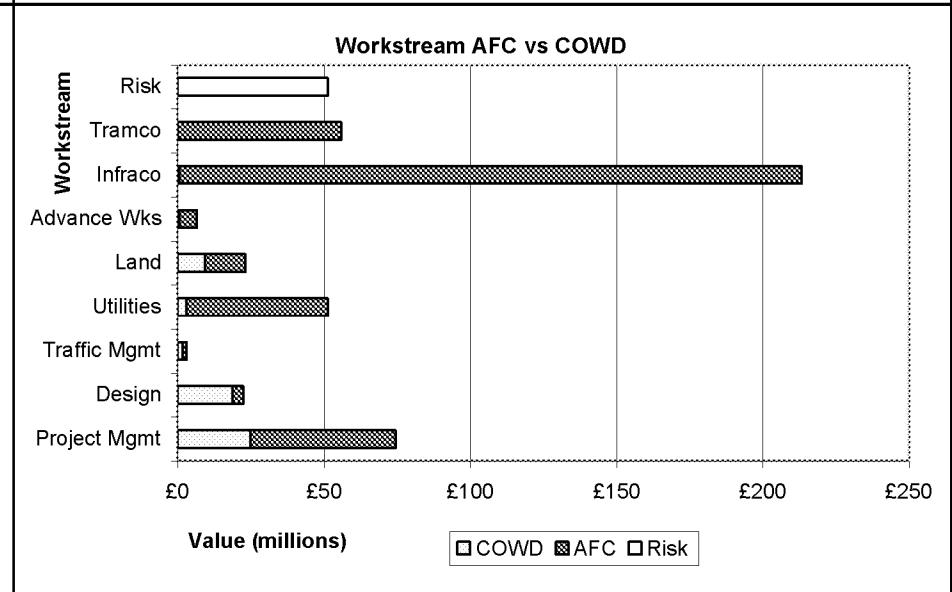
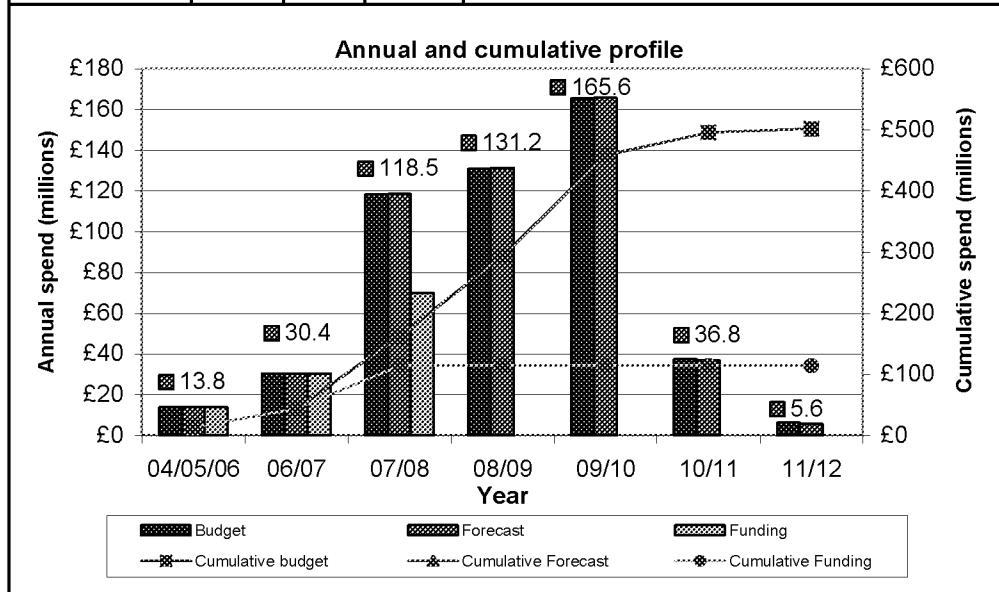
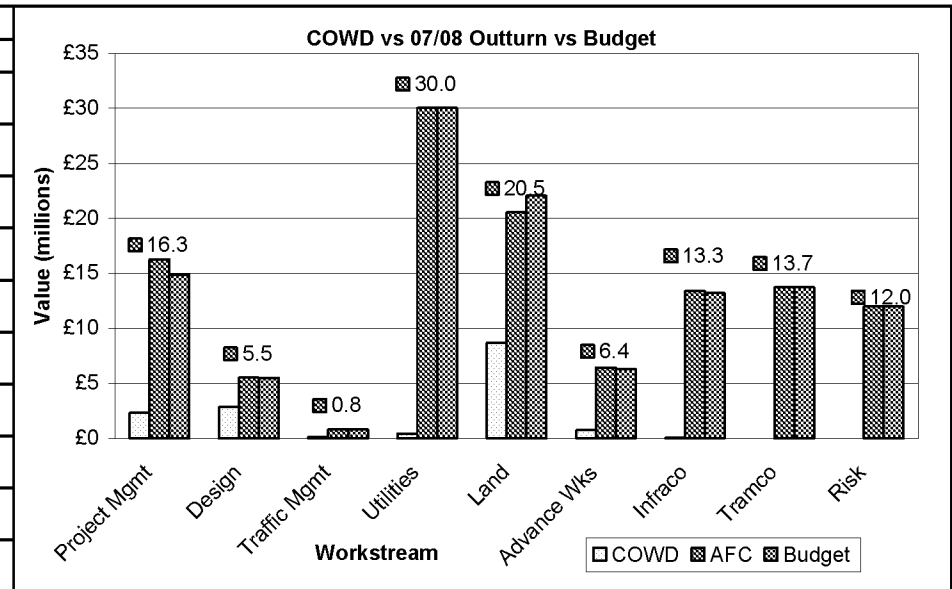
1.3 Cost

	COWD - Period	COWD (YTD)	COWD YTD + f/cast to year end	AFC
Phase 1a	£2.9m	£15.7m	£118.5m	£501.8m
Phase 1b	-	-	-	£ 92.0m
Phase 1a+1b	£2.9m	£15.7m	£118.5m	£503.8m

- The spend in the period relates primarily to the continued development of the design and the commencement of advance works.
- The forecast COWD for the year includes a total of £20m in relation to land costs, with £6.4m for CEC / s75 lands. This reflects the latest valuation by the District Valuer.
- As advised in previous reports, the programme to contract award is currently under review. Once this is completed, the Project AFC will be updated for impacts arising from any programme changes and associated revisions to risk allocations. Pending conclusion of this exercise, the Project AFC will be maintained at previously reported levels.

Phase 1a only

Period 2 - 07/08 COWD (£000s)				
Workstream	F/cast	Act	Var	Comments
Project Mgmt	1,481	1,027	(453)	Reflects delayed move to CP II (£174k), reprofiled legal fees for GVD 2 delay (£41k) & rephasing of CEC staff & MUDFA costs
Design	1,145	1,154	9	
Traffic Mgmt	48	48	0	
Utilities	200	205	5	
Land	66	(753)	(818)	Period adjustment to COWD YTD following DV valuation of tranche 1 GVDs
Advance Wks	891	605	(286)	Decrease against f/cast due to 1 wk delay to commencement depot phase 1 - no impact on total costs / programme
Infraco	29	1	(28)	
Tramco	0	0	0	
Risk	0	0	0	
Total	3,860	2,289	(1,571)	



1.4 Health, safety, environment and quality

- There were no accidents in the period
- Two minor incidents reported were investigated and measures were put in place to avoid re-occurrence.
- No major environmental or quality issues arose during the period.

1.5 Stakeholder and communication

Stakeholder work is currently on hold due to the current political uncertainty. Communications work continues in form of issuing of information to the media, stakeholders and the public as requested.

1.6 Approvals / decisions / support required

Decisions required

Decisions / support required from TS

- Decision on commencement of MUDFA physical works
- Decision on commencement of Ingliston Park And Ride temporary works
- Award of OCIP
- Letter of comfort for Infracore bidders.
- Clarification of funding / process to achieve for funding for whole of 07 / 08
- Confirmation of funding draw-down to permit confirmation of payment arrangements to bidders
- Resolution of the TS/CEC funding and risk sharing agreements

Decisions/ support required from CEC

- Resolution of the TS/CEC funding and risk sharing agreements

Decisions / support required from others

- Decision on option for delivery of Ingliston Park and Ride phase 2

2 Progress

2.1 General / overall

2.1.1 Land & Property

- The District Valuer has completed determining land values for Line 1a - tranche 1.
- Negotiations will proceed with land owners applying for compensation
- The District Valuer is now determining land values for tranche 2.

Preparations continue for the issue of 2nd GVD notifications for CEC owned land only. However, these are currently on hold awaiting clarity on the political position.

Around 90% of advance compensation payments are due to be made by Q3 / Q4 2007 to land owners applying for compensation, with the remaining 10% negotiated over a period of time.

A "Notice to quit / termination notice" instruction has been issued on the ATC branch currently occupying a building on plot 150 (sub-section 10 Balgreen Road to Saughton Road North). This building has to be demolished in order to carry out Infraco construction works. This ensures that the building will be vacated from the 12th of May 2008, thus avoiding a potential cost to the project of circa. £420k compared to following the CPO route.

2.1.2 Network Rail (NR)

- Discussions continued with TS and NR with regard to contract, scope and programme of network rail activities including, but not limited to
 - Immunisation
 - Relocation of existing lineside equipment
 - Relocation of diesel storage tanks at the Haymarket depot.
- Immunisation programme dates.
 - Possession dates that are already booked have been shared with the Infraco bidders. Submissions for 2009 are due w/c 4th June 2007.
 - Requirements for both bidders are now known and a matrix has been developed. The current differences between the structures programmes of each bidder mean that **tie** must book two sets of possessions at this point.
 - The current latest completion dates for the testing and commissioning of the immunisation works will be during two disruptive possessions programmed for 25th / 26th December 2008 and 1st / 2nd January 2009. This work has to be completed prior to the energisation of the Gogar depot currently programmed for late November 2009. **tie** are awaiting a programme from Network Rail to clarify what works are

required prior to these disruptive possessions, to enable the tram project dates to be maintained and allow for further worksopes , including the relocation of existing Network Rail lineside equipment.

2.1.3 OCIP (Owner Controlled Insurance Policy)

Negotiation and clarification with OCIP candidates were on-going. The evaluation of the OCIP was completed during the period and a recommendation to proceed will be presented to the DPD and TPB during period 3.

2.2 Procurement consultant

Continued efforts are underway to replace consultants with directly employed personnel and to procure more cost effective consultancy arrangements.

2.3 Design

System Design Services (all preliminary and detailed design informing programme and costs)

- Parsons Brinckerhoff submitted version 15 of the Design schedule on 23rd May 2007, progressed to a Data date of 07 May 2007. This enables the Tram Master Programme to be updated.
- This in turn drives the programme through many logic strings which results in the constant “live” scheduling of amongst others, utilities construction, traffic management, advance works (non-depot), advance works at the Gogarburn depot site and structures construction within the Infraco package.
- The issue of design packages “for construction” to inform the Infraco procurement process has been revised between V14 and V15 as follows
 - Section 1 Newhaven to Haymarket
 - V14 – 12Dec07 V15 – 30Jan08
 - Section 2 Haymarket to Roseburn Junction
 - V14 – 01Nov07 V15 – 05Dec07
 - Section 3 Roseburn Junction to Granton Square
 - V14 – 31Oct07 V15 – 20Nov07
 - Section 4 Future
 - Section 5 Haymarket to Gogar
 - V14 – 10Mar08 V15 – 13Mar08
 - Section 6 Gogar Depot
 - V14 – 03Dec07 V15 – 03Dec07
 - Section 7 Depot to Airport
 - V14 – 12Nov07 V15 – 19Feb08

2.4 Financial / funding / procurement strategy

- JRC costs and modelling. Modelling continues with JRC model based on preliminary design (from V14).

A meeting took place on the 15th of May involving the programming teams from **tie**, SDS and JRC to ensure that all parties understand the logic links between the three parties through the design output – JRC model – back to design – back to JRC model – traffic management process. Both the JRC and SDS programmes are now aligned and informing each other.

Traffic management orders (TRO's) for Infraco following this process may not be in place until late in 2009, but at this point do not present a problem to programme. This position is being monitored.

2.5 Parliamentary process / approvals

- This phase is now complete.

2.6 Procurement construction works

2.6.1 Negotiations and award of contracts

- One of the submitted Tramco schedules had been incorporated into the overall Master programme to inform the programme logic with indicative Tram production, delivery and commissioning periods and sequencing.

2.7 Construction works

2.7.1 Advanced works (non-depot)

- Invasive species method statements are under review by **tie** HSE prior to application and issue of licences for access to land.
- Badger / otter – the new sett was constructed between the 14th and 22nd May. Settlement is needed over the next six months prior to relocating otter / badgers.
- IPR phase 2 tender queries and clarifications continue.
- IPR phase 2 – completion of informal consultation process for TRO's and commencement of formal consultation.

2.7.2 Advance works (depot)

Due to the lengthy nature of these works in constructing the Gogar depot this is the critical area in the programme. In order to mitigate slippage to the phase 1a completion date, an advance works contract has been awarded to allow for enabling works and mass excavation prior to Infracore commencement. Further activities in period 3 are:-

- Preparation of scope for phase 2 works
- Haul road has been built, wheel wash units installed and phase 1 earthworks (bund removal) commenced. Between 150 and 200 lorry movements a day are now taking place with no noticeable impact on traffic flows.

2.7.3 Utility diversions

- Trial site excavation completed.
- Due to commence main workscope from w/c 2nd July 2007 at WS2 Newhaven Road – Ocean Drive.

2.8 Testing and commissioning

- This phase has not yet commenced.

2.9 Handing over and service operations

- This phase has not yet commenced.

2.10 Network output programme interface (with Transport Scotland)

- This phase has not yet commenced.

2.11 Interface with other projects

- Discussions continue with EARL, SGN and Network Rail to allow for integration of programmes, particularly with regard to works within the confines of BAA land at, or adjacent to, the airport.

3 Headline cost report

3.1 Current financial year

	COWD (YTD)	COWD YTD + f/cast to year end	Funding TS authorised current year
Phase 1a	£15.7m	£118.5m	£60.7m
Phase 1b		-	-
Phase 1a+1b	£15.7m	£118.5m	£60.7m

Land figure changed for TPB

- The COWD YTD includes £7.7m in relation to land purchases, £2.8m relating to design development and £0.74m for depot advance works. The cost for design for the period includes a small element of design works for phase 1b which was previously authorised to be expended against phase 1a funding.
- The current year financial forecast is sensitive to the current programme review. In particular, the progress of the Infraco and Tramco procurements and hence the start date for Infraco physical works will have a direct impact on the forecasted cost profile for the project.
- The forecast cost for the year will also be sensitive to the extent of advance works undertaken prior award of Infraco. Stage 1 of the depot advance works are underway with an anticipated spend of £3.1m. A report with proposals for stage 2 will be prepared for the TPB in period 3. The programme for advance works will, to some extent, provide mitigation for the impact of any programme delays to the award of the Infraco contract.
- As part of the review of programme and prior to presentation to the Tram Project Board, the relevant risk quantification will be reviewed to establish appropriate risk time and cost risk allocation.

3.2 Next financial year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£23.5m	£33.8	£25.0	£48.7m	£131.0m
Phase 1b	-	-	-	-	-
Phase1a+1b	£23.5m	£33.8	£25.0	£48.7m	£131.0m

The forecast for 08 / 09 is sensitive to the current programme review and especially the commencement of Infraco physical works. Following approval of the revised programme by the Tram Project Board, an update profile for 08 / 09 will be provided.

3.3 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 ¹	£545m	£501.8m
Phase 1b	£0m	£0 ²	£0 ²	£ 92.0m ³
Phase 1a + 1b	£500m	£45m ²	£548.3m	£ 593.8m

1. Includes £7.3m of CEC/ s75 free issue land
2. £3.3m of CEC / s75 free issue land are included in £45m funding from CEC.
3. Includes £2.5m of design costs for phase 1b, to be expended against phase 1a funding.

The increase of the phase 1a AFC to the DFBC baseline is due to two authorised change orders:

- CEC resource allocation to the Tram Project - £0.8m
- Additional JRC modelling requirement to address wide area impacts - £0.2m

3.4 Change control

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

	Phase 1a £m	Phase 1b £m	Phase 1a + 1b £m
Project Baseline (DFBC)	500.8	92.0	592.8
Authorised Changes	1.0	-	1.0
Current AFC	501.8	92.0	593.8
Anticipated Changes	4.6	0.0	4.6
Potential AFC	506.4	92.0	598.4

The position remains as set out in the report for the previous period.

Certain anticipated changes relate to items previously discussed at the Tram Project Board and formal change notices are yet to be raised. These changes include:

- Citypoint II: fit out and costs of leasing additional office space
- Costs of eradication of invasive species

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

- Additional costs arising from the delay to commencement of main MUDFA works to June

A number of anticipated changes relate to items excluded from the preliminary design stage project estimate update following a review undertaken at that time, for example the provision of a tram vehicle mock up.

