



Tram Project Board
Report on period 3
Papers for meeting 12th July 2007

09:00am – 12:00pm

Distribution:-

David Mackay (Chair)
Willie Gallagher
Neil Renilson
Bill Campbell
Bill Reeve
Andrew Holmes
Matthew Crosse

Graeme Bissett
James Stewart
Alastair Richards
Stewart McGarrity
Jim Harries
Miriam Thorne (minutes)

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TRAM Project Board

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Agenda Tram Project Board

Brunel Suite – Citypoint II, 2nd Floor
12th July 2007 – 9.00am to 12.00pm

Attendees:

David Mackay (Chair)	Graeme Bissett
Willie Gallagher	James Stewart
Neil Renilson	Alastair Richards
Bill Campbell	Stewart McGarrity
Bill Reeve	Jim Harries
Andrew Holmes	Miriam Thorne
Matthew Crosse	

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Edinburgh Tram Network

Minutes Tram Project Board 14 June 2007

tie offices – Verity House, Board Room

Principals		Participants:	
David Mackay	DJM (chair)	Matthew Crosse	MC
Willie Gallagher	WG	Alastair Richards	AR
Neil Renilson	NR	Jim Harries	JH
Bill Reeve	BR	Duncan Fraser (representing Andrew Holmes)	DF
James Stewart	JS	Bill Campbell	WWC
Stewart McGarrity	SMcG	Graeme Bissett	GB
		Susan Clark (partial)	SC
		Miriam Thorne (minutes)	MT

Apologies: Andrew Holmes

1.0	REVIEW OF 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 5.5:</u> DJM requested whether his support was required in resolving issues with the SRU relating to flood mitigation and move of training pitches. MC explained greater clarification was required from SDS and CEC – MC to advise DJM week commencing 18 June.	MC
1.4	<u>Action 5.6:</u> AR advised that the impact of progressing the power design on a Phase 1a basis only was likely to be circa £200k – more detail was requested, action to be carried forward as work in progress.	AR
2.0	Matters arising	
2.1	DJM summarised the current status in relation to the required decision on the future of the project and requested that the Board did not enter into further speculation on the likely outcome.	
3.0	DPD update	
3.1	WG presented an update on the DPD sub-committee.	
3.2	The enhancements to high-level progress and cost reporting were welcomed and it was recognised that further improvements on milestone reporting are required.	
3.3	WG explained that due to the current uncertainty around the project, some decisions scheduled to be taken in this period had been postponed to the next meetings. He confirmed that critical items would be brought to the TPB.	
3.4	WG described the progress and resolution of critical design issues which had received significant focus at the DPD. He outlined that a number of	

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	issues had been cleared and the progress report had been updated to take account of the resolution plan and timetable agreed at the meeting. Details were discussed in conjunction with the review of the SDS update paper. (see items 5.3-5.8 below)	
3.5	MC provided an update on procurement. He explained that the Infracore bidders were concerned about the political uncertainty and one in particular was increasing the pressure for a decision to move to preferred bidder.	
3.6	WG stated that the review of programme and cost forecasts was progressing and would be presented to the TPB most likely in July.	
3.7	Value Engineering progress and issues were discussed in detail (see item 6.0 below)	
3.8	WG pointed out that all but one of the papers brought to the DPD were presented to the TPB. The paper on Ingliston Park and Ride was not brought to the TPB as no decision on the matter of preferred way forward could be taken at this point in time. (see items 7.0- 11.0 below)	
4.0	MUDFA update	
4.1	WG explained that the current political uncertainties put the MUDFA team into a difficult position with little activity being possible. Efforts were being made to reassure AMIS and staff. DF requested that greater information on the cost impact of further delay be made available as soon as possible.	MC
5.0	Project Directors Report	
5.1	MC presented the progress report as outlined below	
5.2	<u>Advance works:</u> MC stated that very good progress had been made with the depot advance excavation works. The works relating invasive species were to commence in the week starting 18 th June.	
5.3	<u>SDS</u> MC explained that a draft claim had been received from SDS for prolongation and historical design changes and that tie was preparing a counterclaim. He was confident that, although SDS was seeking legal advice, the likely outcome would be a commercial settlement of all claims issues. He also assured the board that progress was being made in resolving the issues and that relationships between senior management in SDS and tie were not affected by these negotiations.	
5.4	GB raised the question of how the prolongation claim was reconciled with the poor past performance from SDS. MC stressed that both sides had played a part leading to the current situation. SDS were under financial as well as reputational pressures but remained committed to achieving the best design for tram. Further, MC assured that no payments would be made until agreed milestones had been achieved.	
5.5	JS raised a concern about the lack of detail on the issues available to the board. In concurrence with this, BR raised the question whether the draft claim received would cover all outstanding issues with SDS in financial and performance terms. MC outlined the process to achieve a settlement which would include board approval of the deal. The aim is to reach a one-off settlement of all matters, excepting those arising from the critical	

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	design issues which are still not resolved. As long as the now agreed programme with SDS was not being held up, there would be no basis for further prolongation claims.	
5.6	DJM questioned whether sufficient history was available to the team to allow preparation of a detailed counterclaim. MC agreed that it had been difficult to ascertain all the background information, especially as the project teams' focus had been on fixing the day-to-day issues. However, he was confident that a commercially viable deal could be struck, and full information on this proposal would be brought to the July or August TPB.	
5.7	JS voiced concerns that the SDS progress chart indicated a large increase in activities not yet started. He questioned the seeming discrepancy between the chart and the progress update. MC explained that the chart-reporting was not fully developed yet – further work was required to ensure appropriate calibration of the reporting with focus on real critical issues and risks. DJM emphasised that the current level of detailed scrutiny would be maintained.	MC
5.8	BR asked how performance improvement could be ascertained given the financial pressures on SDS. He stated that additional funding was unlikely at this time and requested that all efforts were focussed on progressing Phase 1a. MC assured him that this was already happening. DJM stated that the Board recognised the funding constraints and that this message was conveyed to SDS in planned meetings with senior management.	
5.9	<u>Risk</u> MC outlined the process of increasing risk focus within the project team, including a review of the risk register and focussed risk workshops.	
5.10	<u>Programme</u> JS raised concerns about the lack of transparency on programme and key decision milestones presented to the TPB. He appreciated that details were discussed at the DPD but requested further summaries to the TPB.	MC
5.11	MC explained that negotiations were still ongoing with the Infracore bidders to get them comfortable with the programme proposals. Further, the impact of the current political uncertainties would have to be factored into any revised programme. He confirmed that all stakeholders were being consulted in the process and assured the board that the procurement strategy had not changed and there was no significant slippage anticipated in opening dates.	
5.12	WG stated that a significant amount of detail was being worked on at present with further information available to the July TPB. DJM asserted that he and WG would be required to approve any revision proposals prior to their presentation to the board. DJM confirmed we would provide appropriate information to JS prior to the next TPB.	DJM / MC
5.13	BR questioned what the impact of any revision would have on project costs. SMcG explained that the costs had been subject to a series of reviews by the project team, senior tie management, CEC, TS and their advisors. The forecasted ranges as reported in Jan 07 had not changed significantly, and further confidence about costs had been achieved with greater certainty about Tramco costs, a clear list of VE opportunities and processes to achieve these, together with improved clarity about scope	

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	and robust testing of risk allowance included in the cost estimates.	
5.14	In response to BR's concern, DJM assured the board that the project was fully aware of the requirements to meet likely future scrutiny. These requirements would be addressed in the work which is underway to complete the FBC and to achieve an affordable scheme. Additionally, the ongoing review by Audit Scotland was giving assurance over the controls and management of the project.	
5.15	GB affirmed that internal reviews of programme and costs had been performed, in addition to external reviews, which confirmed results are broadly in line with the DFBC.	
5.16	WG suggested that SMcG should prepare a summary of the process applied by Audit Scotland.	SMcG
5.17	<u>Decisions required:</u> The board recognised that there were no critical decisions required at the meeting, but any decisions could be postponed until the end of the month.	
5.18	DJM advised the board that the outstanding agreement between CEC and TS regarding the funding agreement had been discussed at a meeting between Tom Aitchison and Malcolm Reed on the 12 June.	
5.19	The question was raised by GB whether the "comfort" letter which had been requested for some time could be drafted to provide assurance to the bidders if a positive decision for the project was forthcoming. BR agreed and expressed his willingness to meet the bidders once a political decision had been made.	
6.0	Value Engineering	
6.1	DJM queried the level of confidence that the VE process would deliver the desired results.	
6.2	MC explained that the VE process had identified a large range of VE potentials so far, and that the project realised not all of these would be achievable. However, he was confident that VE savings in the range of £20m - £30m would be attainable. MC also highlighted that it was important to assess any incremental design costs or programme impact in light of VE savings potentials.	
6.3	BR questioned the scale of impact of the VE proposals on programme. MC stated that the impact would most likely be in terms of weeks – not months. Further, he was confident that the VE opportunities would not significantly impact on the tram opening date. However, this would need to be confirmed through the design process.	
6.4	GB questioned how the VE process took account of the tight timescales to achieve approvals.	
6.5	MC stressed that stakeholder buy in and support was required to achieve the VE opportunities – this was particularly true for the high value and difficult items. He outlined the process which would bring proposals to the planned TPB Procurement sub-committees in July / August and which were supported by separate evaluation meetings. The dates for any decisions required were linked to the overall procurement programme. MC further explained that there were a number of VE items which would remain unresolved until the move to preferred bidder in order to ensure	

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	appropriate probity.	
6.6	AR / DF confirmed that CEC and TEL were fully integrated in the approval process and AR stated that Damian Sharp had attended the last TPB Procurement sub-committee and was party to the approval of the VE decision for the depot.	
7.0	Depot advance works – Phase 2	
7.1	SC presented the paper proposing to award the Phase 2 works to AMIS if appropriate incentivisation could be achieved – AMIS would be advised of this and the alternative solution to put the works for tender. She confirmed that there would be no procurement rule issue with such an award, but it would provide continuity and could be fully integrated with the utility diversion programme. DJM confirmed that the TPB approval related to the proposed strategy only – not to a commitment to incur spend.	
8.0	Branding	
8.1	The Board was asked to note the strategy as per the change request. The remit related to branding for trams, NR confirmed that this would be linked to the existing LB brand but not extend to a review of the LB brand.	
9.0	St Andrew Square and Public Realm	
9.1	The papers for information were noted by the board. BR raised a concern about the increased design costs highlighted in the St Andrew Square paper and whether it set a precedent where the tram project funded public realm work. DJM confirmed that the board would continue to monitor closely whether any elements of betterment were included and agreed with the statement in the paper that any additional project costs will require to be assessed and approved by CEC and the board.	
10.0	OCIP	
10.1	The summary paper was taken as read. WG explained that a detailed paper had been presented to the DPD and the proposal was recommended for approval by the TPB. As the decision and the first premium payment were linked to the start of the MUDFA main works, DJM requested that the approval was postponed to the next TPB.	MC
11.0	Governance	
11.1	The paper was taken as read and the revised Board and sub-committee memberships were accepted. DF questioned why there was no CEC representation on the Procurement sub-committee, DJM confirmed that Andrew Holmes had approved the membership as outlined in the paper.	
12.0	Ministerial Briefing update	
12.1	NR gave an update on the briefings provided to the new transport minister. He stated that factual information had been provided in relation to issues such as guided bus ways, park and ride, real time information etc.	
12.2	The board was also informed that although factual information on	

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	alternative options had to be provided, TEL had also presented a strong recommendation for tram. DJM re-emphasised that it was TEL's remit to provide an integrated bus / tram network to achieve the required solutions for Edinburgh's future transport demands which long-term could not to be satisfied by buses alone.	
12.3	DF added that it was essential to recognise that CEC had already implemented most available big wins to accommodate increasing transport demands via buses and that it was CEC's view that targets for reduced congestion, improved air quality, accessibility and economic growth relied on trams	
13.0	Project uncertainty	
13.1	DJM requested that the financial impact of delay due to the political uncertainty continued to be priced	MC
13.2	The board recognised that although tight control was maintained over cost creep at the moment, a delay beyond the end of June would likely lead to financial incentives to be required to retain staff and contractors / bidders.	
14.0	Decision on EARL – impact on tram	
14.1	The paper was noted for information	
15.0	AOB - none	

Prepared by Miriam Thorne, 18 June 07

Executive summary

1.1 Previous period update

1.1.1 Delivery

MUDFA

Preparatory work has continued to allow the MUDFA diversion works to commence on 9th July. This included preparation of licences, design and traffic management. Discussions have also been held with Forth Ports with a view to working within the embargo period set in the Forth Ports agreement – these discussions have been fruitful. Approval to proceed with the MUDFA works has now been received.

Works have continued on planning CCTV surveys and additional GPR surveys to check the earlier surveys carried out by Adien. These additional surveys were complete and now work is ongoing to determine locations for slit trenches to validate results.

Advance works

Depot

Work continues to progress well, and to date is running ahead of target (8,460 loads of spoil removed against a target of 7,100 loads). However, this good performance was marred by a cable strike on site by AMIS. A full investigation has been carried out into the circumstances, root cause and the recovery of the incident and **tie** are now reviewing the outputs from this report.

An electronic survey to detect any unexploded munitions was carried out during the period prior to the level of the depot being reduced. This is as a result of a desk top survey indicating a risk, albeit low, of such hazards in the area. The full report of the survey is expected in the next period.

A paper on Phase 2 of the depot advance works was submitted to TPB. Following this, discussions are being held with AMIS to reduce their rates to achieve savings on the budget allowance.

Invasive species

Contract was formally awarded to TCM on 4th June and works commenced to plan on 18th June. Additional areas of invasive species were found on Network Rail land and an area in New Edinburgh. These are being quantified at present. Visits are scheduled every six weeks until September to re-apply treatment.

Badgers

The only activity during the period has been monitoring of the new setts. The next main activity will be destruction of the old sett in autumn once the otter has successfully been re-housed.

Land and property

Tranche 2 GVD has been on hold pending a decision on the future of the project, but can now proceed.

Discussions have been ongoing with NR on lease terms.

Discussions were carried out with CEC regarding the lease to BAA land. The aim was to obtain the lease at the same time as the EARL lease and coordinate the negotiations with the EARL team. However, following the political decision on EARL, this is no longer a viable option. Therefore, Tram will now enter into separate discussions with BAA using the EARL lease as a template.

Work has been proceeding to secure licences for MUDFA and invasive species works. Protocols are in place to allow licenses to be obtained according to programme requirements.

The Asset Management Plan from CEC for land currently in their ownership has to be finalised. The land assembly team is working to the original objective of having all land and title available to Infracore by appointment of the successful bidder. Discussions are ongoing with CEC to establish the most appropriate mechanism to hand over land to Infracore. This could be done under a single license arrangement or as a series of land drawdowns on an 'as required' basis.

IPR temporary car park

Bids have been received and evaluated, but the award of the contract is on hold pending an agreement from Transport Scotland to proceed.

IPR 2

Bids were received just before period end and are being evaluated. Since then, CEC have approved additional funding to allow areas C, D1 and D2 to be constructed. The work to area E will be included as an option in the Infracore contract, providing a price in the event that additional funding is obtained.

1.1.2 Traffic management

The TPB approved a report on the St Andrews Square sequencing of work activities and the early implementation of permanent traffic management works to the west side of the square to facilitate MUDFA (commencing May 2008) and Infraco. Design work is underway (SDS) and procurement options are currently being considered (**tie**).

The final approval of the base traffic model calibration is imminent. Coding of the PD1/2 design features is well advanced and a full run of the model suite will occur in early July. This will inform the next stages of the route and wider area design.

1.1.3 Engineering, approvals and assurance

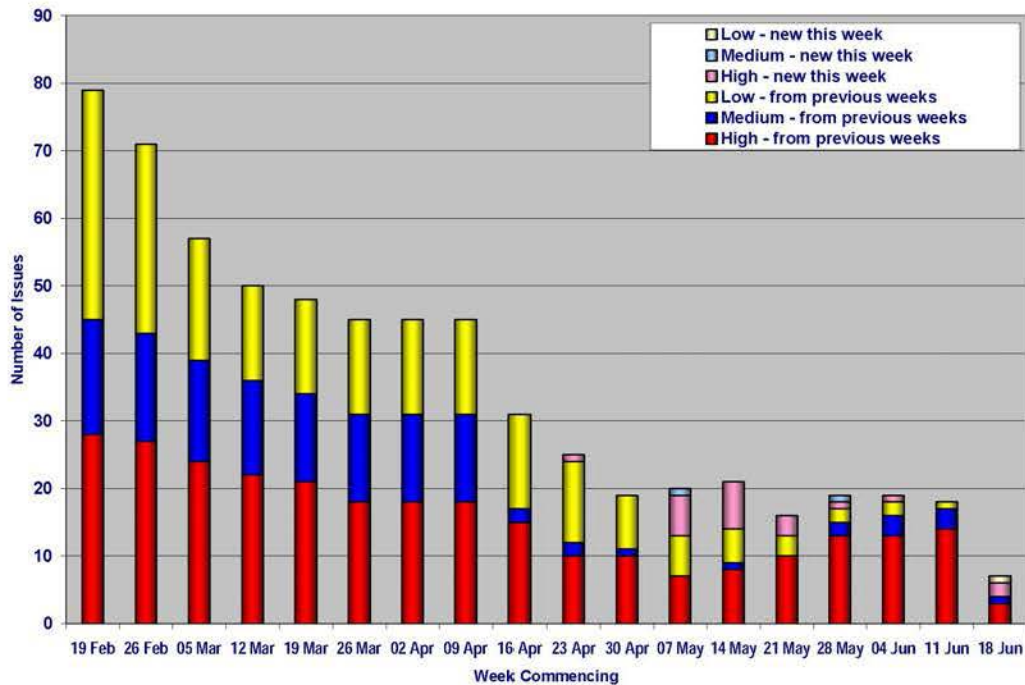
Critical issues resolution

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. There are now only five high, one medium and one low status items remaining. For each of those a way forward has been found which will facilitate final closure.

The chart below shows the progress over time in reducing the total number of issues. The critical issues meeting held on 21st June succeeded in agreeing a way forward for 18 items and, as such, has essentially removed any blockages to progress from **tie** and stakeholder decision making processes.

Before the critical issues resolution, further progress had been made in arresting delay and the rate of slippage since last period has been reduced by 35% (V15 to V16 compared with V14 to V15).

On the basis of this and the resolution of most of the critical issues, confidence is high that further slippage can now be arrested and that next periods report should reflect this.



Design assurance

Packages of designs will be 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. Each package will also contain associated TRO information.

Comments were passed to SDS on a trial design assurance package summary for Section 5C to reduce the risk of differing expectations of packages being submitted.

There will be 18 design-assured packages in total, most sections being broken down into the route sub-sections.

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. 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.

**1.1.4 Commercial and procurement
Procurement programme**

The review of procurement programme has been concluded during this period. The main conclusions are as follows:-

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- A recommendation to award Infraco and Tramco contracts will be presented to a special Tram Project Board on or around 25th September 2007. This is subject to completion of due diligence on design, confirmation of the Phase 1b option price and negotiation of remaining Infraco, Tramco and SDS alignment issues to facilitate novation.
- Issue the Contract Award Notification for the Infraco and Tramco contracts on 11th January 2008.
- The overall completion of the Phase 1a works has been maintained at 1st quarter 2011 through mobilisation of Infraco and Tramco in October 2007 and by undertaking advance works at the depot.