Certain anticipated changes are directly related to engineering solutions, it is proposed that these items are reviewed in conjunction with the forthcoming recommendation for value engineering package 1 savings.

Acceptance and inclusion of these items in the scheme will, all other things being equal, result in an increase in the AFC requiring either additional funding or increased savings through value engineering to maintain affordability.

3.5 Summary breakdown

Original Estimate (including escalation)

	Base cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£449.1m	£51.4m	£0 ¹	£0 ²	£0 ³	£500.5m
Phase 1b	£80.5m	£11.5m	£0 ¹	£0 ²	£0 ³	£ 92.0m
Phase 1a + 1b	£529.6m	£62.9m	£0 ¹	£0 ²	£0 ³	£592.5m

Latest estimate / AFC (including escalation)

	Base cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£450.4m	£51.4m	£0 ⁴	£0 ²	£0 ³	£501.8m ⁵
Phase 1b	£80.5m	£11.5m	£0 ⁴	£0 ²	£0 ³	£ 92.0m
Phase 1a + 1b	£530.9m	£62.9m	£0 ⁴	£0 ²	£0 ³	£593.8m ⁵

Notes:-

1. Opportunities identified at DFBC stage were taken into the DFBC estimate.
2. OB included in risk (QRA at P90 confidence level) as agreed with TS
3. Contingency included as part of risk at present
4. Opportunities in latest estimate / AFC – savings targeted through the current value engineering exercise and negotiation strategy to maintain affordability.
5. Includes authorised changes

4 Time schedule report

4.1 Report against key milestones

Milestones taken from DFBC:

Milestones	Date	Act / Fcst
Approval of Draft Final Business Case by CEC	21 Dec 06A ✓	21 Dec 06A ✓
Approval of Draft Final Business Case by Transport Minister – approval and funding for utility diversions	15 Feb 06	16 Mar 07A
TRO process commences	13 March 07	24 Aug 07
Tramco - complete initial evaluation/negotiation	19 Mar 07	09 Mar 07A
MUDFA - completion of pre-construction period of MUDFA contract	02 Apr 07	30 Mar 07A
MUDFA - commencement of utility diversions	02 Apr 07A	02 Apr 07A
Infraco – return of stage 2 bids	05 April 07	08 May 07A
Tramco - appointment of preferred bidder	10 May 07	◆ TBA
Infraco - completion of evaluation / negotiation of bid	10 May 07	◆ TBA
Infraco - appointment of preferred bidder.	10 May 07	◆ TBA
Tramco/Infraco - facilitation of novation negotiation complete	07 Jun 07	◆ TBA
Tramco/Infraco - final negotiation and appointment	19 Jul 07	◆ TBA
Infraco - negotiation of phase 1b complete.	12 Nov 07	◆ TBA
Approval of Final Business Case by CEC and Transport Scotland – approval and funding for Infraco / Tramco	27 Sep 07	◆ TBA
Tramco / Infraco - award following CEC / TS approval & cooling off period.	11 Oct 07	◆ TBA
Construction commences on phase 1a	07 Dec 07	◆ TBA
TRO process complete	17 July 08	28 Oct 08
Construction commences on phase 1b	◆ 29 Jun 09 ✓	◆ 29 Jun 09 ✓
Construction complete phase 1a	◆ 26 Aug 09 ✓	◆ 26 Aug 09 ✓

Operations commence phase 1a	◆ Mar 11 ✓	◆ Mar 11 ✓
Construction complete phase 1b	◆ Jun 11 ✓	◆ Jun 11 ✓
Operations commence phase 1b	◆ Dec 11 ✓	◆ Dec 11 ✓

◆Note that these dates will be subject to change following the programme re-prioritisation and reviews of bidders programmes are complete.

Guidance for Completion:

Legend for colouring of Act/Fcast date text

Green: Act / Forecast date is ahead or in line with baseline
Yellow: Slight slippage – readily recoverable with action.
Red: Notable / significant slippage – difficult to recover, even with action.

4.2 Key issues affecting schedule

- Political uncertainty
Programme may be delayed through indecision or increased approval timescales.
- Delivery of design programme.
Many areas of the programme are dependant of timely and adequate design the programme, therefore the programme is vulnerable to slippages in the SDS programme.
- Commencement of invasive species treatment
Should this fail to proceed as programmed (through failure to gain licences / land access or other restrictions), then the impact on the Infraco programme may be up to 12 months, in certain areas, dependant on the invasive species / growing season.
- Network Rail Immunisation
The technical scope for the works has not yet been varied into the Airdrie-Bathgate agreement between Transport Scotland and NR, neither are clear contracts are in place. Further, no programme indications have been received, hence, there are real concerns that this may impact Tram programme as disruptive possessions are required to complete the process.
- Network Rail relocation of lineside equipment – see above.
- TRO Process
The commencement date is delayed by approximately one month pending resolution of design programme issues – no impact on phase 1a completion date.
- Award of Infraco/Tramco contracts
See above.

4.3 12 week look ahead

- Gateway 3 review July (subject to procurement programme confirmation)
- Completion of Draft Final evaluation report on preferred Infraco contractor.
- Completion of negotiations on contract terms with Infraco and Tramco
- Nomination of preferred bidder for Tramco
- Commencement of Facilitated negotiations between preferred Candidates for Tramco / Infraco.
- OCIP – 1st payments due
- Award of Gogar earthworks phase 2
- 2nd tranche of GVD notices to be issued.
- JRC model based on preliminary design including charettes (from V14) due
- Ongoing delivery of detailed design packages
- Commencement of invasive species treatment
- Continuation of Gogar phase 1 earthworks
- Commencement of Network Rail relocation of diesel tanks at Haymarket depot yard programme.
- Contract award for Ingliston park and ride phase 2
- Commencement of main MUDFA programme.

Award of contracts and commencement of physical works in respect of the following is subject to Transport Scotland approval:-

- OCIP – 1st payments
- Award of Gogar earthworks phase 2
- 2nd tranche of GVD notices to be issued.
- Commencement of Network Rail relocation of diesel tanks at Haymarket depot yard programme.
- Contract award for Ingliston park and ride phase 2
- Commencement of main MUDFA programme.

5 Risk & Opportunity

5.1 Summary

tie recently appointed an in-house risk manager to replace the service previously provided by Turner and Townsend. The new Project Risk Manager, Mark Hamill, started on 14 May 2007.

Specific risk workshops / meetings were conducted with the MUDFA team on 11 and 17 May. This involved a review of existing risks and the addition of new risks. This work is ongoing and a future workshop is arranged for early June.

An SDS risk management workshop was held with the SDS Project Manager and the Project Manager and Risk Manager from Parsons Brinkerhoff. This entailed a thorough review of the existing SDS risk profile with the result that a number of risks were closed and others reassessed. A further risk workshop is arranged for mid-June to update the register with any new risks.

A risk workshop was held by the Project Risk Manager and was attended by the Project Director, the Delivery Director, the Commercial Director and a number of project managers. The workshop was aimed to raise the profile of risk management within the project team, highlight the link between risk management and project management and to agree the next steps in further embedding risk management within the culture of the project.

It was agreed that the Project Risk Manager would conduct a robust review of all the information held within ARM.

The Project Risk manager is fully integrated in the Infracore tender evaluation (member of the Financial Evaluation Team and the Programme and Project Execution Team). Other work ongoing relates to review of the archaeological constraints which the project faces, the implementation of the 'issues' management procedure and the revision of the reports which project managers use as part of their monthly reports.

5.2 Review Project Risk Register

5.1.1 Risk changes

The principal changes in the risk position since last Period are:-

• Risks closed	28
• Risks added	23
• Risks re assessed	11
• Red status risk treatment dates slipped (no further slippage this Period)	0

5.1.2 Risks closed

Of the 28 risks closed this period, the high risk items closed this period are:-

- Very high voltage underground electricity transmission cables require special engineering solution.
- Network Rail Immunisation not being included in base estimate or requirements are over and above what has been included.
- Depot spoil disposal tip is not located at most convenient location.
- SDS contract does not require them to provide works requirement that presents the most efficient option.

5.1.3 Risks added

The main items added are:-

- Uncertainty about requirements for wide area modelling and need and extent of construction works required on road network.
- Damage to Network Rail infrastructure.
- Subsidence on Network Rail land.
- Delay in effecting OCIP beyond 30 June 2007.
- Basis of OCIP insurance rates changes.

5.1.4 Risks Reassessed

The main items reassessed are:-

- Uncertainty about requirements for wide area modelling and need and extent of construction works required on road network – risk assessed.
- Network Rail does not deliver the immunisation works before the drop dead date of October 2009 – probability reduced.
- Late prior approval consents - probability reduced due to implementation of treatment plan.

5.1.5 Primary risk register

The updated Primary Risk Register is enclosed as Appendix A.

5.1.6 Risk Management Actions

The report in Appendix B contains a summary of the risk management actions which are due in the next period. Where the treatment status of these actions is 'behind programme' the Risk Manager will meet with the Risk Owner to review and progress the action.

6 Health, safety, environment, quality and resources

6.1 H&S accidents and incidents, near misses, other or initiatives

No accidents reported. The accident frequency rate (AFR) for the project remains 0.00.

Two incidents were reported.

- AIIR008 Gogarburn depot – farmer unable to gain access to land due to heras fencing erected on incorrect fence line.
- AIIR009 Gogarburn depot – perimeter heras fencing blew down by strong winds.

Three site inspections were undertaken during the period (at Casino Square, Gogarburn depot and Viking International Ground Investigation Works). Site supervision issues were addressed at the Gogarburn depot and no serious issues were reported at the other sites.

Six safety tours have been undertaken. No serious issues have been reported.

The first group of staff attended the Construction Skills Certification Scheme (CSCS) health and safety test. All passed.

6.2 Environment

Nothing to report this period.

6.3 Quality

Non conformance report (NCR) no. 007 was raised for the badger mitigation works. The contractors' staff did not possess valid competency cards. The action was completed and the NCR closed.

No audits were planned this period. Three audits are planned for next period.

6.4 Resource management

The resource management plan as approved by the TPB continues to be delivered with a focus on replacing contractual staff with permanent employees and negotiating revised rates for contractors.

7 Stakeholder and communication

7.1 Stakeholder strategy / plan

The communication strategy documented in the draft Final Business Case continues to be delivered.

The stakeholder team has been meeting with the AMIS communications team at the MUDFA site offices on a regular basis to prepare for the actioning of the customer care interaction cycle.

At present the works are on hold resulting in much valuable time being allocated to preparatory work pending a decision.

7.2 Communication strategy / plan

Following the election work has slowed on delivery of the communication strategy due to political uncertainty. If the project progresses the communication strategy documented in the draft Final Business Case will be delivered.

Day to day activity concentrates on planning for the implementation of the MUDFA programme and the ongoing communication activity that will take place. Information continues to be issued to the media, stakeholders and the public when requested.

If appropriate the communications strategy will be reviewed in June. Review of the strategy will take place at the monthly communications meeting on the 20th June which is attended by CEC, TS, TEL, **tie**, Media House and Weber Shandwick.

7.3 Communication & stakeholder matters arising from previous period

7.3.1 Media

Tram featured in the vast majority of the media from the end of April to date, with all of the coverage relating to the election. Before polling day, coverage centred on the projects place in the party election manifestos.

Following the 3rd of May, Tram has been a hot topic across the print and broadcast media, with speculation on what place the project would have in either a minority or coalition government. Notably Kenny Macaskill made the project personal with his commitment post election, via the Evening News, that the project would be cancelled.

7.3.2 Helpline

The tram helpline number is 0131 623 8726. Although the system is in operation, as work is limited, the calls have slowed down. A maximum of five calls a week are being received and answered.

7.3.3 Incident response

Communications and stakeholder staff are on call 24 / 7 following the start of the MUDFA works.

7.3.4 Correspondence flow

Steve Gorry continues to work with our partner organisations to deliver the customer care package. Steve will continue to report back on progress and deliverables against targets.

7.3.5 Customer interaction cycle

Following last months comment, we have now received proofs of the eight week newsletter from AMIS. Changes are being fed back to AMIS and we will work with them to finalise any changes needed prior to sending for approval.

7.3.6 Launch of programme and customer support following elections

Following approval of the MUDFA programme and clarity on the future of the project, it will be necessary to launch both the MUDFA programme and the customer support and communication initiatives surrounding the project.

7.4 Communication & stakeholder action plan for next period

7.4.1 Wider area signage and communications

Whilst formulating the traffic management plans for MUDFA we have had to consider wider area signage and wider area communications.

In order to continue with the open and clear communication methods which have been a symbol of the tram project, it is recommended that the wider area signage be branded clearly with the Trams for Edinburgh brand. Although the exact design of these signs will be the subject of discussion will require

approval of the partners, it will almost certainly be a monochrome version of the Trams for Edinburgh logo.

Again, during the tram project, we have tried to communicate openly with all stakeholders, and this attitude should be continued with regard to contact with the frontagers on major diversion routes. These businesses and residents will need to be informed that their street will be a diversion route for a temporary period, and the effect this will have on them. It is recommended that a specific leaflet is produced for these areas, giving clear information on the changes and where more information can be obtained. This will also be discussed with, and approved by, partners.

This paper has been carried forward to the period 3 MUDFA Sub Committee Meeting.

7.4.2 Incident management response – communications / stakeholder

Communications and stakeholder staff have been on call 24 / 7 since the start of the trial site.

7.4.3 Future site communications

Plans are being documented for the next site specific communication that will be needed.

7.4.4 Site information

Plans are currently being developed for hoarding around the Gogar site. The placement and size of the site lends itself well to more meaningful and slick signage that will inform residents and commuters. Once designed, the approach and visuals will be brought to the project team for comment.

7.4.5 Business support scheme

Since the last report nothing has been actioned as a part of this scheme.

7.4.6 Tram Route Design

SDS the tram design consultants are now ready to present more of the preliminary designs for further sections of the route. We have a strategic obligation to consult with both frontagers and members of the wider community of these preliminary designs. Plans have been developed which outline the next set of meetings, including details of the dates, venues, times and the number of personal invitations which will be sent.

Appendix A Primary risk register

Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
52	Political and/or Stakeholder objectives change or require design developments that constitute a change of scope; Planning Department requires scope over and above baseline scope in order to give approval (may be as a result of lack of agreement over interpretation of planning legal requirements).	STAKEHOLDER PRIMARY Amendments to design scope from current baseline.	Programme delay as a result of re-work; Programme delay due late receipt of change requirements and lack of resolution; Scope/cost creep (dealt with through change process); Project ultimately could become unaffordable.	D Crawley/ D Mackay		Project	NO TREATMENT PLAN ENTERED IN ARM. IT SHOULD BE NOTED THAT THIS RISK WILL BE MANAGED THROUGH THE CHANGE PROCESS WITH IMPLICATIONS OF REQUESTED CHANGE BEING ADVISED TO STAKEHOLDERS.				
917	Transport Scotland and CEC have not agreed funding and risk allocation required from Tram budget for Tram elements of work; Immunisation Works on critical path and it is essential they are complete by October 2009.	STAKEHOLDER PRIMARY Source and level of funding and risk allocation for Network Rail Immunisation Works has not been established	Immunisation works unable to proceed due to lack of funding or works are delayed having a critical effect on programme	S Bell/ D Sharp		Project	Undertake Immunisation Works Risk Workshop to produce key risks register	Complete	Complete	16-Mar-07	N Cuckow
							Establish risks retained by each party for liability [DS advised at TPB no separate liability issues for Immunisation. To be considered within main agreement with CEC.]		Complete	30-Mar-07	D Sharp
							Issue instruction to Network Rail to undertake works. [DS advised contract agreement put in place 27/4/07 for Airdrie Bathgate which can be varied to include necessary Tram immunisation work. Tech Spec provided to enable Variation.]			30-Apr-07	D Sharp
							Agree Immunisation Project Milestones [Expected to be concluded by 11/05/07.]			30-Apr-07	S Bell
							Establish funding contributions and respective budgets from TS/NR/CEC/Other Projects [DS advised at TPB no Separate funding/budget issues for Immunisation.]		Complete	31-May-07	D Sharp
870	SDS Designs are late and do not provide detail Infraco requires	PROJECT PRIMARY Infraco does not have detail to achieve contract close	Delay to due diligence and start on site and need to appoint additional design consultants	D Crawley		Project	Review AIPs for Structural Information			02-Feb-07	G Easton
							Obtain Design Progress Dashboard from SDS	NEW	On Programme	15-May-07	