A presentation will be given to the DPD which fully explains the revised procurement programme. This will subsequently be presented to the Tram Project Board for approval.

Infraco

The evaluation is progressing but has been delayed due to an element of bidder disengagement whilst the future of the Project was in question. However, this has been recovered in part by the updated procurement programme.

Both bidders are now committed to the process and the revised programmes have been shared with them.

Negotiations on contract terms are progressing to resolution and there are no major sticking points at this time.

Tramco

The evaluation is reaching the final stages. Negotiations on contract terms have been concluded with one bidder, Douglas, with one unresolved aspect, this being ownership of Project IPR. However, it is believed that this can be overcome to **tie**'s satisfaction. Both bidders accept novation to Infraco, subject to certain protections on access to commercially sensitive IPR. Douglas's stance on this is more accommodating than that of James.

MUDFA

Negotiations on the revised incentivisation arrangements and valuation of time related preliminaries costs have been successfully concluded.

OCIP

A recommendation on OCIP was accepted by the last Tram Project Board. Further negotiation is required to firm up rates with the preferred bidders. This is contingent on certain technical information being released from the Infraco tender evaluation during July and August.

Value engineering

tie's Jim McEwan has been assigned to lead the delivery of VE savings in order to increase the emphasis on this key aspect of the procurement process. Each of the significant potential savings has been assigned an owner within the Project and dates have been set for their delivery. This will be progressively achieved through July and August. Bidder ideas for further VE savings have been reviewed at workshops and further meetings are planned for July with the one bidder who, to date, has been less forthcoming with ideas.

The resolution of the trackform solutions is key to both finalisation of Infraco bid evaluations and to delivering VE savings. Given the importance of this to the Project, Steven Bell has been assigned to lead this.

SDS changes and claim

As previously reported a claim has been received from SDS in the sum of £2.2m for the period to 31 March 2007. This is being assessed and a recommendation will be put to the Tram Project Board Procurement Sub Committee prior to commencement of negotiations.

Further information has been received from SDS in respect of the historical changes. This is being reviewed with a view to resolving a clear position on these during Period 4.

Other procurement activities

- Preparation of a procurement plan for the advance delivery of the depot piling works.
- Plan for the early mobilisation of Infraco and Tramco.
- Procurement plan for advance work in St Andrews Square.

1.2 Key issues for forthcoming period

1.2.1 Delivery

MUDFA

- Work progress is to start on Section 1A – Ocean Drive on 9th July. This requires the IFC design to be issued (these were issued on 25th June). Following the announcement on the future of the project, this information pack can now be delivered.
- Designs are expected on 29th June to allow the next section to commence on 6th August – Croall Place). Designs are also due for section 5a – Russell Road and the depot. **tie** still have concerns about the delivery of

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these designs and discussions are ongoing with SDS about resource levels and competency to ensure successful delivery.

- CCTV surveys will be completed and a decision on slit trenches to test Adien surveys will be made. Arrangements are being made to commence works.

Advance works

Depot

- Works on Phase 1 to continue
- Rates for Phase 2 to be agreed with AMIS

Invasive species

- No further activity until August

Badgers

- Monitoring only

Land and property

- Continue discussions with BAA, forth Ports and NR on lease.
- Issue 2nd Tranche GVD notices.
- Begin preparation for Tranche 3 GVD notices.
- Prepare to commence processing of GVD compensation claims for Tranche 1.

IPR temporary

- Award contract and start works on site.

IPR 2

- Complete tender evaluation, interviews with tenderers and submit recommendation to Steering group to allow award of contract.

1.2.2 Traffic management

- Until the PD2 design is approved, progress on the TRO work programme is currently focussing on early actions which are not detail sensitive such as the 'Statement of Case'.

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- A report will be presented to the August TPB recommending a revised strategy for dealing with the Tram affected Greenways (red regulatory lines) routes to reduce regulatory risk.

1.2.3 Engineering, approvals and assurance

- The first self-assured design package is due for delivery from SDS during the period.
- Progress will continue with stakeholder liaison, particularly for detailed roads design arrangements

1.2.4 Commercial and procurement

Procurement programme

- Approval of the revised programme for procurement by Tram Project Board and formal agreement from the Infraco and Tramco bidders.

Infraco

- Issue of further bid information updates.
- Preparation of the draft evaluation report.
- Conclusion of negotiations on contract terms.
- Preparation of detailed negotiation plan to deliver negotiated savings.
- Reviews and negotiations to resolve Infraco / Tramco interface issues (commercial, technical and programme).

Tramco

- Conclusion of contract terms negotiations.
- Obtain final offers.
- Final commercial negotiations to reduce prices.

MUDFA

- Formalisation of renegotiated preliminaries valuation and incentivisation terms.

Advance works

- Finalisation of the procurement strategy for advance piling works at depot and mobilisation of Infraco and Tramco prior to contract award.

OCIP (owner controlled insurance programme)

- Obtain Transport Scotland approval to place OCIP contract.
- Resolve insurance issues with bidders and MUDFA contractor AMIS.

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- Prepare recommendation on professional indemnity insurance and financial loss insurance.

Value engineering

Delivery of further recommendations on VE savings.

1.2.5 Finance and Business Case

A detailed programme for the preparation of the FBC is being developed in alignment with the revised procurement programme and will be presented to the July TPB. This programme will outline the approach to address comments on the DFBC and meet OGC requirements for gateway reviews.

1.3 Cost

	COWD Period	COWD (YTD)	COWD YTD + forecast to year end	AFC
Phase 1a	£ 3.9m	£19.0m	£118.2m	£501.8m
Phase 1b	£ 0.1m	£ 0.8m	£ 0.9m	£ 92.0m
Phase 1a+1b	£ 4.0m	£19.8m	£119.1m	£593.8m

- The spend in the period relates primarily to the continued development of the design and ongoing advance works. Costs for Phase 1b related purely to finalising design works as previously agreed by the TPB.
- The forecast COWD for the year includes a total of £19.8m in relation to land costs, this reflects the latest valuation by the District Valuer.

1.4 Health, safety, environment and quality

- One accident was reported in the period, this resulted in two days lost time.
- One incident was reported in the period – a telecommunications cable was damaged while excavating the earth bunds at the Gogar depot.
- Three site inspections, one safety tour and two audits were completed in the period. There were minor findings in each of these which have been addressed. There are no environmental incidents to report.

1.5 Stakeholder and communication

The majority of the communication strategy documented in the Draft Final Business Case had been on hold, as with the majority of the construction work, until after the debate on the future of the project.

Activity has concentrated on planning for the implementation of the MUDFA programme and the ongoing communication activity that will take place. Following approval for the project and the commencement of utility work, the Stakeholder and Communication teams are ready to deliver the construction based communications and the customer interaction cycle.

1.6 Approvals / decisions / support required

Decisions / support required from TS:

- Support in streamlining the approval process for Infraco and Tramco contract award.
- Agreement to place OCIP contract approved by the Tram Project Board.
- Agreement to place commitment for Ingliston Park and Ride temporary car park works.
- Agreement to issue the second GVD notifications for CEC owned land.
- Letter of comfort for Infraco bidders.
- Confirmation of funding draw down to permit finalisation of payment arrangements with bidders.
- Clarification of funding / process to achieve funding for whole of 07 / 08.
- Resolution of TS / CEC funding and risk sharing agreements.
- Decision on extent to which EARL alignment is to be protected.

Decisions / support required from CEC:

- Resolution of TS / CEC funding and risk sharing agreements

Decisions / support required by others:

- Resolution of Ingliston Park and Ride Phase 2

Appendix A Headline cost report

1.1 Current financial year

	COWD (YTD)	COWD YTD + forecast to year end	Funding TS authorised current year	COWD YTD + forecast to period covered by funding
Phase 1a	£19.8m	£119.1m	£60.7m	£53.4m (Pd7)
Phase 1b		- ¹	- ¹	- ¹
Phase 1a+1b	£19.8m	£119.1m	£60.7m	£53.4m

Note - 1) £2.5m design costs are to be expended against Phase 1a budget as agreed by the Tram Project Board.

- The COWD YTD includes £8.6m in relation to land purchase, £4.6m for design development and £1.4m relating to the depot Phase 1 advance works.
- The forecast cost for the year remains sensitive to the extent of advance works undertaken prior to award of Infraco. Stage 1 of the depot advance works is currently ahead of programme. A paper for the Stage 2 works has been presented to TPB for review, however a decision has been deferred until after the Parliamentary review of the Tram Project - expected in early Period 4 (Now obtained).
- A comprehensive review of the risk register is currently being undertaken and will be concluded in Period 4. The results of which may impact the current financial year forecast and overall project AFC. Section 5 of this report contains further details of the progress made to date.