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Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
281	Poor planning	PROJECT PRIMARY Insufficient planning of procurements	Weak procurement plan; damage to reputation; optimum risk transfer to contractors not achieved; proposals do not meet requirements	G Gilbert		Project	Improve robustness of procurement plan	Complete	Complete	29-Dec-06	G Gilbert
							Finalise project estimate and functional specification and apply change control	Complete	Complete	29-Dec-06	G Gilbert
							Undertake further Value Engineering to reduce costs and create budget headroom	On Programme	On Programme	29-Jun-07	G Gilbert
							Prepare and implement plan for delivery of Infraco and Tramco tender and negotiation process	NEW	On Programme	28-Sep-07	G Gilbert
							Apply vigorous change control and cost checking of emerging detailed designs	NEW	On Programme	31-Dec-07	G Gilbert
282	Procurement has high level of risk transfer to contractors	PROJECT PRIMARY Failure to sustain negotiating position and/or suitable interest from the market throughout bid process.	Leverage in negotiation is lost; Required risk transfer is not achieved; Increased price of bids; Withdrawal of bidders during bid process.	B Dawson		Project	Review contract mark-ups and draft amendments	On Programme	On Programme	29-Jun-07	B Dawson
							Settle all major contractual issues prior to return of consolidated proposals	On Programme	On Programme	31-Jul-07	G Gilbert
							Keep 2 bidders in competition for as long as possible	On Programme	On Programme	31-Jul-07	G Gilbert
							Identify feasible alternatives to risk allocation and allow negotiation of risk allocation	Ahead of Programme	Ahead of Programme	28-Sep-07	B Dawson
264	Political support is lost or political opposition to scheme increases due to lack/loss of confidence in business case (Infraco costs), failure to provide information, election campaigning etc	STAKEHOLDER PRIMARY Political risk to continued commitment of TS/CEC support for Tram scheme	Reversal of decisions by incoming administrations in either or both CEC and Holyrood; Project becomes key political issue during election campaign; Protracted decision making and unnecessary debate during consideration of Business Case	M Crosse/ W Gallagher	0	Project	Hearts and Minds campaign including Senior Executive Officer meetings with Councillors and MSPs and utilising the tram sounding board meeting with CEC and selected elected transport leads	Complete	Complete	21-Dec-06	S Waugh
							Regular briefings and discussions with senior CEC and TS officers particularly in relation to Full Council presentations	Complete	Complete	21-Dec-06	W Gallagher
							Provide confidence on Infraco costs in Business Case ensuring that 70% costs are firm	On Programme	Complete	31-Jan-07	M Crosse

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Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Make contact and engage with Senior SNP Leaders to address the effect of the project becoming a key political issue during election campaigning	On Programme	On Programme	04-May-07	W Gallagher
							Continue to provide accurate information on status of project to address the effect that the incoming administration after the May 07 elections may reverse decision to proceed	On Programme	On Programme	28-Sep-07	W Gallagher
268	Business case is not approved or is approved subject to the gaining of additional funding	STAKEHOLDER PRIMARY Funding not secured/agreements not finalised for total aggregate funding from TS and CEC including grant/indexation CEC contribution; risk sharing between parties; cashflow profile; financial covenant; public sector risk allocation.	Possible showstopper; Delays and increase in out-turn cost may affect affordability. Event: also decision on line 1B.	S McGarrity/ A Holmes	0	Project	Acquire confidence in contingency figures	Complete	Complete	20-Nov-06	N Cuckow
							TS and CEC are facilitating interaction between TS and CEC in the delivery of a funding agreement which will cover all funding matters including decision making on Phase 1b. This process requires each party to facilitate decision making within their respective organisations and its completion is a condition precedent to delivery of Final Business Case.	On Programme	On Programme	28-Sep-07	G Bissett/ S McGarrity
							Tram Project Board to monitor progress towards conclusion of agreement.	NEW	On Programme	28-Sep-07	D MacKay
915	Policy or operational decision	STAKEHOLDER PRIMARY Transport Scotland and CEC do not provide indemnities on payment	Bidders will not commit to contract without this assurance; Delay in bid process; Possible bidder withdrawal from negotiations and bid process.	G Gilbert/ D Sharp	0	Project	Ensure Transport Scotland understand implication of not providing indemnities and obtain buy-in from them	On Programme	On Programme	31-Aug-07	G Gilbert

Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner		
	Cause	Event	Effect					Previous	Current				
916	CEC do not achieve capability to deliver	STAKEHOLDER PRIMARY CEC do not deliver contribution of £45m plus additional contribution relating to Line 1B	Potential showstopper to project if contribution not reached; Line 1B may depend on incremental funding from CEC	S McGarrity/ A Holmes	0	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. tie are also maintaining close communications with CEC Finance on sources of funding.	Undefined	On Programme	28-Sep-07	CEC		
								On Programme	On Programme			28-Sep-07	D MacKay
								Undefined	Undefined				
139	Utilities diversion outline specification only from plans	PROJECT PRIMARY 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		-	Review design information and re-measure during design workshops with Utility Companies and MUDFA.	On Programme	On Programme	30-Nov-06	M Hutchinson		
								On Programme	On Programme				
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	PROJECT PRIMARY Unknown 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.	G Barclay		-	Develop PC Sums into quantified estimates.	On Programme	On Programme	30-Nov-06	M Hutchinson		
								On Programme	On Programme				
RISKS 139 AND 164 HAVE SAME TREATMENT PLAN							In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities	On Programme	On Programme	31-May-07	A Hill		
								Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales.	On Programme			On Programme	31-Aug-07
172	Area of possible contamination and unstable ground (unlicensed tip) has been highlighted during desk study immediately to east of Gogar Burn - investigation for CERT project indicates that this consists of building rubble and domestic waste.	PROJECT PRIMARY Tramway runs through area of possible contamination and special foundation is required to cope with unstable ground	Increase in costs to provide special foundation solution	D Crawley		-	Obtain ground investigation information.	Complete	Complete	09-Feb-07	A McGregor		

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Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Monitor design progress and include costs in base estimate.	On Programme	On Programme	28-Feb-07	A McGregor
							Include SI Report and Information in next issue of information to Infraco.	On Programme	On Programme	30-Mar-07	B Dawson
353	Contracts evolved at different timescales during the project	PROJECT PRIMARY Multiple scope and contract obligation gaps in SDS/ Infraco/ MUDFA/ Tramco/ Transdev contracts	Unforeseen additional costs.	G Gilbert			Review Employers Requirements including 3rd Party scope requirement	NEW	On Programme	30-Apr-07	G Easton
							Develop contract alignment plan	NEW	On Programme	31-May-07	B Dawson
279		PROJECT PRIMARY Third party consents including Network Rail, CEC Planning, CEC Roads Department, Historic Scotland, Building Fixing Owner consent is denied or delayed	Delay to programme, Risk transfer response by bidders is to return risk to tie; Increased out-turn cost if transferred an also as a result of any delay due to inflation.	T Craggs			CEC Planning - mock application by SDS	On Programme	On Programme	31-Jan-07	T Craggs
							Engagement with third parties to discussed and obtain prior approvals to plans	On Programme	On Programme	31-Aug-07	T Craggs
							Identify fallback options	On Programme	On Programme	31-Aug-07	T Craggs
							Obtain critical consents prior to financial close	On Programme	On Programme	28-Sep-07	T Craggs
280	Poor SDS performance, poor requirements definition; poor/lack of design assurance process	PROJECT PRIMARY SDS deliverables are considered to be below quality levels required or late in production	Delay in submission of information to Infraco; Delay in achieving consents and approvals; Derisking procurement strategy undermined with consequent increase in price	D Crawley			Identification of key areas requiring SDS attention. Resolve critical issues blockers asap.	On Programme	On Programme	15-Jun-07	D Crawley
							Implement design assurance process	NEW	Complete	30-Apr-07	D Crawley
							Report on design progress on output basis	NEW	On Programme	31-Jul-07	D Crawley
							Monitor design progress on output basis	NEW	On Programme	31-Jul-07	S Clark
286		PROJECT PRIMARY Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged	Significant delay to delivery of Tram; Loss of reputation; Significant extra costs	B Dawson			Consult with legal on options relating to due diligence to be carried out on design and availability of consents	On Programme	On Programme	28-Feb-07	B Dawson
							Introduce and engage Infraco bidders to SDS as early as possible	Complete	Complete	28-Feb-07	B Dawson
							Complete designs and allow due diligence to be undertaken by bidders	On Programme	On Programme	31-May-07	B Dawson

28 April 2007

CEC01522629_0042

Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
270	Source of funding and scope of works relating to Wide Area Modelling issues not agreed with CEC.	STAKEHOLDER PRIMARY Uncertainty about requirements for wider areas modelling and need and extent of construction works required on road network	Increased construction cost; Delay while additional funding is found.	M Thorne			Clarify and agree boundaries of scope and funding provision between TS and CEC			28-Feb-07	T Craggs
952	Scope of works relating to Wide Area Modelling (WAM) has not been agreed with SDS; Design relating to the outputs of WAM has not yet been undertaken; Boundaries of Tram Project responsibility and details of what constitutes betterment for WAM is not yet finalised.	PROJECT PRIMARY Uncertainty about extent of design and construction works required on network relating to Wide Area Modelling issues.	Potential claim from SDS to deal with additional design work; Potential construction costs to deal with WAM issues (difficult to quantify without design) over and above those already included.	K Rimmer			Provision of £500k in Draft Final Business Case estimate to deal with WAM requirements	Complete	Complete		G Gilbert
							Employ further traffic management expertise	Complete	Complete		C McLauchlan
							Finalise boundaries of TRAM responsibility for WAM requirements	NEW	On Programme		A Sim
							Agree design requirements relating to WAM with SDS	NEW	On Programme		D Crawley
							Obtain design and quantify construction cost for inclusion in base estimate	NEW	On Programme		D Crawley
							Incorporate appropriate works components into Infraco tender so that bidders can include for works in final tender returns	NEW	On Programme		B Dawson
271		PROJECT PRIMARY SUMMARY RISK - Failure to reach agreement with CEC on various approvals areas	Delay to project while agreement with CEC is reached. Sacrifices being made to ensure agreement is concluded.	T Craggs			Finalise alignments and gain agreement from CEC			29-Dec-06	T Craggs
							Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie	On Programme		28-Feb-07	T Craggs
866		PROJECT PRIMARY - Failure to reach agreement with CEC on roads maintenance responsibility where Tram has been installed in CEC maintained roads	Delay to project while agreement with CEC is reached. Sacrifices being made to ensure agreement is concluded.	K Rimmer			Final agreement negotiations to be informed by the Tram final design details and agreed by Roads Authority, CEC Promoter, CEC in-house legal and tie	On Programme		28-Feb-07	T Craggs

28 April 2007

Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
349	Diversion of HP Gas Main at Gogar Depot depends on construction of Turnhouse Pressure Reducing Station - land is not in LoD and there are no alternatives	PROJECT PRIMARY Turnhouse PRS requires private land purchase and planning approval	Due to land negotiation process there is a risk that Turnhouse PRS is not constructed at all or on time thus resulting in critical delay; also there is a risk that land purchase cost will be above face value (leads to Risk 191)	J Buchanan	-	-	Develop strategy to allow commencement of Depot earthworks without prior diversion of Gas Main	Complete	Complete	29-Dec-06	P Douglas
							Ensure Scottish Gas Networks understand the criticality of diversion programme	Complete	Complete	31-Jan-07	P Douglas
							Monitor Scottish Gas Networks progress with regard to land acquisition and adjust Tram programme accordingly	Complete	Complete	31-Jan-07	P Douglas
							Ensure Tram Project remains in background in order to prevent escalation of land price	Complete	Complete	31-Jan-07	P Douglas
							Develop additional strategy to account for other Utilities encountered.	Complete	Complete	31-Jan-07	P Douglas
							Obtain Programme of Works from Scottish Gas Networks and ensure that it meets required Tram Programme.	NEW	On Programme	15-May-07	J Low
352	Some properties may result in higher land compensation claims than anticipated	PROJECT PRIMARY Land compensation for high risk properties	Additional uplift on compensation claims	G Duke	-	-	Initiate early negotiations between DV and landowners	On Programme	On Programme	28-Mar-07	A Rintoul
							Liaise with CEC Planning	On Programme	On Programme	28-Mar-07	R McMaster
							Close out	Pending		28-Mar-08	G Duke
911	Scottish Power own and maintain a cable tunnel in the vicinity of Leith Walk that may or may not interfere with Tram construction and operation; exact location and depth of tunnel is unknown; condition of tunnel is unknown.	PROJECT PRIMARY Presence of Scottish Power tunnel in Leith Walk requires radical solution	Tunnel may have to be decommissioned and re-laid in a more suitable location; tram alignment may require to be adjusted; special foundation solution e.g. cantilever may be required; increased capex; potential for tunnel collapse during operation and consequent disruption for tram.	J Low	-	-	Scottish Power to establish exact location of tunnel	On Programme	Complete	02-Apr-07	J Low
							Scottish Power to undertake engineering feasibility study	On Programme		02-Apr-07	J Low
							Solution to be engineered - ACTION PLAN TO BE DEVELOPED ON COMPLETION OF FEASIBILITY	Pending	Pending	03-Mar-08	D Crawley

28 April 2007

CEC01522629_0044

Edinburgh Tram Network
PRIMARY RISK REGISTER

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
935	Immunisation project not prioritised by Network Rail; Network Rail resources diverted to other projects or emergencies; Multiple iterations of design development; Tram requirements change as a result of Tram design development; Network Rail standards changes; Tram programme not able to be achieved in the first place.	STAKEHOLDER PRIMARY Network Rail do not deliver the immunisation works before the drop dead date of October 2009.	Tram cannot be commissioned to programme, Critical delay.	T Glazebrook/ D Sharp			Confirm and review importance of works with regular Transport Scotland meetings regarding Network Rail			30-Mar-07	T Glazebrook
							Issue Immunisation Works Contract to Network Rail	NEW		31-Mar-07	D Sharp
							Confirm/agree final objectives of relevant sections of Tram and prioritise development as necessary		Complete	30-Apr-07	D Crawley
							Monitor and challenge Network Rail programme development, agree milestones.	Pending		30-Apr-07	T Hickman
							Review incentivisation in existing framework agreements and/or Transport Scotland to consider penalties/LDs on design and build contract	Pending	Pending	29-Jun-07	M Bourke
							Ensure Immunisation Works programme allows for design development.	Pending	Pending	31-Jul-07	T Hickman
							Establish baseline, change control and constraints	Pending	Pending	31-Jul-07	S Bell
							Review current applicable standards and extent of derogation required	Pending	Pending	31-Jul-07	T Glazebrook
							Seek programme reporting and update Tram Project Board	Pending	Pending	30-Oct-09	S Bell

28 April 2007

CEC01522629_0045

Appendix B Risk action report

Risk Action Plan for Next Period

Plan ID	Title	Area of Risk	Targ. Level	Cost (£k)	Action Owner	Date Due	Treatment Statu	Related Risk
42	In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities	7.2 MUDFA/Utilities	0.0	0.00	A Hill	31-May-2007	On Programme	139 - PROJECT PRIMARY Uncertainty of Utilities location and consequently required diversion work/ unforeseen utility services within LoD
42	In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities	7.2 MUDFA/Utilities	0.0	0.00	A Hill	31-May-2007	On Programme	164 - PROJECT PRIMARY Unknown or abandoned assets or unforeseen/contaminated ground conditions affect scope of MUDFA work
299	Novation of SDS to Infraco - 2 monitor SDS detail design progress and approvals and Consents applications progress for delays which might impact on timing of Novation	PROCUR EMENT CONSUL TANT	0.0	0.00	A McGregor	28-May-2007	Undefined	46 - Novation of SDS to Infraco
17	Finalise boundaries of Tram responsibility for WAM requirements	7.3 Infraco	0.0	0.00	A Sim	31-May-2007	On Programme	952 - PROJECT PRIMARY Uncertainty about extent of construction works required on road network relating to Wide Area Modelling issues.
274	Increase in off-route junction improvements, certain junctions requiring realignment of kerbs etc	7.3 Infraco	0.0	0.00	A Sim	28-May-2007	Undefined	132 - Increase in off-route junction improvements, certain junctions requiring realignment of kerbs etc
438	Develop contract alignment plan	1.7 Miscellaneous	0.0	0.00	B Dawson	31-May-2007	On Programme	353 - PROJECT PRIMARY Multiple scope and contract obligation gaps in SDS/ Infraco/ MUDFA/ Tramco/ Transdev contracts
395	Clarify that bidders understand issues relating to design requirements for Immunisation Works (post Consolidated Proposals)	1.3.1 NR Immunisa tion Project	0.0	0.00	B Dawson	31-May-2007	On Programme	940 - Infraco not competent to provide design requirements/challenge design of Immunisation Works

Caveat: Uncontrolled when printed

Classification: Commercially Sensitive

Risk Action Plan for Next Period

Plan ID	Title	Area of Risk	Targ. Level	Cost (£k)	Action Owner	Date Due	Treatment Statu	Related Risk
291	Share APA requirements with Infraco	7.3 Infraco	0.0	0.00	B Dawson	31-May-2007	Undefined	921 - Infraco is unable to meet Network Rail Asset Protection Agreement (APA) obligations
208	Complete designs and allow due dilligence to be undertaken by bidders	7.3 Infraco	0.0	0.00	B Dawson	31-May-2007	On Programme	286 - PROJECT PRIMARY Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged
451	Agree design requirements relating to WAM with SDS	7.3 Infraco	0.0	0.00	D Crawley	31-May-2007	On Programme	952 - PROJECT PRIMARY Uncertainty about extent of construction works required on road network relating to Wide Area Modelling issues.
469	Integrate CEC into tie organisation/accomodation (office move)	2 PROCUREMENT CONSULTANT	0.0	0.00	D Crawley	04-Jun-2007	Undefined	44 - Late prior approval consents
377	Define Project Execution Plan for Works including governance with clear tie role in communications line and SDS issue of information	1.3.1 NR Immunisation Project	0.0	0.00	D Crawley	31-May-2007	Behind Programme	936 - STAKEHOLDER PRIMARY Information not accurately and/or timeously passed between tie and Network Rail for Immunisation Works
378	Gain early agreement on information requirements for information to be issued between SDS and Network Rail	1.3.1 NR Immunisation Project	0.0	0.00	D Crawley	31-May-2007	Behind Programme	936 - STAKEHOLDER PRIMARY Information not accurately and/or timeously passed between tie and Network Rail for Immunisation Works
252	Appoint Interface Project Manager	1 GENERAL /OVERALL	0.0	0.00	D Crawley	31-May-2007	On Programme	169 - Other major projects in Edinburgh interface with Tram
166	Review current Interface status and generate plan to close out open issues by end May	7.4 Tramco	0.0	0.00	D Powell	31-May-2007	Undefined	319 - Trams found to be incompatible during commisioning

Caveat: Uncontrolled when printed

Classification: Commercially Sensitive

Risk Action Plan for Next Period

Plan ID	Title	Area of Risk	Targ. Level	Cost (£k)	Action Owner	Date Due	Treatment Statu	Related Risk
184	Tramco to be fully briefed on RSPG and CASE for Safety process	7.4 Tramco	0.0	0.00	D Powell	01-Jun-2007	Undefined	909 - RSPG and Case for Safety reqts not met
214	Establish funding contributions and respective budgets from TS/NR/CEC/Other Projects	1.3.1 NR Immunisa tion Project	0.0	0.00	D Sharp	31-May-2007	Undefined	917 - STAKEHOLDER PRIMARY Source and level of funding and risk allocation for Network Rail Immunisation Works has not been established
336	Specific Scottish Water/Telecoms Action Plan to be developed by incoming PM - see also SUMMARY RISK actions	7.2 MUDFA/Ut ilities	0.0	0.00	G Barclay	31-May-2007	Undefined	927 - DETAIL RISK Safety incident during MUDFA Scottish Water/Telecoms Diversions
448	Availability of hand held jet wash unit	7.1.3 Depot	0.0	0.00	J Buchanan	31-May-2007	Undefined	951 - Break down of wheel wash facilities at Depot & Disposal site
449	weekly maintenance of wheel wash by site staff	7.1.3 Depot	0.0	0.00	J Buchanan	31-May-2007	Undefined	951 - Break down of wheel wash facilities at Depot & Disposal site
447	Supplier maintenance regime - 16 week interval & extended warranty	7.1.3 Depot	0.0	0.00	J Buchanan	31-May-2007	On Programme	951 - Break down of wheel wash facilities at Depot & Disposal site
84	Undertake Depot Early Works	7.1.3 Depot	0.0	0.00	J Buchanan	22-Jun-2007	On Programme	284 - PROJECT PRIMARY Requirement for early commencement of depot works is not able to be met.
229	Micro management of design	7.3 Infraco	0.0	0.00	J McAloon	31-May-2007	On Programme	47 - Completion of MUDFA works is delayed (due to late design/approvals) - late utility diversions in advance of Infraco works.
279	Develop PR and Stakeholder Communications campaign strategy to deal with effects of strategy	7.2 MUDFA/Ut ilities	0.0	0.00	M Connelly	31-May-2007	Undefined	918 - Property Owners require to undertake and fund the re-earthing of their properties

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Classification: Commercially Sensitive

Risk Action Plan for Next Period

Plan ID	Title	Area of Risk	Targ. Level	Cost (£k)	Action Owner	Date Due	Treatment Statu	Related Risk
230	Revise design process	7.3 Infraco	0.0	0.00	R Bent	31-May-2007	On Programme	47 - Completion of MUDFA works is delayed (due to late design/approvals) - late utility diversions in advance of Infraco works.
231	Review tie design review	7.3 Infraco	0.0	0.00	R Bent	31-May-2007	On Programme	47 - Completion of MUDFA works is delayed (due to late design/approvals) - late utility diversions in advance of Infraco works.
428	Establish and monitor agreement between TS and NR for start of Immunisation Works	1.3.1 NR Immunisation Project	0.0	0.00	S Bell	31-May-2007	Undefined	942 - Network Rail do not commence works at required time
382	Review Transport Scotland re-organisation and provide liaison services to support Transport Scotland, if necessary	1.3.1 NR Immunisation Project	0.0	0.00	S Bell	31-May-2007	On Programme	938 - STAKEHOLDER PRIMARY Immunisation Project not adequately managed or controlled by Client i.e. Transport Scotland
67	Set KPIs for Infraco	2.9 TEL	3.0	0.00	S Clark	31-May-2007	On Programme	60 - Poor handback condition
397	Arrange for Licenses	3 DESIGN	0.0	0.00	S Clark	30-May-2007	Undefined	162 - Gaining access to land prior to purchase for advanced works
470	Review value of transferring deductables to contractors	1.5 OCIP	0.0	0.00	T Kinloch	05-Jun-2007	On Programme	346 - Incident results in Insurance Claim on OCIP
480	Consider agreement of rates but not effecting cover for a few months.	1.5 OCIP	0.0	0.00	T Kinloch	14-Jun-2007	On Programme	969 - Delay in effecting OCIP beyond 30 June 2007
481	Agree alternative premium payment plan with Insurers considering contract start dates.	1.5 OCIP	0.0	0.00	T Kinloch	14-Jun-2007	On Programme	969 - Delay in effecting OCIP beyond 30 June 2007
482	Obtain sign off to planned actions from Tram Project Board	1.5 OCIP	0.0	0.00	T Kinloch	14-Jun-2007	On Programme	969 - Delay in effecting OCIP beyond 30 June 2007

Caveat: Uncontrolled when printed

Classification: Commercially Sensitive

Risk Action Plan for Next Period

Plan ID	Title	Area of Risk	Targ. Level	Cost (£k)	Action Owner	Date Due	Treatment Statu	Related Risk
464	Issue Immunisation Works Contract to Network Rail	1.3.1 NR Immunisation Project	0.0	0.00	TS/CEC	31-May-2007	Behind Programme	935 - STAKEHOLDER PRIMARY Network Rail do not deliver the immunisation works before the drop dead date of October 2009.

Caveat: Uncontrolled when printed

Classification: Commercially Sensitive

DRAFT

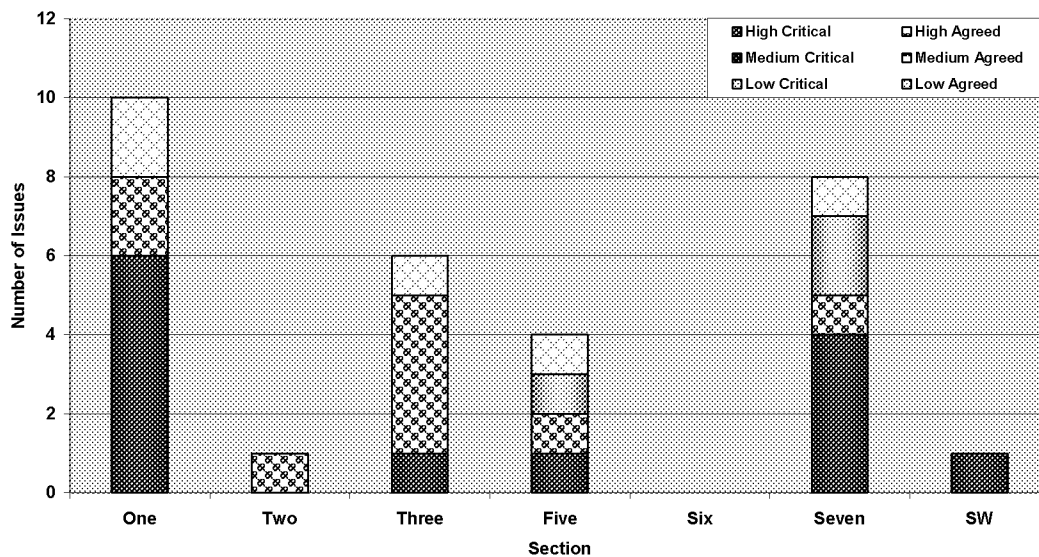
Paper to: DPD Meeting Date: 7 June 2007
Subject: SDS Update – P2
Agenda Item:
Preparer: D Crawley / T Glazebrook

FOR INFORMATION ONLY

1. 0 Critical Issues

The 'critical issues' are items which are preventing SDS from achieving their programme. These have been the subject of concerted effort over the last few weeks and progress to date is shown below.

Critical Issues - by section P2

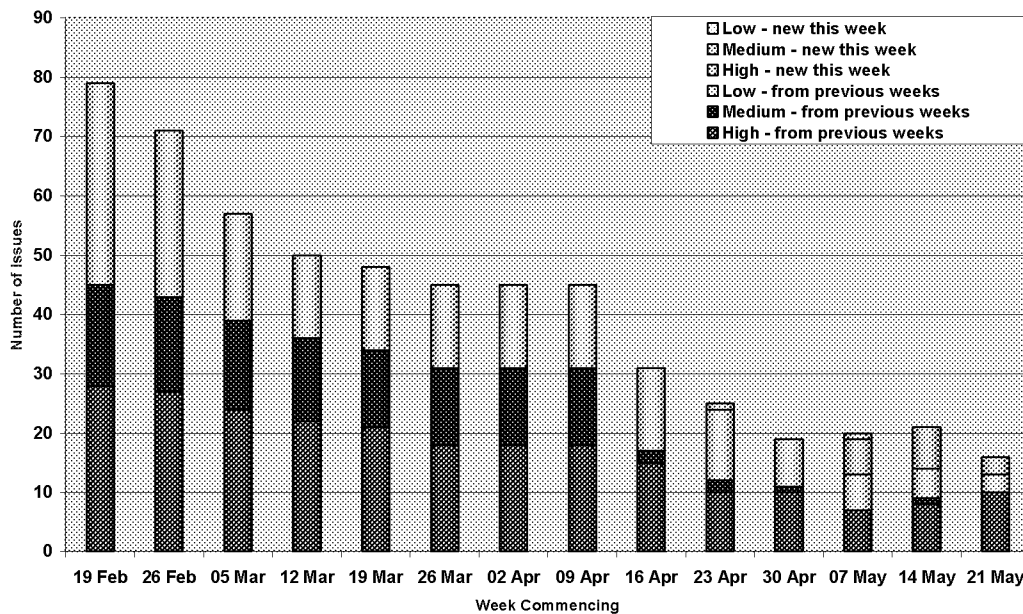


There are currently no unagreed critical issues in tram system sections 2 and 6.

There are a small core of high status items remaining. For about half the items, the processes in place already (involving CEC / TEL consultation) will prove adequate. Additional process may need to be applied for the remaining items.

The chart below shows the progress over time in reducing the total number of issues. There is now a regular 'churn' of new issues coming through but the rate of closure of all issues continues to exceed this reducing the overall quantity.

Critical Issues - by date



The specific outstanding High impact critical issues are summarised in the table below. The Issue ID is coded as Tram Section / Issue No e.g. 1A/22 = section 1A issue 22.

Issue ID	Issue	Resolution
1A/22	The SDS track and roads design relevant to the Forth Ports redesign needs a Forth Ports and CEC agreement	Forth Ports and CEC to agree new position.
1C/12	Resolution of design options for Waverley Bridge Junction to optimise traffic movement and minimise congestion. This is to take into account bus movements and pedestrian flows whilst retaining Priority One for tram	CEC / TEL to agree
1C/13	Resolution of design options for Picardy Place /London Road Junction to optimise traffic movement and minimise congestion. This is to take into account bus movements and pedestrian flows whilst retaining Priority One for tram	CEC / TEL to agree

Issue ID	Issue	Resolution
1D/7	There are conflicting views on the use of the space at Haymarket for the roads design.	RDWG to agree a position.
1D/8	Resolution of design options for Haymarket Junction to optimise traffic movement and minimise congestion. This is to take into account bus movements and pedestrian flows whilst retaining Priority One for tram	RDWG to agree a position.
3A/10	Tram noise level information required for SDS to complete design work	Susan Clark arranging Tram bidder meetings
5A/1	A position with SRU is required on pitches and flood mitigation arrangements. SDS are working at risk and need an instruction.	tie to finalise a position with SRU. A further meeting between SDS / SRU has been arranged.
7A/2	A landmark / branded Tramstop design requires an instruction to go to SDS.	Agreement between CEC and RBS required
7A/9	Eastfield Ave - change due to EARL project. Change order required in order to progress retaining wall design,	An updated change notice and order are required following commercial resolution.
7A/10	Airport Stop - design phasing for EARL project	tie to confirm design phasing with EARL. Linked with the commercial issue in 7A/10.
7A/11	Burnside Road - relocation. BAA interface	Decision required tie / CEC and Change Notice if necessary.
SW/4	Resolution and sign-off by tie / CEC of wider area model to ensure that road junction designs for tram do not need to be revisited	Subject to completion of wide area traffic modelling

2.0 Requests for Information

Good progress is being made on closing Requests for Information as follows:

Date	No open	Total registered	No closed in period
30 Mar 2007	40	130	0
27 Apr 2007	17	138	31
25 May 2007	12	142	9

3.0 Design Assurance

Agreement has now been reached with SDS on the provision of designs accompanied by design assurance documentation. This will result in packages of designs being supplied, section by section, in a form which is self-consistent, complete (or if not, with defined status), with interdependencies already reviewed and with associated approvals. The package will also contain associated TRO information although until the full modelling exercise has been concluded this cannot be finally confirmed. In the event that changes are required in respect of TROs it is not thought that the design impact will be great.

We have received a trial delivery of a design assurance package summary for Section 5C, and based on this a number of comments have been provided to SDS for the first programmed delivery in respect of tram Section 2A (11th July 2007) as shown in Table 1 below. There will be 18 such packages in total.

There are a number of additional system-wide documents and drawings dealing with such things as power distribution and traffic modelling. Many of these will be provided with the first formal submission on 11th July 2007. A definitive list is being compiled, but the first issue will not include the final wide-area traffic modelling, as this is not due to be completed until September 2007.

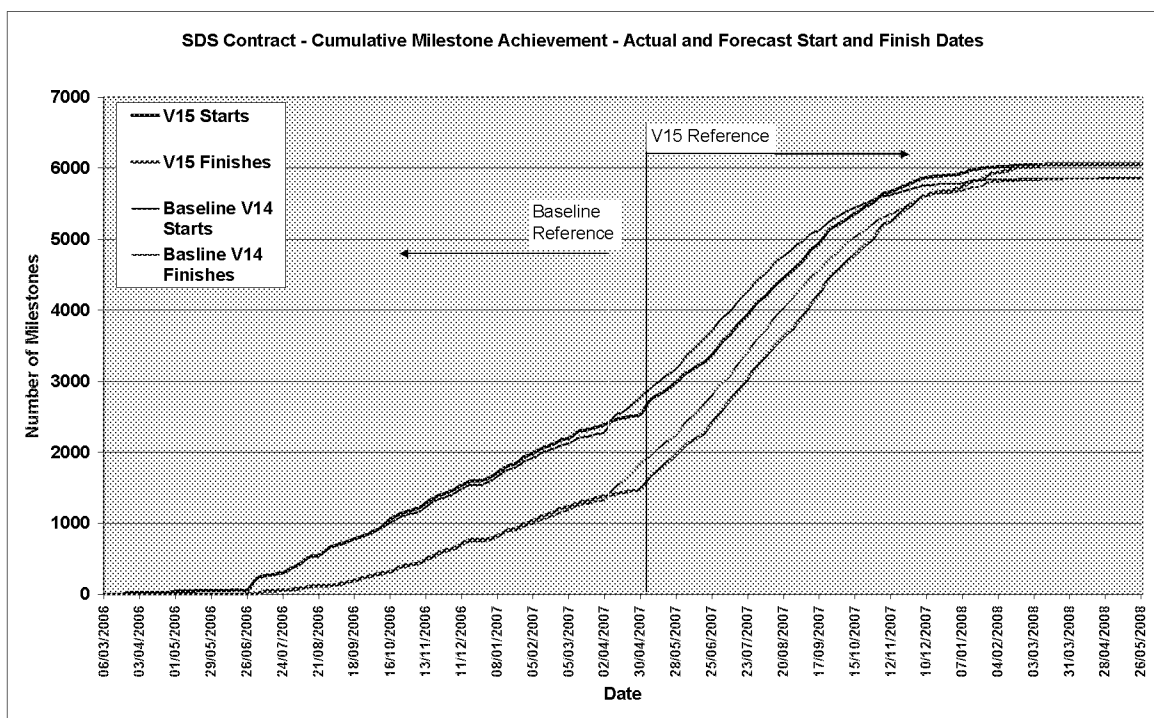
Table 1.