1.2 Next financial year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£23.6m	£34.2m	£24.2m	£48.8m	£130.8m
Phase 1b	£ 4.7m	£ 1.2m	£ 2.2m	£ 3.4m	£ 11.5m
Phase1a+1b	£28.3m	£35.4m	£26.4m	£52.2m	£142.3m

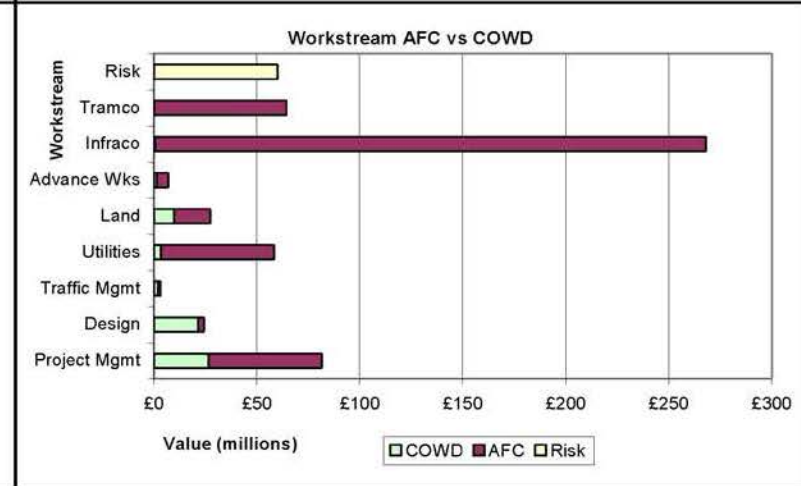
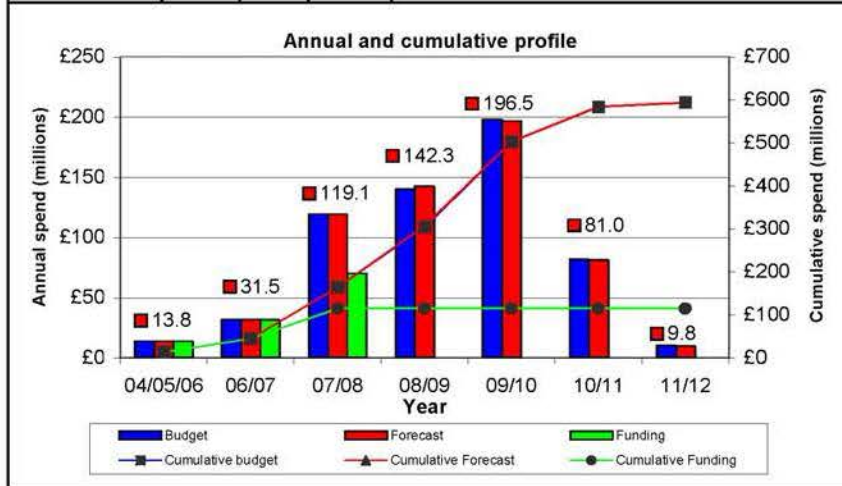
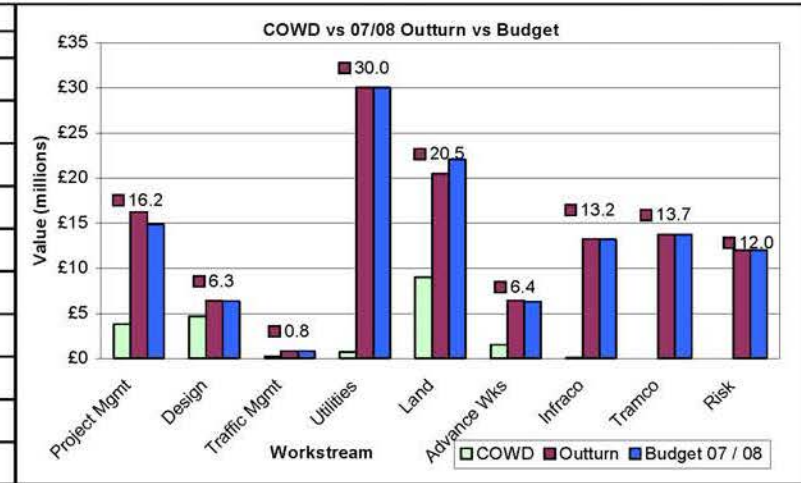
- The forecast for 08 / 09 is sensitive to the revised programme and predicated on achieving approvals to let the Infraco contracts to meet contract award in January 08 with subsequent commencement of the physical works in February 08.
- Forecasts for Phase 1b (if approval received) in 08 / 09 relate to Land, costs for utility diversions and risk allowances.

Transport Edinburgh

Trams for Edinburgh

Lothian Buses

Period 3 - 07/08 COWD (£000s)				
Workstream	F/cast	Act	Var	Comments
Project Mgmt	1,532	1,472	(60)	Curtailment of legals (esp property) pending Parliamentary decision on ETN at end of June 2007.
Design	1,219	1,214	(5)	
Traffic Mgmt	89	89	0	
Utilities	253	276	24	
Land	76	280	204	Updated plot valuations for GVD 1
Advance Wks	735	749	14	
Infraco	34	10	(24)	
Tramco	0	0	0	
Risk	0	0	0	
Total	3,937	4,091	154	



1.3 Total project anticipated outturn versus total project funding

	FUNDING (total project)			Total COST (To Funders)
	TS	Other	Total	Promoter TOTAL AFC
Phase 1a	£500m	£45m ¹	£545m	£501.8m
Phase 1b	£0m	£0 ²	£0 ²	£ 92.0m ³
Phase 1a + 1b	£500m	£45m ²	£545m	£ 593.8m

The position remains as set out in the Period 2 report.

Notes:-

1. Includes CEC/ s75 free issue land
2. £3.3m of CEC / s75 free issue land are included in £45m funding from CEC.
3. Includes £2.9m 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

Value engineering and negotiation savings are required in order to deliver Phase 1a within the £501.8m current AFC, as set out in the Infracore initial tender return project estimate update paper dated January 2008.

1.4 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)	500.5	92.0	592.5
Authorised Changes	1.2	-	1.2
Current AFC	501.8	92.0	593.8
Anticipated/ potential Changes	4.6	-	4.6
Potential AFC	506.4	92.0	598.4

The position remains as set out in the Period 2 report.

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

FOISA exempt

Yes

No

- Citypoint II: Fit out and costs of leasing additional office space
- Costs of eradication of invasive species
- Additional costs arising from the delay to commencement of main MUDFA works to July

However, an internal review is underway to investigate opportunities to mitigate the impact of these changes. Therefore formal change notices have not yet been raised. Results of this review will be reported in Period 4.

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.

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.

1.5 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

FOISA exempt

Yes

No

Latest estimate / AFC (including escalation)

	Base cost	Risk	Opportunity ¹	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

Appendix B Risk and opportunity

1.1 Summary

Risk workshops have been conducted for the following areas of the project:

- Construction
- Procurement
- Invasive species

During these workshops there was a review of the risks currently held on ARM. Further workshops will be held to update the existing risks with any new risks and an updated QRA will be run in Period 4.

A review of the ARM software is underway and training will be arranged for users once the list of those who require a license has been consolidated. Two project managers received some initial training from the Project Risk Manager in this period.

Other matters which have progressed this month are the production of a Concerns Management Procedure and further work with the MUDFA team on their risk register.

1.2 Review project risk register

The principal changes in the risk position since the last period are:

Risks opened	13
Risks closed	19
Risks reassessed	20

1.2.1 Risks added

Of the 13 risks opened this period, the high significance risks are those pertaining to traffic regulation orders (TROs), namely:

- Failure to reach agreement with CEC on the way in which Tram Urban Traffic Control (UTC) priorities are handled at key junctions.
- Delay in achievement of permanent TROs causing delay to project.
- Failure to reach agreement with CEC on roads maintenance responsibility where Tram has been installed in CEC maintained roads and structures.

1.2.2 Risks closed

Of the 19 risks closed this period, the most significant risks on the project were:

- MUDFA contractor encounters other services / conditions that mean utility diversions cannot be constructed within the LoD.
- Failure to reach agreement with CEC on roads maintenance where trams have been installed on CEC maintained roads.
- Failure to sustain negotiating position and / or suitable interest from the market throughout the bid process.
- Business case runtime and CEC requirements change in equipment and quality specification.
- Basis of OCIP rates change.

1.2.3 Risks reassessed

Of the 20 risks reassessed, the main items are:

- Price certainty is not achieved – the probability of this risk was reduced after inspection of second stage bids confirmed no changes from first stage bid.
- Gaining access to land prior to purchase for land works – the probability reduces as this now applies only to invasive species work.
- Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged – probability reduced.
- A number of risks relating to the OCIP were reassessed with the Capex impact being reduced to zero in each of these risks, as there is a provision for these risks in the base estimate.

1.2.4 Primary risk register

On following pages

1.2.5 Opportunities

VE paper to be issued separately.

FOISA exempt
 Yes
 No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
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	W Gallagher	Project	Monitor likely outcomes and do our best to brief all relevant parties about the project in a balanced way	Complete	Complete	21-Dec-06	W Gallagher	
						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	Complete	Complete	31-Jan-07	M Crosse	

FOISA exempt
 Yes
 No

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	Complete	Complete	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		Project	tie 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. Tram Project Board to monitor progress towards conclusion of agreement.	On Programme	On Programme - Target Date mid August 2007	28-Sep-07	G Bissett
								On Programme	On Programme	28-Sep-07	D MacKay

FOISA exempt
 Yes
 No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
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 Glazebrook		Project	Finalise alignments and gain agreement from CEC	Complete	Complete	29-Dec-06	T Craggs
							Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie	Complete	Complete	28-Feb-07	T Craggs
							Agree approvals submission arrangements with CEC to align with SDS design programme and procurement programme,	On Programme	On Programme	31-Mar-08	T Glazebrook
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		Project	Ensure Transport Scotland understand implication of not providing indemnities and obtain buy-in from them	On Programme	On Programme	15-Aug-07	G Gilbert
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 McGarry		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	On Programme	On Programme	28-Sep-07	CEC

FOISA exempt
 Yes
 No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							group.				
							Tram Project Board to monitor progress towards gaining contributions CEC to deliver necessary contributions for 1a.	On Programme	On Programme	28-Sep-07	D MacKay
								On Programme	On Programme	28-Aug-07	CEC
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	25	None	In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities	On Programme	On Programme	31-Aug-07	A Hill
164	Utilities assets uncovered during construction that were not previously accounted for; unidentified abandoned utilities assets; asbestos found in excavation for utilities diversion; unknown cellars and basements intrude into works area; other physical obstructions; other contaminated land	PROJECT PRIMARY Unknown or abandoned assets or unforeseen/contaminated ground conditions affect scope of MUDFA work	Re-design and delay as investigation takes place and solution implemented; Increase in Capex cost as a result of additional works.	G Barclay	25	None	Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales.	On Programme	On Programme	31-Aug-07	G Barclay