ULE90130 SDS Edinburgh Tram V14		
Design Assurance package delivery dates		
Task ID V14		
Section 1 - Haymarket to Newhaven Road (Task 300)		
SDS67910	Section 1A (Task 300.2)	13-Sep-07
SDS67920	Section 1B (Task 300.3)	09-Oct-07
SDS67930	Section 1C (Task 300.4)	01-Nov-07
SDS67940	Section 1D (Task 300.5)	16-Oct-07
Section Wide Verification Statement		15-Nov-07
Section 2 - Haymarket to Roseburn Junction (Task 400)		
SDS67950	Section 2A (Task 400.2)	11-Jul-07
Section Wide Verification Statement		11-Jul-07
Section 3 - Haymarket to Granton Square (Task 500)		
SDS67960	Section 3A (Task 500.2)	17-Jul-07
SDS67970	Section 3B (Task 500.3)	02-Aug-07
SDS67980	Section 3C (Task 500.4)	09-Aug-07
Section Wide Verification Statement		24-Aug-07
Section 5 - Roseburn Junction to Gogarburn (Task 700)		
SDS67990	Section 5A (Task 700.2)	12-Nov-07
SDS68030	Section 5B (Task 700.3)	19-Sep-07
SDS68040	Section 5C (Task 700.4)	23-Aug-07
Section Wide Verification Statement		26-Nov-07
Section 6 - GDE Depot (Task 870)		
SDS68050	Section Wide	27-Jul-07
Section Wide Verification Statement		27-Jul-07
Section 7 - Gogarburn to Edinburgh Airport (Task 800)		
SDS68060	Section 7A (Task 800.2)	15-Aug-07
Section Wide Verification Statement		15-Aug-07

4.0 Design deliverables progress reporting

The new dashboard for deliverables measurement was presented in the last report. The dashboard is shown below and indicates the total number of physical design deliverables due against the V14 programme which is presented as a Baseline. These are related to the 18 design assured packages referenced above.

Since production of the notional dashboard in the last report an additional line has been provided. It is now possible, in the table below, to see the total number of design deliverables which have been started as well as finished, in order to provide further insight.



Variances between baseline and actuals have three root causes (1) an unresolved critical issue – see above, (2) a change order from **tie** confirming that the ‘slippage’ is legitimate, usually because of a scope change (3) delay within SDS internal processes.

The reasons behind the variances have been analysed and the following schematic shows that analysis. Blue items in the schematic arise from unresolved critical issues and red items from within SDS processes (corrective action for which has now taken place by SDS). Each issue has an associated specific number of deliverables associated with it.

DRAFT

Paper to: DPD **Meeting Date:** 7 June 2007
Subject: Owner Controlled Insurance Programme – recommendation
for placement
Agenda Item:
Preparer: Tracey Kinloch, Insurance Manager

Executive Summary

This paper summarises the recommendations of the owner controlled insurance programme (OCIP) evaluation team to procure the placement of the construction all risk (CAR), terrorism, delay in start up (DSU) and construction third party liability (TPL) covers.

If the OCIP is effected (annual premium £539k), the current AMIS cover (no DSU cover) is no longer needed, providing a premium saving of £42,000 per month (£504k for the year).

Approval is requested to place the OCIP by 14 June 2007 to allow **tie** / Heath Lambert time to notify the successful and un-successful candidates, allow the procurement regulation 10-day “cooling-off” period and so that cover is in place before the MUDFA main works start.

1.0 Introduction

- 1.1 **tie** issued an OJEU Notice on 27th October 2006 and an invitation to negotiate on 3rd January 2007 for the procurement of an owner controlled insurance programme (OCIP) for the Edinburgh Tram Network (ETN). There then followed clarification and negotiations with the candidates and a final evaluation report was issued to the evaluation team on 29th May 2007.

2.0 Background

- 2.1 There were two insurance routes open to **tie** for the procurement of project insurances; an OCIP or a contractor controlled insurance programme (CCIP). Both were considered and **tie** elected to go down the OCIP route.
- 2.2 The decision to procure an OCIP followed a review of the advantages and disadvantages of both, and Heath Lambert’s experience that generally OCIPs have lower overall rates than CCIPs. OCIPs have a proven record with numerous transport projects, including light rail infrastructure projects.

3.0 Evaluation Process

- 3.1 Submissions were received from eight candidates out of the nine who had initially expressed an interest and passed the pre-qualification stage.
- 3.2 The submissions were evaluated in respect of the following key areas:
- Insurance terms (deductibles, scope of cover and capacity to write cover)
 - Price (rate per cover)
 - Acceptance of proposed policy wording in the Invitation to Negotiate
- 3.3 Details of the evaluation undertaken for cover for construction “all risk” (CAR), delay in start up (DSU), terrorism, and construction third party liability (TPL) are included in Appendix A.
- 3.4 A revised timetable for authorisation is contained in **Table 1** in Appendix B. Authorisation to place the construction phase OCIP is required by 14th June 2007 in order that cover is in place before the MUDFA main works start.

4.0 Construction phase premiums

- 4.1 A summary of the total premiums for the construction phase as follows:-

Cover	Phases 1a and 1b premiums	Phase 1a only premiums
Construction all risks	£1,596,608	£1,341,280
Delay in start up	£194,320	£166,560
Existing structures	£71,400	£53,550
Terrorism (estimated for duration)	£65,242	£54,856
Third party liability to £200m	£1,280,448	£1,075,680
Premiums inclusive of 5% IPT	£3,368,419	£2,826,522
Add 10% broker commission	£3,705,261	£3,109,174
Budget figure	£6,733,290	£5,570,971

Table 1 – Summary of construction phase premiums

- 4.2 The insurance market is currently in a “soft” stage, where premium rates are competitive. **tie** has benefited from this market, and the positive view of candidates towards the ETN. Although the premiums proposed for both options are lower than the budget figures, until all outstanding actions are addressed, it is recommended that the budget remains unaltered.
- 4.3 The premiums may vary depending on the outcome of the following:
- If **tie** decides to buy-back cover for some of the policy exclusions at a later date.
 - If the OCIP is effected after 30 June 2007.

- If the information provided by the Infraco contractor differs from that already provided to insurers increasing the risk profile.
 - If cover for 1b is effected before completion of 1a and the candidates decide to alter the rates due to poor claims experience or higher risk profile than declared.
 - If the final contract value is higher than the initial declared value.
 - If the annual terrorism rates change during the period of the project.
 - Negotiations of the broker commission rate, currently proposed at 10%.
 - EARL MUDFA activities being included under the ETN OCIP.
- 4.4 The lead candidates have agreed the premiums can be paid in instalments as and when the main contracts start and with the Infraco contract, the premium can be paid in two instalments. The other candidates have to confirm agreement, although Heath Lambert do not foresee a problem with this. **Tables 6 and 7** in Appendix B show the proposed payment plan.
- 4.5 A termination payment would be payable after cover has been effected and later cancelled. This would represent a portion of the premium paid and must be agreed at the time with the candidates and is subject to claims that had occurred.

5.0 Placement of the construction OCIP

- 5.1 A delay in effecting OCIP cover is likely to have a negative impact for the following reasons:-
- **tie** will not be protected by delay in start up
 - **tie** requires a TPL limit of £200m for the airport activities, estimated to take place in August and AMIS only have a limit of £100m. AMIS will need to be approached to purchase this additional cover.
 - A premium saving of approximately £42,000 per month will be lost if the OCIP is not effected, as AMIS is currently charging **tie** 2.8% plus VAT for insuring the OCIP risks which compares with a rate of 0.807% plus 5% IPT and commission. A saving of £1m will be lost on the AMIS contract if the OCIP is not effected at all.
 - OCIP candidates may withdraw quotations after the end of June or rates may alter with changes in market conditions.
- 5.2 Provided the OCIP is approved and placed with the candidates before 30 June 2007, cover can be effected and the premiums paid at a later date.
- 5.3 AMIS has only provided the pre-OCIP covers to 31st May 2007. It has been requested to extend the covers to August 2007, confirmation of which is awaited.

6.0 Operational Phase

- 6.1 With the operational phase due to commence in 2010, it is not possible to make a formal recommendation as to which candidates should be used as only 'indicative' terms have been put forward at this stage. Based on the 'indicative' terms, we propose that the same candidates insure the construction and operational phases. This will enable a seamless transition process between each phase, obtain a long-term commitment from the candidates, and **tie** would benefit from risk management input provided by the candidates.
- 6.2 Details of the evaluation are included in Appendix A.
- 6.3 **Operational phase premiums** - A summary of the 'indicative' operational premiums is:-

Cover	Phases 1a and 1b		Phase 1a only	
	Year 1	Year 2	Year 1	Year 2
Property damage / business interruption	£244,400	£244,400	£197,540	£197,540
Terrorism	£49,602	£49,602	£40,512	£40,512
Third party liability	£341,120	£341,120	£275,600	£275,600
Total including 5% IPT	£666,878	£666,878	£539,335	£539,335

Table 2 – Summary of indicative premiums for operational phase

7.0 Outstanding actions

- 7.1 **OCIP policy wordings** - Heath Lambert to finalise policy wordings with candidates and confirm gaps with ITN requirements (by 7th June 07).
- 7.2 **Broker remuneration** - **tie** to review the current service level agreement and consider implications of Heath Lambert's proposal and produce a separate paper outlining findings and actions required (by mid June 07).
- 7.3 **Deductible provisions** - An evaluation needs to be undertaken of the contracts with the main contractors to assess the position on which party pays for which deductible. **tie** can then assess whether it should re-negotiate this area or set aside a contingency for it (by mid June 07).
- 7.4 **Loss adjusters** - The candidates preferred loss adjusters (who investigate and adjust claim values) are 1) Crawford's or Cunningham for CAR and DSU and 2) Garwin Ltd or Specialist Liability Services Ltd for TPL. This is based on the candidates current relationships, experience and service level agreements with these loss adjusters. Fees will be paid by the candidates for all OCIP claims. The criteria and timetable for this appointment has still to be agreed with the candidates (by end July 07).

- 7.5 **Professional indemnity (PI)** – Only one candidate was willing to tender for OCIP PI cover. The indicative premium quoted was £3.5m to £4m for a limit of £10m excess of £1m. This quotation is uneconomical. Further information requires to be obtained on contractors own professional indemnity covers, with a view to considering viability and value of an excess OCIP PI cover (by end June 07).
- 7.6 **Financial loss** – The project may be exposed to claims by third parties for pure financial losses which resulting from an act or omission of an OCIP insured party, which are not accompanied by bodily injury or damage to physical property. Cover was included in the ITN as an extension to the TPL cover. However, the candidates did not provide quotations due to limited information available at the time. **tie** is undertaking a legal evaluation of exposures to pure financial losses in conjunction with DLA Piper and if appropriate the candidates will be approached to provide quotations (by end June 07).
- 7.7 **Environmental impairment liability** - Under the current terms proposed by the candidates, gradual environmental contamination or environmental clean up costs are not covered. When a full environmental evaluation is completed by **tie** it should consider the viability of environmental impairment insurance (by September 07).
- 7.8 **Marine cargo** - This is listed as a required insurance to be carried by the main contractors. However, procuring marine cargo insurance on an OCIP basis would enable **tie** to insure DSU resulting from marine perils. The viability for this cover should be reviewed at preferred bidder stage with the Tramco and Infracore suppliers (by August 07).
- 7.9 **Operational phase** - Around twelve months before construction completion, a strategic review should be undertaken of TEL's insurance requirements, in particular on the feasibility of a combined insurance programme covering the operational risks of the trams and buses. In addition, TEL should obtain firm rates from the candidates, six months before construction completion (starts 2009).

8.0 Recommendation and actions

It is recommended that the Board approves the following:-

- 8.1 Authorisation to place the OCIP by 14 June 2007 to allow **tie** / Heath Lambert time to notify the successful and un-successful candidates and allow the procurement regulation 10-day "cooling-off" period.
- 8.2 Construction CAR / DSU cover is placed consisting of a joint lead between Snow Leopard and Lynx with Wildcat and Puma following. Terms are per **Table 3** in Appendix B.

- 8.3 Terrorism is purchased from Pool Re for a twelve month period and every subsequent period for the duration of the project, subject of rates and market conditions.
- 8.4 Construction TPL is placed as per **Table 5** in Appendix B and as follows:
- Primary layer of £5M with Jaguar 100%.
 - £45m excess of £5m Layer is lead by Tiger £25m, Puma have £10m and Margay £10m.
 - £50m excess of £50m Layer is lead by Jaguar with 85.7% and followed by Margay with 14.3%.
 - When the £100m excess of £100m Layer is finalised by Heath Lambert at 100%, it will be lead by Lynx at 25% approximately and followed by the majority if not all of the Candidates.
- 8.5 OCIP professional indemnity is not placed at this stage.
- 8.6 Progress is made with the outstanding actions.
- 8.7 The premiums proposed for both options are lower than the budget figures. However, until all outstanding actions are addressed it is recommended that the budget remains unaltered.

Proposed Geoff Gilbert Date:- 07/06/07
Project Commercial Director

Recommended Matthew Crosse Date:- 04/06/07
Tram Project Director

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

Appendix A

Evaluation

Construction Phase

Construction “all risks” (CAR) and delay in start up (DSU)

- 1.1 CAR insurance covers damage to the contract works and materials by any cause not excluded, and DSU insurance covers **tie** / CEC / TEL against loss of anticipated revenue following delays caused by damage under the CAR.
- 1.2 Five candidates were willing to participate in this cover. The initial terms obtained are summarised in **Table 2** in Appendix B. These show varied rates, level of participation, deductible levels and scope of cover. Cougar, Wildcat and Puma put forward higher rates, a more limited cover and smaller percentage participation than Snow Leopard and Lynx.
- 1.3 None of the Candidates were able to write 100% of any of the risks and negotiations were then held in order to obtain cover for 100% with wider cover and more acceptable terms.
- 1.4 We selected Snow Leopard and Lynx, who provided the better indicative terms and rates, and asked for revised ‘lead’ terms, rates and revised percentage participation. The other candidates were requested to “follow” these lead rates and terms.
- 1.5 Clarification and negotiations then followed with each candidate. However, during this process the lead rate increased (as is the norm), as the other candidates were not willing to provide insurance at the same rate as the initial lead rate. The revised lead rate and terms had to be accepted in order to obtain coverage for 100% of the risk. Cougar was unable to reduce its rate to the proposed lead rate by Snow Leopard, and therefore, is not included in the panel of proposed candidates. A summary of the final terms is contained in **Table 3** in Appendix B.
- 1.6 The candidates have accepted the majority of the proposed wording and Heath Lambert is currently finalising the outstanding issues that relate to extension limits and clarification of the design series defects cover.

Terrorism

- 1.7 Terrorism is purchased from the candidates and follows the CAR and DSU insurances. However, it is then reinsured to a government backed reinsurance pool, Pool Re. Cover can only be purchased on an annual basis at fixed rates, so rates may vary over the duration of the project.

Appendix A

Construction Third Party Liability (TPL)

- 1.8 We are proposing a separate TPL policy from the CAR / DSU policy as one of the candidates on the CAR / DSU cover, Puma, were unable to provide unlimited liability cover in respect of road traffic accidents as required by the road traffic acts.
- 1.9 Seven candidates were willing to participate in this cover at different levels. A summary of the initial rates and terms received is contained in **Table 4** in Appendix B.
- 1.10 **Primary £5m Layer** - Terms were provided for this layer by Jaguar, Tiger and Margay. The most economic terms, rates and scope of cover were provided by Jaguar. Jaguar is therefore proposed to write 100% of this layer.
- 1.11 **£45m excess of £5m and £50m excess of £50m Layers** - The same co-insurance process followed the initial tenders (as was used in obtaining the CAR terms), as both layers could not be underwritten by one candidate. The lead candidates, Tiger and Jaguar, were selected from the candidates who provided terms for the primary layer, as these candidates were able to provide relatively large percentage participations on the excess layers at economic terms. The other candidate Puma was approached to support the proposed lead candidates in order to obtain terms for 100% on each layer.
- 1.12 It was established that BAA and Edinburgh Airports Limited both required **tie** to have, in respect of the airport activities, a limit of £200m TPL cover. In addition, Network Rail requires £155M TPL cover for interface activities. It was therefore necessary to obtain further quotations from the same candidates who tendered for the first £100m layers.
- 1.13 **£100m excess of £100m Layer** - Heath Lambert has obtained terms for 91.25% of the coverage to date and they expect to obtain 100% in the next few days. This layer will involve the majority, if not all of the candidates, with the largest proportion currently being offered by Lynx at 25%. The rate proposed is 0.0573%.
- 1.14 The candidates have accepted the majority of the proposed wording for the TPL cover as per the ITN and Heath Lambert is finalising the wording, due to be completed in the next few days.

A summary of the proposed programme and terms for the construction TPL cover is contained in **Table 5** in Appendix B.

Appendix A

Evaluation

Operational Phase

- 1.1 **Property damage / business interruption** - the same lead underwriters would be used on the CAR / DSU who are Snow Leopard, at a participation of 75% and Lynx at 25%.
- 1.2 **Terrorism** – We recommend that Pool Re is used to cover this.
- 1.3 **Operational Third Party Liability** - the entire panel of proposed Candidates would be the same on each level as the Construction phase for the first £100m limit. Indicative terms for £100m excess of £100m have not been obtained.

Appendix B

Table 1 - Revised timetable for authorisation

Action	Deadline
Finalise final evaluation report with recommendations	30th May 2007
Submit DPD paper to secretary	31 st May 2007
DPD committee meeting and recommendation	7 th June 2007
TRAM Project Board meeting and approval	14 th June 2007
Notify unsuccessful insurer candidates immediately - observe 10 day cooling off period	15 th June 2007
Appointment of insurers / publish CAN	15 th June 2007
Notify MUDFA and main contractors	26 th June 2007
Agree appointment of loss adjuster	30 th June 2007
Insurance commences	30 th June 2007
MUDFA works start	1 st July 2007

Table 2 – Summary of the **initial** rates, participation and terms from CAR candidates

Candidate	Rate	Proposed participation	Deductibles	Scope of cover
Snow Leopard	0.322%	40%	£250,000 design £50,000 acts of god £20,000 all other claims	DE5 design level Existing property terms tbc Testing and comm. 3 month period
Cougar	0.617% 0.30% Existing structures	TBA	£250,000 design £50,000 acts of god £20,000 all other claims	LEG 3/06 design Testing and comm. TBA
Puma	0.33% CAR/TPL combined	TBC	£250,000 design £75,000 acts of god £20,000 all other claims	Existing property terms tbc
Lynx	0.61%	25%	£200,000 design £40,000 acts of god £20,000 acts of god	LEG 3/06 design Testing and comm. 3 month period
Wildcat	0.696%	25%	£250,000 design £75,000 acts of god £25,000 all other claims	LEG 2/06 design Testing and comm. 8 weeks

N.B. Rates exclude insurance premium tax and broker remuneration.

Table 3 – Summary of **final** terms and rates for CAR and DSU cover.

Cover	Rate	Deductibles	Candidates and participation
CAR	0.404%	£250,000 design £40,000 acts of god £20,000 all other claims	Snow Leopard – 34.35% Lynx – 34.35% Wildcat – 17.2% Puma – 14.1%
Existing Structures	0.17%	As above	
Delay in start up	0.694%	60 days aggregate	
Terrorism	0.041% (EH1/EH2) 0.01% other postcodes		Pool Re - 100%

N.B. Rates exclude insurance premium tax and broker remuneration.

Table 4 – Summary of the **initial** rates, participation and terms from TPL candidates

Layer	Candidate	Rate	Deductibles	Scope of cover
Primary £5m	Snow Leopard	0.142%	£10,000 injury and damage	
	Puma	0.232%	£10,000 damage only	
	Jaguar	0.136	£10,000	Excludes asbestosis Excludes explosives
	Lynx	inc in CAR rate	£10,000 damage only £25,000 damage to underground services	Excludes financial loss
	Wildcat	0.872% CAR/TPL	£20,000 damage only	Excludes libel and slander No H&S Prosecution Defence costs
	Margay	0.187%	£10,000	No financial loss cover Excludes road traffic acts and underground services
£45m excess of £5m	Tiger	0.103%	Lead	Excludes asbestos Wording to be agreed Excludes product recall / guarantee
	Jaguar	0.119%	TBA	Excludes asbestos Excludes financial loss Wording to be agreed Contract information to be supplied Excludes explosives
£50m excess of £50m	Tiger	0.051%	Lead if possible	As above
	Jaguar	0.051%	Lead if possible	As above

N.B. Rates exclude insurance premium tax and broker remuneration.

Table 5 - Summary of final terms and rates for construction TPL Cover.

Layer	Candidate	Rate	Final participation
Primary £5m	Jaguar	0.132%	100%
First excess layer £45m xs £5m	Tiger Margay Puma	0.097%	£25M £10M £10M
Second excess layer £50m xs £50m	Jaguar Margay	0.046%	85.7% 14.3%
Third excess layer £100m xs £100m	Lynx Jaguar Tiger Margay Puma	0.049%	TBA

N.B. Rates exclude insurance premium tax and broker remuneration.

Table 6 – Summary of proposed payment plan for construction phase 1a only

Contract	OCIP premi ums	Payment periods			
		July 07	Q3-07	Q1-08	Q1-09
MUDFA	£539,407	£539,407			
Infraco	£1,959,983			£979,991	£979,992
Tramco	£523,516		£523,516		
Other advanced works	£86,268	£86,268			
Total	£3,109,174	£625,675	£523,516	£979,991	£979,992

N.B. Rates are inclusive of insurance premium tax at 5% and broker remuneration at 10%.

Table 7 – Summary of proposed payment plan for construction phases 1a and 1b

Contract	OCIP premi ums	Payment periods			
		July 07	Q3-07	Q1-08	Q1-09
MUDFA	£540,030	£540,030			
INFRACO	£2,469,144			£1,234,572	£1,234,572
TRAMCO	£603,990		£603,990		
Other Advanced Works	£92,097	£92,097			
Total	£3,705,261	£632,127	£603,990	£1,234,572	£1,234,572

N.B. Rates are inclusive of insurance premium tax at 5% and broker remuneration at 10%.

DRAFT

Paper to: DPD **Meeting Date:** 7 June 2007
Subject: Ingliston Park and Ride Affordability and Delivery Options
Agenda Item:
Preparer: L Murphy – Project Manager, A Richards – TEL

Executive Summary

Funding is in place to provide a bus operated park and ride facility comprising the existing 535 permanent spaces and an additional 300 temporary spaces from late summer 2007 (835 spaces).

Assuming the site continues to be served by only one interested operator, it is expected that when this reaches practical capacity the current X48 bus service will be rising towards break-even on an opex basis.

SEStran funding is in place and further additional funding is expected to be put in place by CEC, to increase the number of permanent spaces to 937 in 2008. The temporary car park has a 1 year design life and may require to be significantly maintained or resurfaced from summer 2008 to avoid claims arising from potholes. The EARL project may require this land to be available from between this time and early 2009.

It is expected that when the expanded permanent site reaches 85% occupancy the current X48 bus service will achieve break even from the additional 138 spaces on the assumption that this demand can be met without increasing the service frequency.

Beyond this, there exists the following further opportunities, subject to available funding, to expand the site:

1. If EARL does not proceed, in 2009 to convert the temporary 300 spaces into a permanent extension.
2. Independent of whether EARL proceeds, to implement an additional 251 permanent spaces adjacent to the tramstop.

These options provide the ability to increase the park and ride site incrementally as demand grows, in order to provide a viable bus park and ride scheme in the interim and the anticipated patronage as a key element of the tram when it commences operation.

Decisions Required

Tram Project Board are asked to:

1. Note that the Ingliston Park and Ride 2 project is proceeding with the expansion of the existing park and ride site to a capacity where it is commercially viable, assuming continued growth in occupancy at the rate experienced to date.
2. To agree that the IPR2 project team should be commissioned by tram to obtain priced options for conversion of the temporary extension into permanent additional spaces when it is decommissioned in 2008.

This is subject to the understanding that implementation would only follow if confirmation is received that EARL is significantly postponed or cancelled and if demand growth and funding become available.

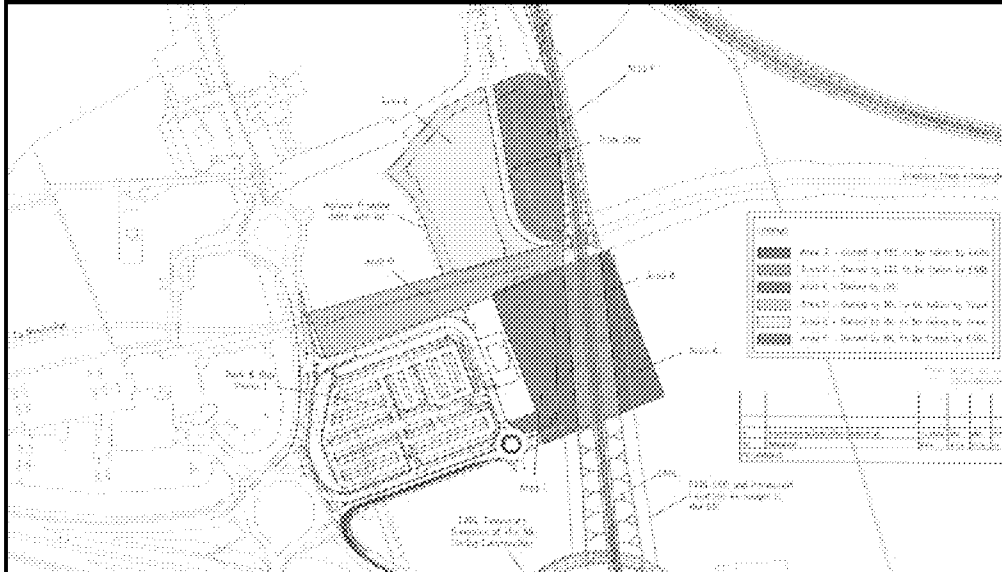
3. To Agree that Infracore tenderers are requested to provide optional prices to provide the area of parking adjacent to the tram stop, on the basis of:
 - a) the current raised design; and
 - b) a value engineered ground level design

This is subject to implementation when demand growth and funding become available.

4. Note that a decision is required on which areas are to be delivered and which options are required from the Ingliston phase 2 permanent works contract in advance of 12th July 07.

1.0 Introduction / Background

Since its opening in September 2005, patronage growth at the current Ingliston park and ride facility has exceeded all expectations, and is already operating near its capacity of 535 spaces.



Sketch 1 Land for City Centre Park and Ride at Ingliston

CEC commissioned **tie** to develop a detailed design package for the permanent bus based extension of Ingliston Park and Ride funded by SEStran in 06/07 to a value of £0.15m, with £1.75m of further funding secured for construction in financial year 07/08. A separate project steering group was set up to facilitate the delivery of this project and isolate costs particular to the SEStran funding source. TEL and Tram are represented on this group.

2.0 Design and Progress

The detailed design of the site is complete Appendix 1 Drg. B137102-T-002A

The land available (Areas C-E) would provide 689 new spaces, resulting in a total of 1224 spaces potentially available, subject to funding in advance of commencement of Tram operations. This has an additional revenue potential of £0.83m for the period between 2008 and Tram operation commencing.

As funding is constrained, the Steering group instructed the design to be amended and three options are presently being tendered while funding is confirmed.

	Cost
Option 1 – C +D1 (228 spaces)	£1.69m
Option 2 – C+D1+D2 (438 spaces)	£2.20m
Option 3 – C+D+E+(tram embankment £0.56M)(689 spaces)	£3.76m

3.0 Issues and Constraints

3.1 Funding

A total of £1.6m additional is required to provide the full car park as designed.

- £1.75m - SEStran funding available for 2007/08. This will only facilitate 228 new spaces in areas C and part of D, providing only £0.36m revenue potential (Option 1)
- £0.48m - CEC are seeking approval to reallocate £0.48m of funding from within their capital budget to fund delivery of the rest of area D with an additional 210 spaces (Option 2). This provision is currently preferred by TEL. However, this option does not serve the area directly adjacent to the proposed tram halt.
- £0.56m - Sum required for tram embankment to formation adjacent to area E. This is currently included in the Infraco budget and would require to be re-allocated if the works was undertaken by the Ingliston phase 2 contractor.
- £1.12m - Funding gap to provide to deliver area E next to the tram (251 spaces) and utilise the full potential of the site (Option 3).

3.2 Programme

- A gas main in area E adjacent to the future tram halt requires diversion. This will have a major effect on programme for delivery of this part of the site, as this area of the extension cannot be completed within the timeframe for the SEStran funding. Funding will require to be profiled to take account of this programme constraint.
- Area E next to the tram could be delivered through Infraco or the Ingliston phase 2 construction contracts. This depends on when funding becomes available and value for money. In order to utilise the Ingliston phase 2 contract intention to fund area E must be confirmed by 12th July. Area E could be added back in to this contract during the contract duration however this would have a cost and programme impact.

3.3 Access

After Tram is operational, access to the site would be constrained on all sides. This would make construction of areas D2 or E without disruption to service very difficult.

4.0 Temporary Car Park

Utilising £300,000 funding from a previously approved change control, a temporary un-surfaced car park will be constructed during the summer of

2007 to accommodate 300 cars. This work was requested to cater for additional demand potentially arising from tram works affecting the A8 corridor. This site will be lost in 2009 when EARL commences construction and has a design life of only one year.

5.0 Risks and Opportunities

A risk was raised early within the tram risk register against operation and allocated to TEL. The risk was that CEC would not be able to obtain funding for expansion of the Park and Ride site in advance of Tram. This would have a revenue impact on TEL operations, assessed as follows:

- Loss of 400 tickets per day @£0.767 average revenue per boarding (each way) - £160k annually (260 working days)

Conversely, there is the opportunity that if more spaces are provided, that demand will fill these spaces. It should be noted that the estimate is conservative as it is based on the minimum 1 person per car and 1 car parking per day.

The table in Appendix 2 shows that, using the assumptions above, that the potential revenue in advance of Tram is £0.83 if the full permanent design is provided in 2008.

As stated above, the 300 space temporary car park is being constructed on land that will be taken by the EARL project. This has a design life of one year after which maintenance costs will increase unless it is resurfaced. The potential revenue from this site is £0.12m per year of operation.

Refer to Appendix 2 – Capital Cost / Revenue Table

Recommendation

1. Note that the Ingliston Park and Ride 2 project is proceeding with the expansion of the existing park and ride site to a capacity where it is commercially viable, assuming continued growth in occupancy at the rate experienced to date.
2. To agree that the IPR2 project team should be commissioned by tram to obtain priced options for conversion of the temporary extension into permanent additional spaces when it is decommissioned in 2008.

This is subject to the understanding that implementation would only follow if confirmation is received that EARL is significantly postponed or cancelled and if demand growth and funding become available.

FOISA Exempt
 Yes
 No

3. To Agree that Infraco tenderers are requested to provide optional prices to provide the area of parking adjacent to the tram stop, on the basis of:
- a) the current raised design; and
 - b) a value engineered ground level design

This is subject to implementation when demand growth and funding become available.

4. Note that a decision is required on which areas are to be delivered and which options are required from the Ingliston Phase 2 permanent works contract in advance of 12th July 07.