FOISA exempt

Yes

No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Carry out GPR Adien survey	On Programme	On Programme	31-Oct-07	J Casserly
							Investigations in advance of work	On Programme	On Programme	30-Nov-07	J Casserly
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	25	None	CEC Planning - mock application by SDS	Behind Programme	Behind Programme	31-Jan-07	T Glazebrook
							Engagement with third parties to discussed and obtain prior approvals to plans Identify fallback options	On Programme	On Programme	31-Aug-07	T Glazebrook
							Obtain critical consents prior to financial close	On Programme	On Programme	31-Aug-07	T Glazebrook
								On Programme	On Programme	10-Jan-08	T Glazebrook
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	PROJECT PRIMARY Uncertainty about extent of construction works required on road 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	25	None	Provision of £500k in Draft Final Business Case estimate to deal with WAM requirements	Complete	Complete	31-Jan-07	G Gilbert

FOISA exempt
 Yes
 No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
	finalised.										
							Employ further traffic management expertise	Complete	Complete	31-Jan-07	C McLauchlan
							Finalise boundaries of Tram responsibility for WAM requirements	On Programme	On Programme	31-Aug-07	A Sim
							Agree design requirements relating to WAM with SDS	On Programme	On Programme	31-Jul-07	T Glazebrook
							Obtain design and quantify construction cost for inclusion in base estimate	On Programme	On Programme	31-Jul-07	T Glazebrook
							Incorporate mechanisms for adjusting INFRACO bid for final design of works	On Programme	On Programme	22-Oct-07	B Dawson

FOISA exempt
 Yes
 No

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 issues not agreed with CEC.	PROJECT PRIMARY Uncertainty about requirements for Wide Area construction works required on road network	No funding for work and therefore work not done	K Rimmer	25	None	Clarify and agreed boundaries of scope and funding provision between Tram Project and CEC (see also risk 268)	On Programme	On Programme	15-Aug-07	G Bissett
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	23	Project	Undertake Immunisation Works Risk Workshop to produce key risks register	Complete	Complete	16-Mar-07	
							Establish risks retained by each party for liability	Complete	Complete	30-Mar-07	D Sharp
							Issue instruction to Network Rail to undertake works	Behind Programme	Behind Programme	30-Apr-07	D Sharp
							Agree Immunisation Project Milestones	Behind Programme	Behind Programme	30-Apr-07	S Bell
			Establish funding contributions and respective budgets from TS/NR/CEC/Other Projects	Complete	Complete	31-May-07	D Sharp				

FOISA exempt
 Yes
 No

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	22	Project	Stakeholders accept funding constraints and support project to design within this limit.	On Programme	On Programme	28-Aug-07	W Gallagher
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	20	Project	Obtain INFRACO agreement in principle to novation.	Complete	Complete	28-Feb-07	B Dawson
							Introduce and engage INFRACO bidders to SDS as early as possible	Complete	Complete	28-Feb-07	B Dawson
							Agree steps to INFRACO accepting novation of SDS.	On Programme	On Programme	28-Aug-07	B Dawson
						Complete designs and allow due diligence to be undertaken by bidders	On Programme	On Programme	31-May-07	B Dawson	

FOISA exempt
 Yes
 No

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
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	T Glazebrook	20	Project	Review AIPs for Structural Information	Complete	Complete	02-Feb-07	T Glazebrook
							Obtain Design Progress Dashboard from SDS	Complete	Complete	15-May-07	T Glazebrook
							Monitor design progress and quality	On Programme	On Programme	10-Jan-08	T Glazebrook

Paper to: TPB **Meeting Date:** 12 July 2007

Subject: SDS Update – P3

Agenda Item:

Preparer: D Crawley / T Glazebrook

FOR INFORMATION ONLY

1. 0 Critical issues

Following the critical issues resolution meeting held on 6th July, there is now just one high status item remaining, shown below, for which a way forward has been agreed which will facilitate its final closure.

<p>1A /22</p>	<p>Lindsay Road. Redesign of infrastructure of Forth Ports is holding up finalisation of utility design. Needs CEC and FP to agree track and roads. Alignment is finalised, a change instruction will be required to redesign utilities to suit.</p>	<p>Forth Ports Lindsay Road proposal drawings have been provided to SDS for review against tram design constraints. Action to be completed within two weeks maximum.</p>
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2.0 Requests for information

Excellent 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
22 June 2007	21	153	2
6 July 2007	7	153	14

3.0 Design assurance

Agreement has been reached with SDS on the provision of designs accompanied by design assurance documentation. This will result in packages of designs being supplied, sub-section by sub-section, in a form which is self-consistent, complete (or if not, with defined status), with interdependencies already reviewed and with associated approvals. Each 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 already commented to SDS on a trial design assurance package summary for Section 5C.

FOISA exempt

Yes

No

There will be 18 design-assured packages in total, most sections being broken down into the route sub-sections.

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. 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.

4.0 Design deliverables progress reporting

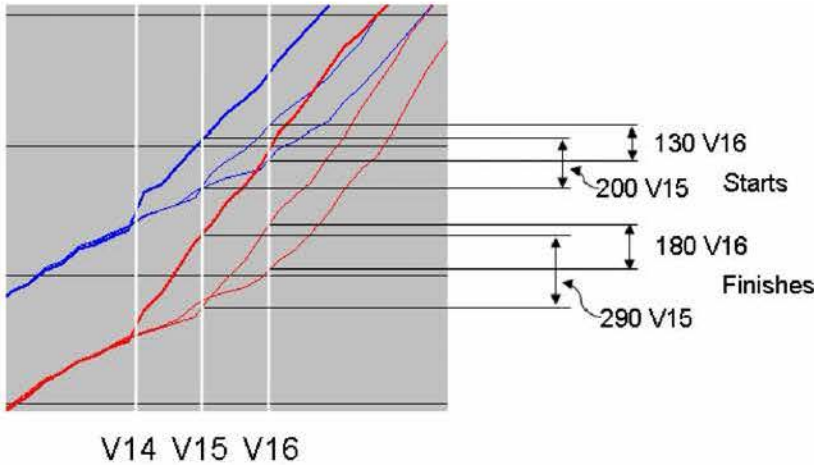
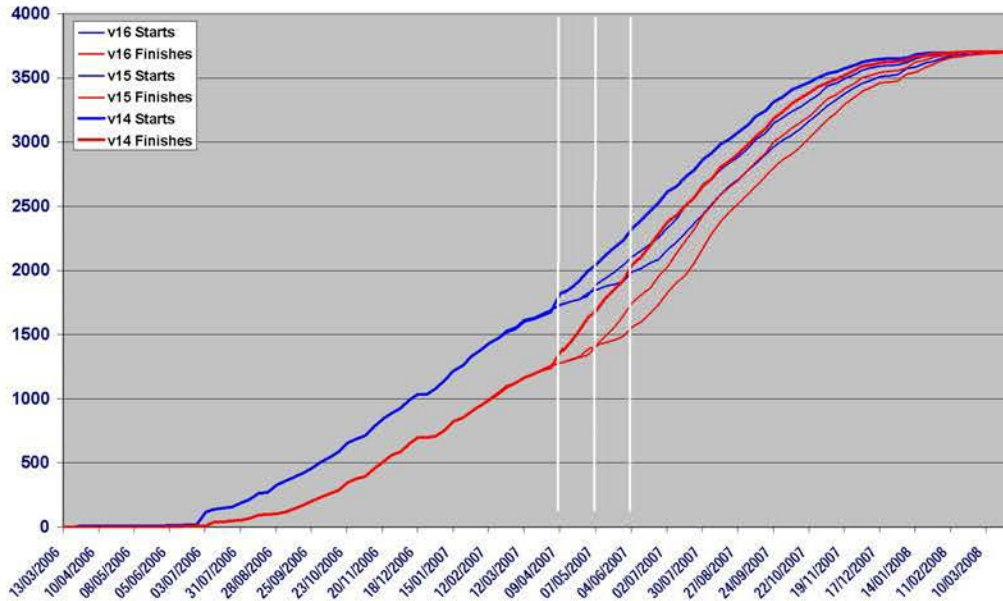
The new “dashboard” for deliverables measurement is shown below and indicates the total number of physical design deliverables due to be started and finished compared with the V14 programme – which was the baseline for the dashboard. These cover the totality of the 18 design-assured packages noted above. The dashboard compares V14, V15 and V16 and the inset picture indicates numbers of deliverables to the nearest 10.

It should be noted that the data on which the dashboard is based is two weeks out of phase with the meeting dates; hence it still shows slippage of V16 results versus V15 results but this rate has reduced by 35% compared with the previous period, even with little benefit from the recent agreement on critical issues being available.

However, as a result of the almost total agreement on critical issues very recently achieved, the graph next period is expected to show that further slippage has been arrested.

FOISA exempt

- Yes
- No



The rate of slippage has reduced by 35% V15 to V16.

Number of deliverables are shown to the nearest 10.

Note also that the total number of 'deliverables' has been reduced on a common basis from last period's report to include only items common to V14, V15, V16 (ignoring much earlier versions with superseded items) and headers from P3/e.

Proposed Name David Crawley Date: 06-07-2007
 Title Director, Engineering Approvals and Assurance

Recommended Name Matthew Crosse Date: 06-07-2007
 Title Project Director

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

Paper to: TPB Meeting Date: 12th July 2007

Subject: Gogar depot advanced works excavation Phase two

Agenda Item:

Preparer: Jim Buchanan

Executive summary

The paper details the background, scope, programme, benefits, opportunities, risks and costs in relation to Gogar depot advanced works excavation phase 2.

Proposed recommendation: Note the report and approve the phase 2 works award to AMIS in the sum of £1,639,554 for completion by 7th December 2007. However, we will be informing AMIS that we intend to go out to tender with a view to negotiating a reduced rate from AMIS.