Proposed

Name Lindsay Murphy
Title IPR2 Project Manager

Date:- 4/6/07

Recommended

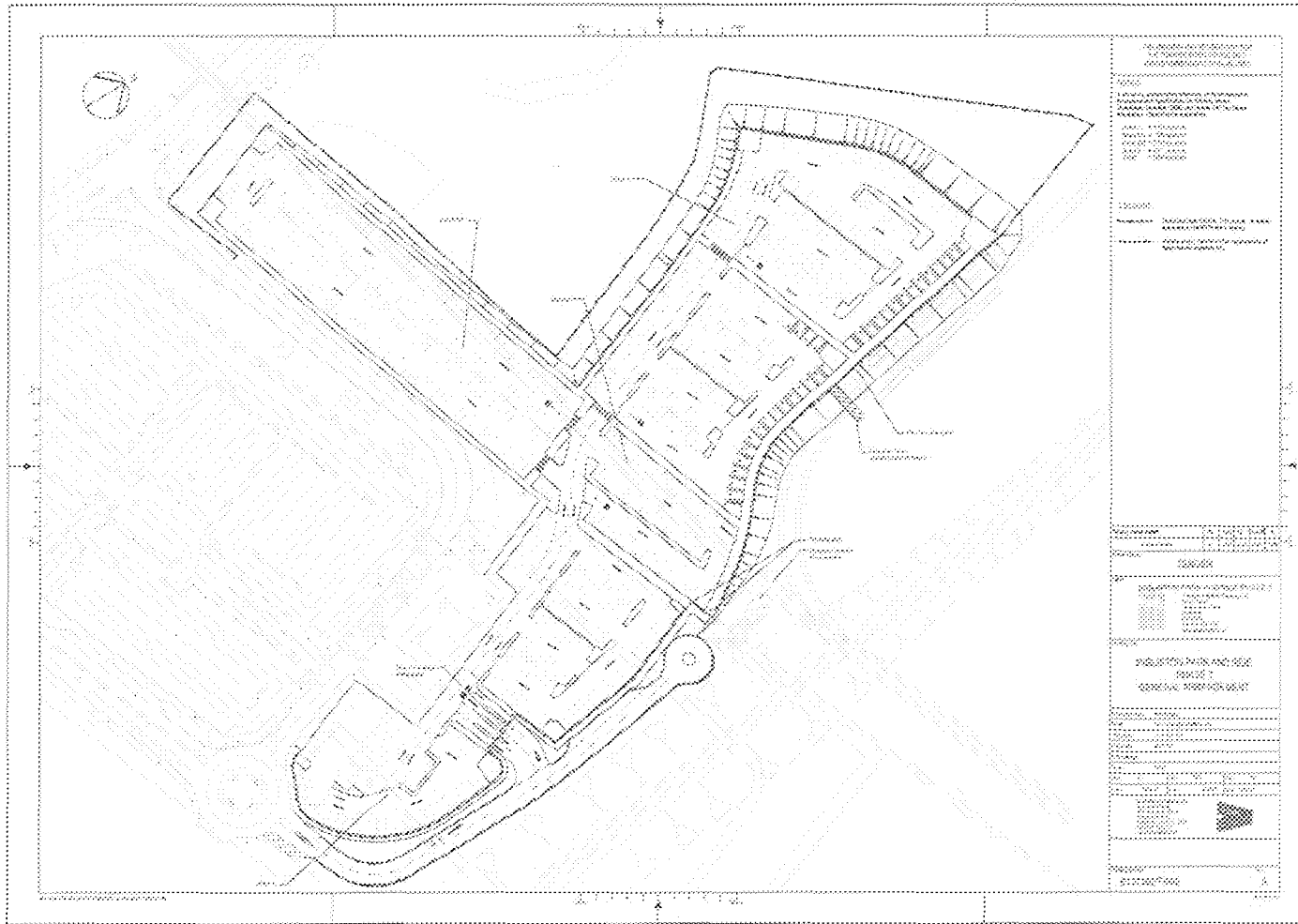
Name Matthew Crosse
Title Tram Project Director

Date:- 4/6/07

Approved

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

Appendix 1 Drg. B137102-T-002A – General Arrangement Drawing



Appendix 2 - Cost Estimate / Revenue Table

Areas Refer to Drg; B137102-T-002A	New Spaces (+temp site)	Spaces including 535 Phase1 (+temp site)	Estimated Capital Cost £m	Variance from available SEStran Budget £m	Variance from CEC and SEStran Budget £m	Revenue from expansion to existing site annually (+temp site ³) £m	Revenue from expansion to existing site 2008 – Tram operation (+temp site ³) £m
C+D1+D2+E (170+58+210+251 spaces)	689 (989)	1224 (1524)	3.20	-1.60	-1.12	0.28 (0.4)	0.83 (1.19)
C+D1+D2 (170+58+210 spaces)	438 (738)	937 (1237)	2.20	-0.60	-0.12	0.18 (0.30)	0.53 (0.89)
C+D1 (170+58 spaces)	228 (528)	763 (1063)	1.69	-0.09	+0.39	0.09 (0.21)	0.27 (0.63)
C+D1+E (Not tendered) (170+58+251 spaces)	479 (779)	1014 (1314)	2.75	-1.15	-0.69	0.19 (0.31)	0.58 (0.94)

Note

1 Estimated Capital Cost is based on the pre- tender cost estimate carried out by TSS.

2 Potential savings identified have not been shown on this table.

3 The temporary site is programmed to be taken by EARL in 2009. The design of this site is un-surfaced and suitable for only 1 year of operation.

DRAFT

Paper to: DPD **Meeting Date:** 7 June 2007
Subject: GOGAR Depot Ground Excavation Phase Two
Agenda Item:
Preparer:

1.0 Background

- 1.1 Work has commenced on the phase one of the depot advanced excavations. The remaining phases are utility diversions, phase two excavation works, piling works and phase three excavation works.
- 1.2 This paper is in relation to phase two excavation works only. A line diagram, block diagram, programme and cost evaluation is attached to this paper detailing the proposed excavation quantity, the earthwork phasing interface with MUDFA, piling, SGN pipework removal, phase three excavations and Infracore.
- 1.3 There is an option to award the phase two works to AMIS based on the phase one rates and vary the works into the MUDFA contract. This option keeps the phase two works within Budget.
- 1.4 The other option is to advertise phase two excavation works and invite tenders.
- 1.5 The A8 retaining wall piling recommendation will be dealt with in a separate paper once the piling design is available.
- 1.6 Phase three excavations will be dealt with as part of the Infracore recommendation.

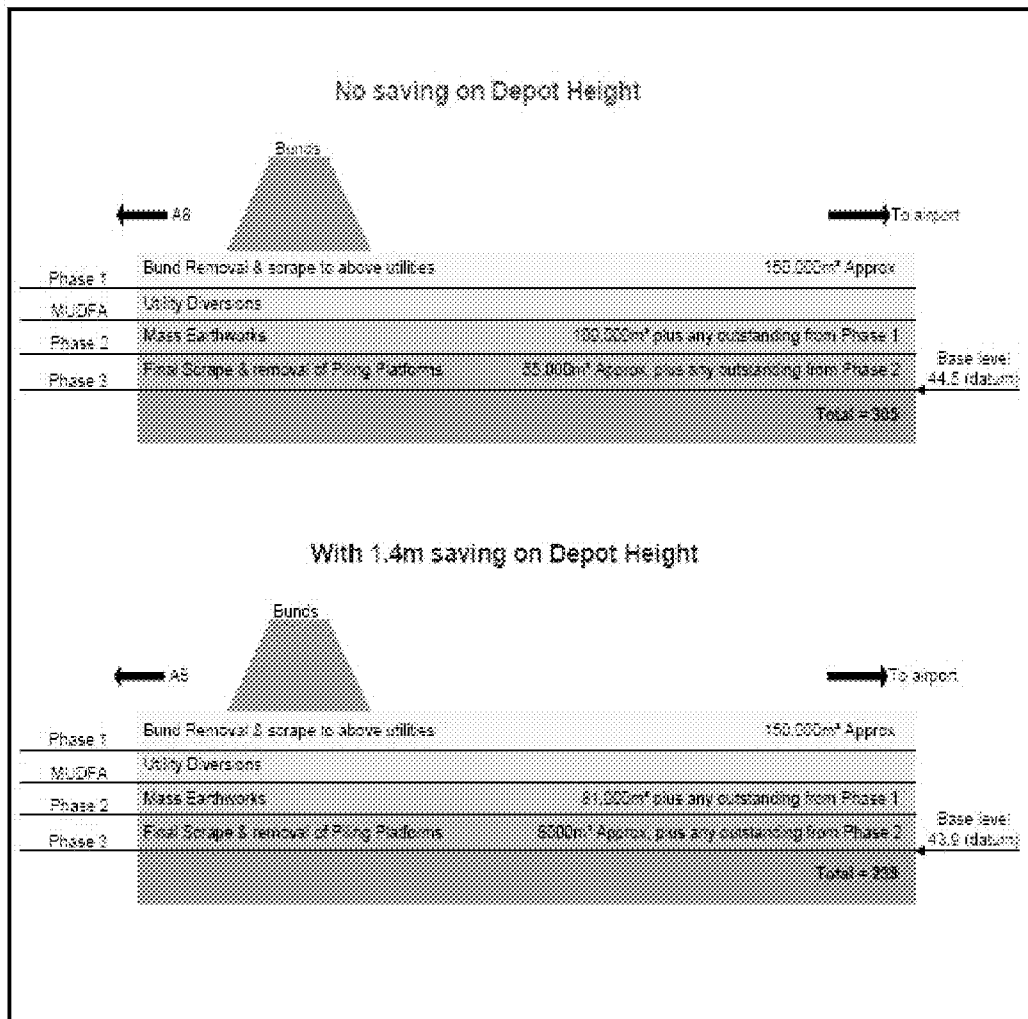
2.0 Workscope

- 2.1 The programmed works for phase two is the mass excavation of approximately 100,000m³ spoil during the period of the utility diversions. The quantity of spoil to be excavated will be finalised when the final level is confirmed. Expected excavation level savings are shown on the following diagram.
- 2.2 The preferred option is to start phase two works midway through the MUDFA utility diversion works. This will allow the diversion works to proceed unhindered and clear areas of the site in preparation for the phase two excavations. This will provide a seamless continuation of programmed site works and utilisation of site accommodation / facilities throughout this phase of the works.

Gogar Depot Spoil Removal

Initial Infraco Budget	£5,734,310	393,000m ³
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Variance on Infraco Bid				
Depot Level Variance	Cost	Cost Saving	Volume	Volume Saving
No Saving	£3,328,785	£113,818	335,480m ³	182
1.4m reduced excavation	£4,738,367	£1,827,943	239,290m ³	85,800m ³



2.3 The A8 retaining wall piling will start three weeks before the completion of the phase two works again this will provide a seamless continuation of programmed site works and utilisation of site accommodation / facilities throughout this phase of the works.

3.0 Options

3.1 Option One

There is an option to award the phase two works to AMIS based on the phase one rates. To date AMIS have performed well on phase one excavations with a steady rise in production levels and they have the capacity to continue this into the phase two works. We have included costs for this in section 7 based on the schedule of rates provided and agreed for phase one works.

3.2 Option One Risks / Benefits

	Risks	Benefits
a.	There is a risk that AMIS may attempt to increase their rate however this has not been indicated.	We have a schedule of rates already agreed for phase one works. The costs for phase two works are also within budget.
b.	Delay to the completion of phase one works leading to a delay in the utility diversions. Utility diversion delay may impact on the phase two excavation programme.	A streamlined interface between phase one and two works and would enable the phase two works to run concurrently or start during the MUDFA utility diversion programme.
c.	There is a risk that any programme delays would increase the cost of site accommodation and services.	No requirement to transfer the lease of accommodation and equipment between contractors.
d.	Risk that the existing spoil acceptor may increase there costs however there is no indication of this.	Agreement has been reached between a local spoil acceptor and AMIS for phase one works. The extension of this agreement for phase two works has been discussed with and will be a straightforward process.
e.	Risk that C.E.C and Lothian & Borders police may ask for a review of transportation arrangements should any issues arise in relation to the roads and effects on them.	Agreement has been reached between AMIS, C.E.C and Lothian & Borders police with regard to the transfer of spoil from the depot site to the spoil acceptance site. Site access and egress, available routes and rate of lorries has been agreed and is continually monitored.

f.	There is risk that new method statements and precautions may be required should unidentified objects be discovered during excavations.	Method statements and HSQE plans are in place for phase one works, the only requirement would be their extension.
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3.3 Option Two

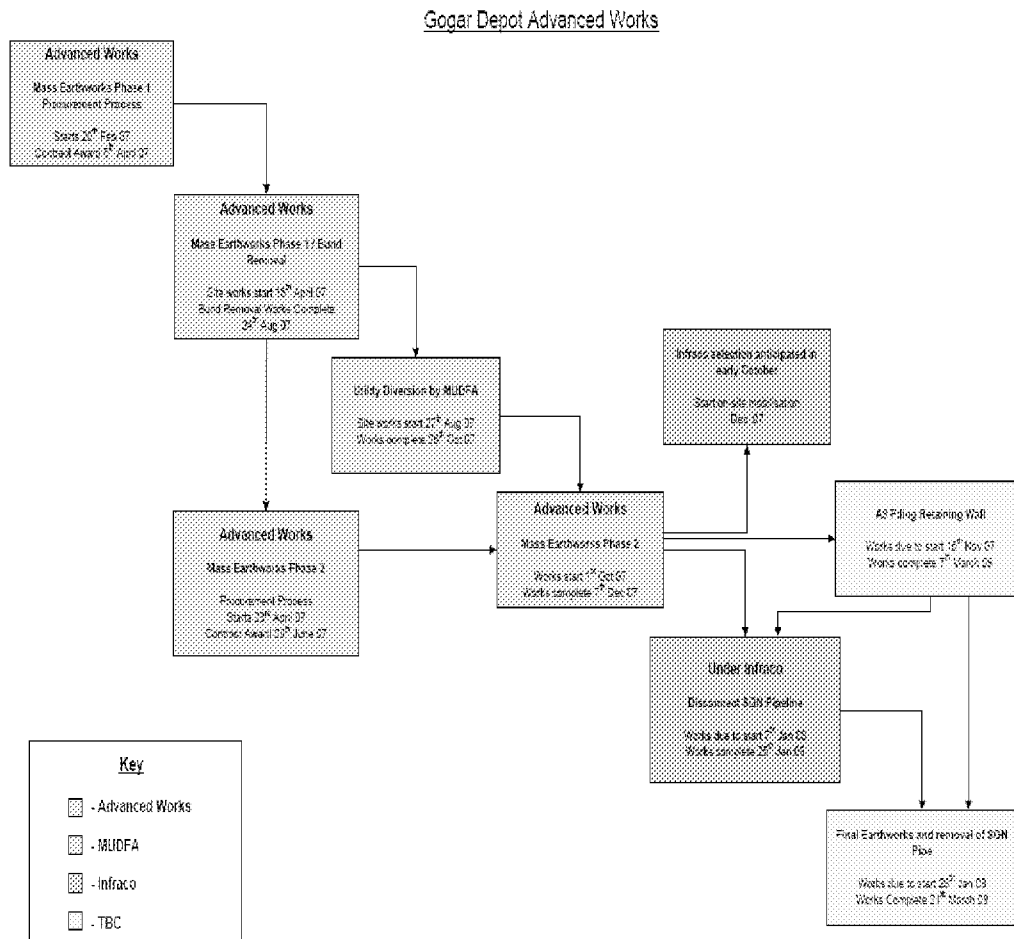
3.3.1 We have the option of advertising phase two excavation works and inviting tenders.

3.3.2 Option two risks / benefits

	Risks	Benefits
a.	Higher costs from other bidders leading to over budget spend.	The advantage of competitive tendering providing cost / rate comparison.
b.	All valuations to date have confirmed that the rates are likely to be higher than AMIS.	The costs from a competitive tender may well be less than the AMIS costs.
c.	There is a risk that likely bidders may not be able to agree an acceptable rate with a spoil acceptor.	Spoil transportation / disposal costs may be less than AMIS.
d.	Timescale and costs incurred in the process of negotiating rates, site accommodation, site services, local agreements with Lothian & Borders Police, C.E.C Transport Dept.	Possibility of improved costs.
e.	Programme timing and agreement between different contractors may cause delays.	Possibility of improved costs.
f.	This will require a re-negotiation of the spoil transportation regime that has been agreed with C.E.C & Lothian & Borders Police. Any increase in traffic levels will require a review of the agreements and necessary changes to be made. Any increase in transportation levels would greatly increase the effect on the local transportation system.	Possibility of improved programme

4.0 Programme

4.1 The Programme for phase two advanced works is detailed on the following block diagram including timescales and interfaces with each phase of the works.



- 4.2 The procurement process has been programmed to start on 23rd April 07 leading up to a contract award on 29th June 07.
- 4.3 Following the contract award site works can start on 1st October 07 with a completion date of 7th December 07. There is an opportunity to bring the start date forward to 27th August in line with the utility diversion works this will provide a contingency should the works be affected by inclement weather.
- 4.4 The MUDFA works are programmed to run from 27th Aug 07 to 26th Oct 07 and as such the phase two earthworks & MUDFA works can run concurrently from 1st Oct 07 to 26th Oct 07 or from 27th August 07.

- 4.5 The piling of the A8 retaining wall is programmed to start on 15th November 07 and be completed by 7th March 08. The piling programme will start before the end of the phase two earthworks, there is a 12 working day overlap between these activities from 15th November to 1st December 07. There is an opportunity to procure the piling works through AMIS once the IFC drawings are available. A separate paper will be prepared and presented for this.

5.0 Phase Two Benefits / Opportunities

- 5.1 The phase two works programme provides a streamlined flow of works leading up to the start of the Infraco construction phase.
- 5.2 The proposed programme milestones clearly define the individual contractors progress and delivery requirements in relation to the advancement of the programme.
- 5.3 The site will be well established before the phase two works start with access arrangements in place, temporary utility supply's connected, accommodation / offices & security in place.
- 5.4 The early completion of the excavations will maintain the end date of the Infraco works programme.
- 5.5 Any groundwork and or utility issues with regard to unchartered services or archaeological finds will be identified and acted on at an early stage.
- 5.6 There is an opportunity for Ingliston Park & Ride scheme to utilise some of the depot spoil on the permanent embankment works saving both them and the depot significant costs. The process for this and the commercial aspects are under review at the moment.

6.0 Risk

- 6.1 All risks relevant to the depot excavation works are listed in the ARM risk register including action plans.

7.0 Costs

- 7.1 Phase two costs are within budget.
- 7.2 The Phase two costs based on the AMIS rates for Phase One totals £1,639,554.
- 7.4 Costs can be found in Appendix 1.

8.0 Recommendations

The DPD is requested to:

- 1 Note the contents of this paper.
- 2 Endorse the work being done to finalise the programme and obtain approval from the key stakeholders.
- 3 Recommend that this paper be presented to TPB for approval.
- 4 We recommend that option one is adopted for the procurement of phase two depot excavation costs.

Proposed James Buchanan Date 04/06/07
 Depot Project Manager

Recommended Susan Clark Date 04/06/07
 Delivery Director

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

Gogarburn depot mass excavation - phase 2 works 100,000m³, part of 305,000m³ total excavation

The proposed works comprise the mass excavation of *100,000m³ of spoil and are to be undertaken immediately after the phase 1 works (150,000m³), the current programme is as follows

- Phase 1 : April 16th 07 thru Aug 23rd 07
- Phase 2 : Oct 1st or 27th August thru Dec 7th 07

The phase 1 works are to be undertaken by AMIS under the existing MUDFA contract. The phase 2 works will be varied in to the AMIS / MUDFA contract or subject to a separate tender process, contract award planned for the end of June 2007. The estimated cost of the phase 2 works have been based on the agreed rates for the phase 1 works.

Gogarburn phase 2 estimate (+5%/-10%)

Element	Costs (£'s)
Preliminaries	129,652
Site clearance	0
Fencing and gates	0
Drainage and service ducts	0
Earthworks	300,327
Provisional sums	1,076,964
Sub-total	1,506,943
Insurance @ 2.8% (pre OCIP rate)	0
OHP @ 8.8%	132,611
Grand total	1,639,554

OCIP to be available June 07

Unit rate analysis

Volume of material (m ³)	100,000
Rate (£/m ³)	16.40

Overall costs associated with Gogarburn depot excavation

	Cost (£'s)	Volume (m ³)	Rate (£/m ³)
Phase 1	3,079,487	150,000	20.53
Phase 2	1,639,554	100,000	16.40
Total	4,719,041	250,000	18.88
Estimate for phase 3	901,754	55,000	16.40
Total	5,620,795	305,000	18.43

INFRACO estimate

Cost (£'s)	Volume (m ³)	Rate (£/m ³)
5,734,310	305,000	18.80

Variance Analysis

	Cost (£'s)
Budget v-s EFC	-113,514

AFC = Anticipated Final Cost
EFC = Estimated Final Cost

Notes

- Phase 2 estimate based on rates from the phase 1 submission (AMIS)
- Insurance costs (2.8% of works), removed as OCIP planned to commence June 07
- Previously negotiated transportation and disposal rate of £10.50 / m³ included
- Transportation and disposal rate assumes local tip exclusive of landfill tax
- Estimate assumes like methodology employed in phase 2 with phase 1
- Works assumed to commence 1st Oct 2007 through to 7th Dec 2007
- Phase 2 rate reduced due to site clearance and site establishment works being implemented as part of phase 1 works

DRAFT

Paper to: DPD **Meeting Date:** 7 June 2007
Subject: St Andrews Square Works Phasing
Agenda Item:
Preparer: Keith Rimmer

1.0 Introduction / Issue

- 1.1 St Andrews Square is the focus of a number of works activities which require co-ordination, phasing and early action on traffic management alterations to facilitate the MUDFA and Infraco works in particular. In addition, CEC are carrying out a major streetscape project in the Square, the principal interface with the Tram works being a complete refurbishment of the Square's footways in natural stone.
- 1.2 A number of permanent traffic management changes are proposed for the west side of the Square which, with the re-opening of South St David Street to traffic will see all of the traffic currently using the east side of the square switched permanently to the west side. This is necessary for the construction and operation of the Tram, but is also required to facilitate the MUDFA works. A revised street configuration to suit CEC's Streetscape Works is also a feature of the west side works being designed by SDS.
- 1.3 The purpose of this report is to alert the Board to the issues regarding the phasing of works in the Square, the actions currently underway and to facilitate the further reports that will be brought forward to authorise the early construction of the traffic diversion related works, the promotion of the associated TRO and the disaggregation of costs in relation to the necessary incorporation of CEC's Streetscape works within the scope of Infraco in the east side of the Square.

2.0 Main report

Nature & phasing of works

- 2.1 Four distinct overlapping and mutually dependent tranches of work are required to be undertaken in St Andrews Square. These are:
- The early construction of the Tram features required to enable the permanent switching of traffic from the east side of the Square to the west side (mainly traffic signals and revised kerblines);
 - MUDFA works to the east side of the Square;
 - CEC Streetscape works to construct new kerblines and natural stone finished footways to the Square;

- Infraco mainstream Tram construction works to the east side of the Square.
- 2.2 A more detailed description of the design and works components and how these require to be phased is shown in Appendix 1. The defining feature is the need to accelerate the SDS final design for the works to the west side of St Andrews Square, North and South St David Street and the dependant traffic management features on Princes Street between Waverley Bridge and South St David Street. A change request order has been issued to SDS and the completed detailed design of the required works is scheduled for the end of July 2007.

Work dependencies / continuity

- 2.3 All of the other tranches of work are dependent to some degree on the advanced construction of these design features to enable the permanent switching of traffic away from the east side of the Square. In particular MUDFA and then Infraco critically depend upon this. The continuity of the CEC Public Realm Contract also depends upon the re-configured street layout and new kerblines on the west side of the Square being in place.

TRO requirement

- 2.4 Concurrently with the accelerated design, a TRO is being prepared to facilitate the permanent change to the existing traffic management arrangements. The order will cover the required stationary and moving traffic measures to create four lanes of two way traffic between Queen Street and Princes Street via the West side of the Square. The order also will cover the requirements on Princes Street between Waverley Bridge and South St David Street. In the interests of administrative efficiency and public clarity, the Council may wish to include the TRO features required by their Streetscape Project within the Tram TRO for the Square.

Work in Progress / future actions

- 2.5 When the current political situation has become clearer with regard to the future Tram project status, the Board will be required to authorise the design to proceed to construction stage in order to ensure that the MUDFA works can proceed as per the approved programme. The approval of Transport Scotland will also be required to authorise the draw down of the funding for the construction works.
- 2.6 Further work is taking place within **tie** to evaluate procurement options for the required construction works. Procurement recommendations, together with a detailed works cost estimate, will be put forward for the

consideration of the Board and Transport Scotland at the earliest appropriate time.

- 2.7 In view of the timing and the extensive nature of the future MUDFA and Infraco works to construct the main Tram infrastructure through the east side of St Andrews Square, it will be necessary to incorporate the CEC Streetscape natural stone footway works at this location into the scope of Infraco. Further work is required with CEC to identify the value of the Streetscape works which would have been applied had the Tram not been in place. The final design is also likely to incorporate additional areas of natural stone paving within the Tram footprint, which will need to be funded as an upgrade from what would have occurred in a no Streetscape scheme world. The net value change of the resultant additional Tram project costs will require to be assessed, so that appropriate budget adjustments can be authorised in due course by the Board and CEC.

3.0 Financial Implications

- 3.1 SDS additional costs to carry out the accelerated design requirements are currently estimated at £29,000.

4.0 Recommendations

- 4.1 The Project Board is requested to note the position and approve the actions currently being taken.

Proposed: Keith Rimmer **Date:** 1 June 2007
Traffic Management Director

Recommended: Matthew Crosse **Date:** 1 June 2007
Project Director

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

Appendix 1

ST ANDREWS SQUARE – WORKS DESCRIPTION AND PHASING

<i>Element</i>	<i>Scope</i>	<i>Date</i>
SDS Design	Accelerated detailed design junctions / traffic signals - west side Square and Princes St. Accelerated detailed design of roads features. Design and schedule TRO	July 07
Advanced W Side Sq Works	Accelerated commencement of construction of west side permanent traffic management features including:- The three sets of traffic signals in west side of the Square. Amended kerblines to suit streetscape design & new traffic signals. Princes St / Waverley Bridge traffic signals. Queen St traffic signals modifications. Move Princes St "No Entry" west. C'way (Streetscape) surfacing to west side Square	Oct 07
Switch Traffic	CEC make TRO Move general traffic from the east side of Square to the west side	Mar 08 Apr 08
MUDFA	Commence on site	May 08
Streetscape Works (CEC)	Commence contract on site. Re-construct north, south and west side footways. Streetscape c'way surfacing to north and south sides of Square.	Mar08 to Mar 09
INFRACO	Tram works commence on east side of Square. Streetscape footpath works on east side of Square. East side of Sq c'way surfacing.	Oct 08 to Apr 09?

DRAFT

Paper to: DPD **Meeting Date:** 7 June 2007
Subject: Public Realm and Tram
Agenda Item:
Preparer: Keith Rimmer / Brian Farrell

Executive summary

The purpose of the report is to raise awareness of the interface issues of Public Realm works with tram, and associated opportunities for these works, with the Tram Project Board. The recommendation is to begin a process of defining, sizing and funding the public realm requirements that fall outside of the currently funded scope of the project.

1.0 Introduction / issue

- 1.1 The funds currently secured for the project will, through the Tram final design, facilitate layout and functional improvements to the public realm, (e.g. St Andrews Square and Picardy Place). St Andrews Square benefits from a bespoke funded public realm project. However, elsewhere the funding does not specifically include for targeted improvements to the public realm, in terms of enhanced material finishes, or the entire refreshment / upgrading of the 'wall to wall' street cross section. The current design approach is that public realm renewal is limited to those surfaces within the cross section which are directly affected by either the MUDFA or INFRACO works and that the materials used in the construction / reinstatement will generally match those currently existing.
- 1.2 The current approach means that within much of the on-street Tram route there will be areas within the 'wall to wall' cross section that are unaffected directly by the design/ works and will be left as they are beyond the tie-in points for the Tram works. This will, as things stand, miss an opportunity to improve the quality of significant portions of the public realm, and potentially leave gaps of existing relatively 'tired' surfaces that could significantly detract from a key desired policy outcome of enhancing the role and impact of the Tram through it's setting in a perceived quality environment.
- 1.3 The example of other cities in Europe, and nearer to home in Manchester and Dublin, demonstrate the key role good quality public realm plays in the presentation of new transport infrastructure within the urban landscape. It is now widely accepted that investment follows environment and the better presented a city or city centre is, the greater

will be its competitive advantage in securing further investment and development. This point was made very strongly by Sir Howard Bernstein, Manchester City Council's Chief Executive, who recently visited Edinburgh at the invitation of the business community. He emphasised the role which the quality setting of the Manchester Metrolink has in the promotion and ongoing development of the city centre.

- 1.4 Edinburgh markets itself on the national and international stages as a uniquely attractive and historic city, more European in appearance than any other similar sized city in the UK. That image can be enhanced, as has happened in similar European cities by new, sensitively integrated public transport infrastructure. However, there is also a danger that the Capital City image could be damaged should it inherit a Tram from the construction stage that sits amid patched or low quality road and pavement surfaces.
- 1.5 For the Tram to secure the benefits for Edinburgh outlined above, a structured approach to the public realm is needed, and crucially, funding sources require to be identified for the work.

2.0 Public realm strategy

Urban design

- 2.1 Through the work of the Council's Design Champion, and others, there is now a good understanding of how an urban design / public realm strategy can support the Tram. A number of key spaces have been identified and urban design work done through the 'design charettes' have defined the desired shape of the urban environment through which the Tram will pass. These spaces include:
 - Haymarket
 - West End / Shandwick Place / Lothian Road
 - Princes Street
 - St Andrews Square
 - Picardy Place
 - Foot of Leith Walk / Constitution Street
 - Ocean Terminal
- 2.2 Using *Cities Growth Fund* monies allocated in 2006, a small team of urban designers will shortly be put into place by CEC. The Team will have experience of integrating tram systems into a historic urban environment. The team will build upon the work accomplished by the charettes and develop a cohesive approach towards the finalisation of the design details for the key locations.

Hierarchy and approach to public realm treatment

- 2.3 The scale of public realm works will be affected by the budget available. Therefore, it is necessary to define a hierarchy of treatment and a mix of components in the overall strategy to also include less costly items.
- Definition of key locations to be prioritised for comprehensive streetscape improvement e.g. natural stone pedestrian areas;
 - Definition of intermediate locations to be prioritised for reconstruction / refurbishment of the streetscape matching or re-laying existing materials;
 - Definition of a 'clean and tidy' approach for other parts of the Tram route.

Policy guidance and the Edinburgh Standards for Streets

- 2.4 Underpinning the approach is the publication by the Council on 24 April 2007 of the Edinburgh Standards for Streets. The document constitutes supplementary planning guidance and is to be read in conjunction with all other planning policy guidance, against which a demonstration of compliance is required for the granting of planning consent. To help to achieve consistency of approach and high standards the initiative is to be driven by a newly constituted *Streetscape Board* supported by a *Streetscape Delivery Group*. The main features of the approach to be adopted to streetscape design are:
- Contribution to the formation of a recognisable Edinburgh street pattern;
 - Objective to upgrade to natural stone materials within the World Heritage Site;
 - Designs that will be attractive to people in everyday use;
 - Embracing best practice from other cities;
 - Achieving quality through:
 - reduction of street clutter
 - use of a defined small palette of materials for coherence
 - simple clean designs with consistent features, e.g. street furniture
 - co-ordination of design and colour.

Sizing the public realm requirements

- 2.5 There is no readily available estimate of how much is needed to provide the quality public realm that the Tram deserves. Work therefore requires to be undertaken to extrapolate from the Tram design footprint the scale and extent of the public realm requirement that will not be met as a matter of course through the project. Part of the work involved will be to identify the hierarchy and prioritisation of the requirements which

will allow an estimate to be made of the additional budget needed to fund the required public realm improvements to meet the desired standards consistent with route location. An opportunity also exists to consider how the phasing of future (e.g. road maintenance) works might be re-phased and / or reconfigured to support the desired public realm outcomes.

Funding considerations

- 2.6 A substantial capital budget will be required to provide the total public realm aspiration and there is not a single funding route available that will meet this need. The required funding package is additional to the Council's (and Transport Scotland's) existing Tram financial contribution and will require to be assembled by CEC, drawn from a number of sources. Some of these are outlined below.
- 2.7 A major source of funding is likely to be from the next round of the *Cities Growth Fund* (CGF) to be determined in the coming year for the spending period 2008 – 2011. It is likely that Edinburgh will receive a similar amount, as in the last two rounds, of around £25m and the Scottish Executive will emphasise the need to concentrate funding on capital rather than revenue projects. If the Council could agree to allocate a substantial amount of the £25m on the Tram public realm it should be possible to lever in comparable funding from Scottish Enterprise Edinburgh and Lothians (SEEL) as happened in the first round of the CGF where the Council and SEEL each put £8.5m into public realm projects.
- 2.8 In setting out the terms and in managing the CGF the Scottish Executive is placing considerable emphasis on the need for local authorities to secure levered funding from the private sector. Through the *Edinburgh Business Assembly* the Council now has close relations with the business community. The Council should usefully initiate a discussion with the Assembly about how the Tram, a project which business strongly supports, could be delivered with increased private funding support.
- 2.9 A significant proportion of the investment required is in establishing a consistent 'clean and tidy' street cross section. The Council could therefore identify road maintenance and other improvement works which could be re-scheduled in the *Capital Programme* to allocate funding to bringing forward works to renew paved surfaces in a way that supports the Tram public realm objectives. More radically, CEC could ring fence a portion of the *Road Maintenance Budget* and dedicate it to the renewal / refurbishment of surfaces associated with the Tram.
- 2.10 The Council, with its strategic partner the Edinburgh Business Assembly, is seeking to make a case to the Scottish Executive that an element of

the city's non domestic rate income (NDRI) should be returned to the Council to support infrastructure investment projects. This stance is strongly supported by the Glasgow-Edinburgh collaboration initiative which is arguing that the Scottish Executive should explore funding initiatives like the *Local Authority Business Growth Initiative* that operates in England allowing authorities to borrow against a pot of returned NDRI income. Support of the Tram would be an obvious focus for such funding.

- 2.11 Following the ending of Section 94 funding for capital projects the Council now operates to a *Prudential Financial Framework* in its financial dealings. The framework supports projects where the key criterion of affordability can be demonstrated. Some framework borrowing has already been configured into the Council's existing Tram financial contribution, as has the foreseeable contribution from Section 75 agreements pursuant to the *Planning Process*. Further discussions with CEC officials can be undertaken about possible headroom for further use of the framework once the financial scale of the public realm requirement has been established.

3.0 Recommendations

- 3.1 The Board is requested to note the report and approve further work with the key stakeholders to:
- Define in more detail a hierarchy, scope and prioritisation of the public realm treatment for the Tram route;
 - Note the policy guidance of the Edinburgh Standards for Streets and consider in more detail how this impacts upon the current and future scope of the works;
 - Determine the Tram design footprint and the extent of the desired public realm improvements that lie beyond the current project scope;
 - Explore further with CEC and others the sizing and assembly of a funding package for the additional public realm works.

Proposed: Keith Rimmer Date: 31 May
2007
Traffic Management Director

Recommended: Matthew Crosse Date: 31 May 2007
Project Director

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