Impact on programme*

AMIS have provided a detailed programme of works starting 27th August 2007 running through to 7th December 2007. The implementation of this work will bolster the 3 phase programme of works for mass excavations, utility diversion and Infracore works.

Impact on budget*

The cost of this work is within the current estimate on a comparable basis. There are no extra works costs related to the advancement of these works.

Impact on risks and opportunities*

There is significant de-risking of the programme by advancing these works with the opportunity to identify any potential construction issues at an early stage.

Impact on scope*

The development of the scope for these advanced works has provided an early and positive insight into future scope issues that may or may not arise.

Decision(s) / Support required

Approval of the Gogar depot advanced works excavation phase 2.

FOISA exempt

Yes

No

Proposed

Name Susan Clark
Title Delivery Director

Date:- 6/7/07

Recommended

Name Matthew Crosse
Title Project Director

Date:- 6/7/07

Approved

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

Paper to: TPB **Meeting date:** 12/7/07

Subject: Evaluation of branding tenders

Agenda item:

Preparer: David Powell

Executive summary

This paper seeks approval for appointment of Cre'active for the 'Branding of the Trams' package of works (a brand identity for the Edinburgh Tram Project which can be applied across the project). TEL has been fully involved in this process and CEC will be consulted as the process continues. As the tender is well within the OJEU limits, a list of candidates was identified from industry contacts. Seven bids were received and the evaluation was undertaken in line with agreed methodology. The key assessment criteria were programme and project execution, project team, methodology, references, terms and conditions and financial.

With a contract price of £37,500, it is recommended that Cre'active be appointed to undertake the assignment.

Impact on programme*

The exercise will take three months and if the recommendation is accepted, it is proposed to launch the assignment during July 2007 in order to allow the works to be completed prior to Infraco contract award.

Impact on budget*

Following negotiations, a revised contract price of £37,500 was agreed with Cre'active to undertake the assignment in line with **tie's** brief and contract conditions.

Impact on risks and opportunities*

Impact on scope*

This work is covered by change order CRB022.

Decision(s) / support required

It is recommended that Cre'active be appointed to undertake the assignment.

FOISA exempt

Yes

No

Proposed

Name David Powell

Date:- 9/7/07

Title Tramco and Branding Project Manager

Recommended

Name Matthew Crosse

Date:- 9/7/07

Title Project Director

Approved

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

Paper to: TPB Meeting Date: 12th July 2007

Subject: Network Rail interface issues

Agenda Item:

Prepared by: Steven Bell

1.0 Introduction

This paper identifies the current issues associated with the following areas:

- Network Rail / CEC legal agreements to allow construction and operation of the Edinburgh Tram Network
- Immunisation of Network Rail equipment, relocation of existing Network Rail equipment and exchange of technical information to ensure Edinburgh Tram is not impacted by Network Rail AC electrification under the Airdrie Bathgate scheme.

2.0 Background

The diagram attached at Appendix 1 details the legal agreements structure being put in place between CEC and Network Rail and also, in the case of signalling immunisation and relocation of Network Rail lineside equipment, between Transport Scotland and Network Rail.

Previous papers have detailed the approach and strategy to achieve these agreements to support the overall Edinburgh Tram Project programme.

3.0 Current status

Legal agreements

Appendix 1 details agreements in place and those under drafting / negotiation.

The **Protective Provisions Agreement** and the **Framework Development Agreement** are in place.

The Property agreement is the overarching agreement:

Property agreement overarches:	
Lease	175 years, irritancy issues still to be resolved, NR prefer construction complete before lease commences. This is a key agreement to unlock.

Bridge agreements (likely to be 2 required for the 2 new structures across the railway)	No significant issues expected other than concluding detailed design.
Neighbourhood agreements	Scope and necessity to be re-affirmed with NR / tie site walk through (minimal requirement encouraged if covered elsewhere). Balgreen Road most likely requirement, although Murrayfield viaduct also possible.
Operating code	Still to be developed and likely to be based on that used for other tram networks. Work required and linkage with tram operators. NR arranging "brainstorming" session to further develop.
Asset protection agreement (APA)	Regulates delivery of construction work during project construction phase.
Licenses	Option to allow CEC to occupy land (e.g. for construction) prior to finalising lease agreement. APA could also contain such rights.
Regulatory consents	Property agreement will require a number of regulatory consents to be in place: <ul style="list-style-type: none"> ○ ORR, NR and TOCs (station and depot agreements) all involved along with TS / DfT. NR wish to be in the lead for obtaining these approvals. ○ HMRI approval also required (not expected to be refused) ○ Planning and environmental

Key actions:

tie supported by D&W to conclude the above agreements. Network Rail and CEC to be engaged at senior level to enable resolution to residual areas of disagreement.

Immunisation

The current strategy for procuring any necessary immunisation works (Transport Scotland contracting directly with Network Rail either by varying their existing agreements (Airdrie to Bathgate) or making a specific new agreement) was previously authorised by Tram Project Board in February 2007.

FOISA exempt

Yes

No

The scope requirements, programme milestones and technical information have been provided during March and April 2007. This led Transport Scotland to confirm that they intended to vary this workscope (and the critical programme requirements) into the Airdrie to Bathgate agreement between TS and NR. Further detailed technical information will be provided by SDS to Network Rail to enable their design solutions to be completed. There is still technical work to be completed to confirm the preferred immunisation solution to be adopted by Network Rail and accepted by Transport Scotland. **tie** and SDS will continue to have regular technical liaison to ensure that all necessary Tram design information is provided and that the Network Rail solution is acceptable to Tram. Candidates to provide a Project Management resource have also been identified by **tie**, interviewed and proposed to TS.

The instruction / variation to Network Rail and the option on project management resource was not instructed, as Transport Scotland decided to delay this action until they had a clear instruction from the new Executive regarding the future of Edinburgh Tram. Immediately after the Cabinet Secretary's statement on 27th June 2007, **tie** requested that the above arrangements be actioned to avoid any further delay.

It is understood that Transport Scotland have written to Network Rail on 4th July 2007 with a paper proposing how they would proceed towards completing an agreement to undertake the works noted above. This activity is currently assessed as on the critical path as Network Rail programme commitment will not be obtained until this agreement is actioned.

Programme Requirements

The current rolled up milestones (confirmed to Transport Scotland and included in their requirements to Network Rail where relevant) are as follows:

Item	Activity	Critical milestone for completion
1	Complete legal agreements with NR / CEC	September 2007 to allow Infraco contract arrangements to be completed.
2	Relocation of NR lineside assets	By January 2008 to allow unconstrained start for Infraco in spring 2008 (possessions already booked in December 2007).
3	Completion of necessary immunisation design, construction and testing works	October 2009 to enable energisation to take place as planned in November / December 2009

Cost / funding of immunisation work

The current position, as previously stated by Transport Scotland, is that they expected this element to be carved out at the fixed budget sum allowed for in the

FOISA exempt

Yes

No

DFBC estimate for the Immunisation Works and for TS then to manage that directly with Network Rail. Any risk or opportunity around that would be retained by Transport Scotland.

Transport Scotland had not formalised this position with CEC at the end of April, when they were discussing overall Project funding and liability arrangements, but stated they saw no barrier to instructing the necessary work via Network Rail in advance of formalising that arrangement.

Key actions:

- Transport Scotland to complete agreement with Network Rail for immunisation works and equipment relocation.
- Network Rail to confirm programme milestones will be achieved and costs to TS.
- TS and **tie** to confirm funding arrangements for this work package.
- **tie** / SDS to provide further technical information to assist NR in final design solution.

tie's Chairman and Network Rail's Director Scotland are meeting in the last week of July to discuss and expedite matters of common concern and criticality to safe, timely and economic delivery of the Edinburgh Tram Project. A separate briefing paper has been prepared for **tie** and Network Rail.

Key Action: SB to produce a paper and W Gallagher / R Macauley to meet to action any critical items.

4.0 Proposed recommendations

The Tram Project Board is requested to note the current position, issues and key actions necessary to conclude this element of the project successfully.

It is recommended that any residual issues associated with the Legal Agreements are escalated by **tie** and the relevant stakeholder representatives. This must be addressed with CEC and Network Rail to enable a final position to be proposed for agreement by August 2007.

It is recommended that TPB require that Transport Scotland conclude the agreement / instruct the variation with Network Rail for the relocation of equipment and immunisation works immediately. This work must also include confirmation of the funding arrangements previously proposed.

FOISA exempt

Yes

No

Proposed Name Steven Bell Date: - 5th July 2007
Title Engineering and Procurement Director

Recommended Name Matthew Crosse Date: - 5th July 2007
Title Tram Project Director

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

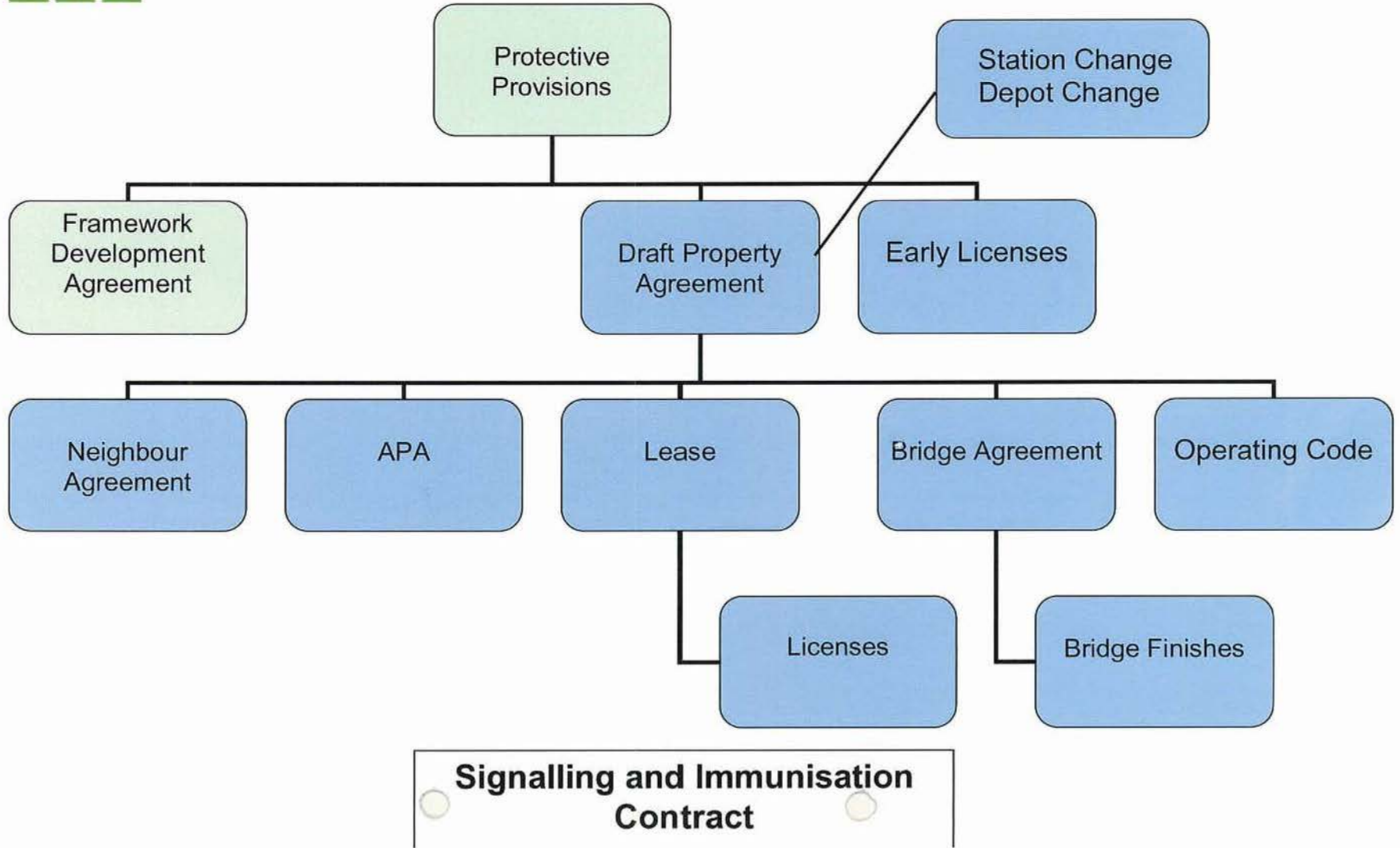
Appendix 1: Network Rail Legal Agreements Structure

TRAC49 - 2005
Network Rail



Network Rail Legal Agreements Structure

In Place
 Not in Place



Paper to: TPB **Meeting Date:** 12/7/07

Subject: Construction (Design and Management) Regulations
2007: Edinburgh Tram Project.

Agenda Item:

Preparer: Steven Bell

1.0 Introduction / issue

The purpose of this paper is to provide a concise overview of the changes in regulations enacted in April 2007; identify where they impact **tie**, Edinburgh Tram stakeholders and the Tram Project and to lay out our plan to address any necessary actions.

There are different issues to consider fully for the Tram Project Board, TEL; CEC, **tie** and the Tram Project team.

Input from **tie**'s legal advisors (DLA) and various briefing notes from specialist advisors have been used to prepare this paper.

2.0 Background

The CDM²⁰⁰⁷ regulations are the updated implementing legislation arising from the European Directive for Temporary or Mobile Construction Sites.

The Health and Safety Commission have stated that the changes do not impose new duties on clients. They make explicit what clients should already be doing as a result of the Health and Safety at Work etc Act 1974 and the Management of Health and Safety at Work Regulations 1999.

This includes integrating health and safety into the management of Projects and encouraging everyone involved to work together to:

- Improve the planning and management of the projects from the start.
- Identify hazards at an early stage, to facilitate their elimination or reduction at design or planning stages with all remaining risks properly and effectively managed
- Target effort where it can do most good in terms of health and safety.
- Discourage bureaucracy.

3.0 Overview of changes

The CDM²⁰⁰⁷ regulations incorporate the Construction (Health, Safety & Welfare) Regulations together with the previous CDM Regulations into a single set of regulations.

The role of client's agent is removed.

The position of “planning supervisor” disappears and is replaced by “CDM co-ordinator”.

Projects are now either “notifiable” or “non-notifiable” – the criteria based upon the number of persons being less than 5 disappears.

Where the duration of the construction works are more than 30 days or 500 person days then the project is notifiable to the Health and Safety Executive.

For all construction projects the duty holders comprise:

- Client;
- Designer(s); and
- Contractor(s).

For notifiable projects additional duty holders comprise:

- CDM co-ordinator; and
- Principal contractor.

There are structured requirements for competence for the various duty holders. These include requirements for organisations and individuals. There is a set of “core criteria” that is to be used – this will be required for the client as well as the other duty holders.

The “pre-tender health and safety plan” is replaced by “pre-construction information” – this approach is already being utilised on the Tram project.

The client has duties for all construction projects. These include:

- Establishing “management arrangements”
- Assessing the competency of the duty holders.
- Provision of pre-construction information – including survey information.
- Allow sufficient time and resources for all stages – the time allowed for planning and preparation for construction works now requires to be notified to the Health and Safety Executive.

There is an increased emphasis on welfare – with it now being a requirement that for notifiable projects the construction works do not commence until there are suitable welfare provisions.

4.0 Proposed approach and expected impact on tie and the Edinburgh Tram project

Generally, **tie** will act as a client under the regulations. Where there is more than one client, there should be an election of one client to represent all, as provided for under the regulations.

In the case Edinburgh Tram, TEL and **tie** may formally elect to have **tie** act as client under regulation 8 for the avoidance of any doubt.

FOISA exempt

Yes

No

This is not a full delegation of all duties and TEL (and CEC) is still obliged to ensure:

- it co-operates with any others involved in the project;
- designers, contractors and the CDM-C are provided with requisite pre-construction information;
- it discharges its duties in respect of information provision for the health and safety file, together with retaining same and making it available for future users.

There may be some activities that **tie**; their stakeholders or their advisors undertake which start to encroach on the role of designer.

If **tie** or any of the stakeholders such as Transport Scotland, CEC or TEL act in this way, they would need to demonstrate that they have the necessary competence.

They would also have taken on the legal duties and responsibilities of a designer. It is recommended that all such parties avoid any such actions which may be considered to have acted as a designer.

tie as client shall appoint or re-appoint the duty holders on each project for which it is client.

The appointment of the CDM coordinator has taken place for the Tram Project. This is Scott Wilson Railways Ltd. under the TSS contract. This continues from their role as Planning Supervisor under the previous regulations (CDM 1994). Graeme Walker is the nominated individual representing the TSS supplier as CDM coordinator.

The re-appointment of designers, principal contractors and contractors under CDM²⁰⁰⁷ will be completed by 31 July 2007.

Current duty holders are listed below:

Company	Role(s)	Comments
Tie Ltd	Client	
Scott Wilson Railways	CDM coordinator.	Via TSS Contract
SDS	Lead designer principal contractor for site investigation works on Tram.	Parsons Brinkerhoff is the lead company, supported by Halcrow.
AMIS (Alfred MacAlpine Infrastructure Services)	Principal contractor for utilities works (MUDFA). Principal contractor for advance works at Gogar depot.	May be appointed designer for the utilities diversions at Edinburgh Airport.
TCM	Contractor	Treatment of invasive species.
Transdev	Contractor	Tram system operator.
Norwest Holst	Contractor	Ground investigation works.
Willerbys	Contractor	Badger sett relocation.

The assessment of competence (via the core guidance contained in the Approved Code of Practice) for the CDM coordinator, designer and principal contractor is now more comprehensive than previously required. This is to be completed no later than 5th April 2008.

tie also requires to carry out an education and awareness programme to ensure that staff are aware of their roles with regard to CDM²⁰⁰⁷. This is currently being prepared for roll out by the **tie** HSQE team.

5.0 Monitoring progress

The project and **tie** HSQE managers (Tom Condie and Stan Honeyman) are working through the necessary implementation arrangements for the Tram project. This will include evaluating the competence assessment requirements and responses.

Progress to completion will be monitored by the HSQE Committee on a monthly basis and reported in formal Management Review reports every six months. This will be included in the Tram DPD reports.

6.0 Liaison with enforcing authorities

Steven Bell, Tom Condie and Stan Honeyman met with HSE on 19th February to outline our intended approach. This proved to be acceptable with a review planned for October 2007.

FOISA exempt

Yes

No

7.0 Potential sanctions in the event of an incident

It is important to note that, in the event of an incident, it is likely that a Procurator Fiscal will consider the respective role of all parties involved in a project and will consider whether proceedings should be brought against other duty holders.

A Procurator Fiscal *may* consider all parties (Transport Scotland, CEC, TEL and **tie**) to be acting in a client role. An extract from the DLA note on this issue is included at Appendix 1.

The project organisation, governance, safety management system and safe-**tie** culture approach developed and implemented by **tie** Ltd. and the Tram Project team will form the structured response to any such challenge.

8.0 Decision(s) / support required

The DPD Committee is requested to note the key issues generated by the change in regulations and the approach being taken to align the project with necessary legal requirements. This is also addressed in the approved **tie** HSQE Plan for 2007 / 08.

Proposed Name Steven Bell Date:- 10/6/07
Title Engineering and Procurement Director

Recommended Name Matthew Crosse Date:- 27/6/07
Title Tram Project Director

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

Appendix 1: Extract from DLA paper

FOISA exempt

Yes

No

Appendix 1: Extract from DLA Piper LLP paper to tie ltd, 5/4/07

“CRIMINAL SANCTIONS FOR BREACH OF H&S LEGISLATION

It is essential that the enforcement of criminal sanctions (fines and potentially imprisonment with the associated adverse publicity) are considered in relation to health and safety responsibilities and consequential liabilities. It is not possible to contract out of criminal liability or personal directors/managers liability. The Tram Project Board is not a shelter from health and safety liabilities or a clearing house of liabilities.

Increasingly, when considering criminal proceedings following an incident, a Procurator Fiscal will consider the respective role of all parties involved in a project. Their investigation and potential criminal charges will not stop at the level of the direct employer, usually a principal contractor or subcontractor, but will consider whether proceedings should be brought against other duty holders. Given the retention of certain client duties by the original client who has delegated powers in terms of a Regulation 8 election, this ability to look beyond the immediate employer is likely, in future, to be of increased significance and hence risk. A Procurator Fiscal may consider all parties (Transport Scotland, CEC, TEL and **tie**) to be clients and may not distinguish between the control/input relationships created by the governance structure. A governance structure which involves all parties in the decision making process creates an "inclusive" framework whereby all the parties will attract and therefore need to recognise health and safety liabilities arising from the governance decision making process.

The creation of an appropriate safety responsible structure, safety management system and culture will form a key defence to any prosecutions assuming all procedures have been followed. Clearly, there would also be a number of other parties involved in a safety incident, for example contractors, sub-contractors, agency staff, designers, CDM-C and third parties. It should be borne in mind that part of their defence to any criminal charge may be to seek to blame the client.

DLA Piper Scotland LLP

5 April 2007”

Paper to: TPB **Meeting Date:** 12/07/07
Subject: Revised procurement programme
Agenda Item:
Preparer: Geoff Gilbert

1.0 Introduction

1.1 This paper sets out the revised programme to deliver Financial Close i.e. the award of Infraco and Tramco contracts and the novation of the Tramco and SDS contracts to Infraco.

2.0 Background

2.1 The key milestones in the DFBC programme for Financial Close established in November 2006 are:

- Return of Stage 2 bids 5 April 07
- Appointment of preferred Infraco bidder 10 May 07
- Completion of facilitated negotiations 7 June 07
- Conclusion of final negotiations 19 July 07
- Final approvals (CEC and TS) 27 Sept 07
- Contract award 11 Oct 07

2.2 Since the DFBC preparation there are a number of events that have adversely affected these key milestones, namely:

- Bidders were not able to achieve the Stage 2 return date and bids were received on 8th May – 1 month delay.
- There has been a period of political uncertainty over the future of the Project. During this period the Infraco bidders have reduced their level of commitment and engagement – 1 month delay.
- Return of initial bids in January 07 identified that more time would be required to deliver value engineering savings and negotiated reductions to provide an affordable scheme.
- Delay to the design programme has delayed the issue of price critical design information to Infraco bidders.

2.3 Given the above, a review of the procurement programme was instigated in March 07 to bring about a full alignment of the procurement programme and design programme in a way which minimised the impact on project completion. Representatives from SDS, TEL and CEC have participated in this review, which is now concluded.

2.4 The objectives of the procurement programme review were to:

- Deliver affordability targets through VE and negotiation (VE not in DFBC programme).
- Particularly enable capture, evaluation and implementation of bidder VE ideas.
- Correctly align the procurement programme with the design programme.
- Allow sufficient time for bidder due diligence on designs.
- Deliver the right balance between detail of design information and cost of a more extended programme.
- Undertake advance works to maintain project completion date for Phase 1a.

2.5 From the analysis of the Infraco bidder initial proposals in early January 07 it was identified that VE savings and negotiated reductions will be required in order to deliver Phase 1a within the affordability target of £500m. This is shown graphically in Appendix A.

2.6 In January the Tram Project Board approved the advance works paper recommending that certain works are brought forward and that Infraco and Tramco are given mobilisation contracts on approval of preferred bidder. The objective of this approach was to relieve pressure on the critical path within the construction programme.

2.7 The Infraco and Tramco bid process has been underway since last year and to progress to date is:

- Issued Infraco and Tramco bid documentation – summer / autumn 06.
- Progressed Tramco evaluation – downselecting from 4 to 2 bidders.
- Received and evaluated Infraco Initial Proposals – Jan 07.
- Report on Infraco initial proposal evaluation was presented to TS in Jan 07 who then reviewed this in detail with the Project.
- The Project's evaluation was independently scrutinised by Scott Wilson on behalf of TS.
- Received Infraco consolidated proposals – 8th May 07.
- Commenced evaluation of Infraco consolidated proposals.
- Are advanced in the resolution of contracts terms qualifications.

3.0 Proposed programme

3.1 Although the steps through the evaluation and negotiation process to Contract Award have generally not changed, the timescales have. Certain changes have been made to maintain the project completion date of 1st quarter 2011 and these are:

- Commence due diligence on designs earlier in the process than previously planned.
- At the conclusion of the evaluation and negotiation stage to propose a recommendation to award contracts to the recommended Infraco and Tramco bidders conditional on:
 - Finalising negotiations on the Phase 1b option.
 - Concluding the facilitated negotiations between Infraco and Tramco and Infraco and SDS such that there is no material change in risk balance.
 - Satisfactory conclusion of design due diligence by Infraco recommended bidder.
 - Instituting an approval process for confirming the award recommendation i.e. successful close out of the last three issues, which runs in parallel with the final stages of the procurement programme.
- Advance works consisting of a continuation of the excavations at the depot, piling work adjacent the A8 at the depot, site clearance works along the Phase 1a alignment and mobilisation of Infraco and Tramco immediately after approval of the Conditional Award recommendation by the TPB.

3.2 To achieve the objectives set out above the following steps are proposed to Contract Award.

- Conclude evaluation and negotiation of Tramco concurrent with finalisation of Infraco.
- Undertake the following steps to deliver a conclusion to the Infraco evaluation and negotiation:
 - Iterative bid update based on price-critical emerging detailed design.
 - Update bids for approved VE ideas.
 - Commence bidder due diligence on detailed designs at the end of August when the likely successful bidder is known.
 - Conclude contract negotiations by the end of July to clear the way for final negotiations on price.
 - Undertake facilitated negotiations (Infraco and Tramco) to clear the significant interface issues to ensure that there are no scope, programme or commercial gaps.
 - Undertake a final bid process to negotiate down the Infraco bids capitalising on competitive tension.
 - Final evaluation and preparation of award recommendation.
- Independent review of updated project estimate and Infraco and Tramco evaluation process and conclusions.
- OGC 3 Gateway Review.
- TPB Procurement sub committee approval of contract award recommendation.
- TPB approval of award recommendation for Infraco and Tramco.

Following TPB approval of Contract Award recommendation deliver confirmation of the Conditional Award recommendation with Infraco and Tramco by 17 December 07. This will be followed by contract award by 28th January 08. The main steps through this stage are:

- Conclusion of design due diligence.
- Final Infraco / Tramco facilitated negotiations.
- Finalisation of Phase 1b option negotiations.
- Preparation of contract packages.
- Approvals
 - CEC and TS approval of the contract award recommendation.
 - CEC and TS confirmation of the final contract packages.
- Issue contract award notification by 11th January 08.
- Award Infraco and Tramco contracts and novation of SDS and Tramco to Infraco.

3.3 The steps and activities to contract award are shown pictorially in Appendix B with the dates for delivery of the key stages.

3.4 The dates at which key approvals are required are:

For conditional Contract Award recommendation:

- Tram Project Board approval – 25/9/07
- CEC full Council meeting to approve – by 13/11/07
- TS approval – by 18/12/07

For confirmation of Contract Award recommendation:-

- Tram Project Board approval – 17/12/07
- CEC approval – by 10/1/08
- Concurrent TS approval – by 10/1/07

4.0 Issues and risks to the procurement programme

4.1 The following need to be addressed in order to achieve the revised Procurement Programme.

- Maintain and deliver the VE programme and in particular ensure that the bids include firm proposals for the majority of VE savings, and / or agreed formula for adjusting bids for VE savings when the scope changes have been designed out.
- Maintain design progress – progress of design to programme is crucial to the delivery of the revised design programme.
- Continue with procurement and delivery of advance works.

FOISA exempt

Yes

No

- CEC and TS to agree funding deal between them by mid August at the latest. This is required in order to give bidders confidence that payments will be honoured.
- CEC and TS to work with us on a parallel approval programme following TPB approval of the conditional contract award recommendation. This parallel approach is required in order to minimise delay to the contract award programme and should be feasible given that TS are represented on the TPB and TPB Procurement sub committee and there will be regular updates provided to the sub committee during this phase.

5.0 Consultation

5.1 The following parties have been involved in the process of developing the updated procurement programme:-

- SDS – Steve Reynolds
- CEC – Duncan Fraser
- TEL – Alastair Richards
- Infraco Bidders

5.2 CEC, TEL, SDS and the Tram Project core team are agreed that the revised programme is deliverable and that this is the programme to which all parties must deliver to achieve a successful outcome. An informal agreement has been concluded that sets out how the parties will work together to overcome issues and problems to achieve this programme. Details are set out in Appendix C.

5.3 Both Infraco bidders have been consulted on the revised programme. One bidder, Roley, have agreed to the programme. The other bidder, Scoop, is working to the programme but is yet to formally commit to it. Discussions are ongoing with this bidder to conclude agreement.

6.0 Recommendation

6.1 It is recommended that the TPB

- Approve the revised procurement programme, including the key approval milestones set out in 3.4 and the issue of contract award notifications by 11th January 07.
- Confirm the strategy to issue mobilisation agreements to the recommended Infraco and Tramco bidders during October 07 and to continue advance works to maintain the programme.
- Endorse the principle of parallel approvals process by TS for the confirmation of the conditional Contract Award.

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

FOISA exempt

Yes

No

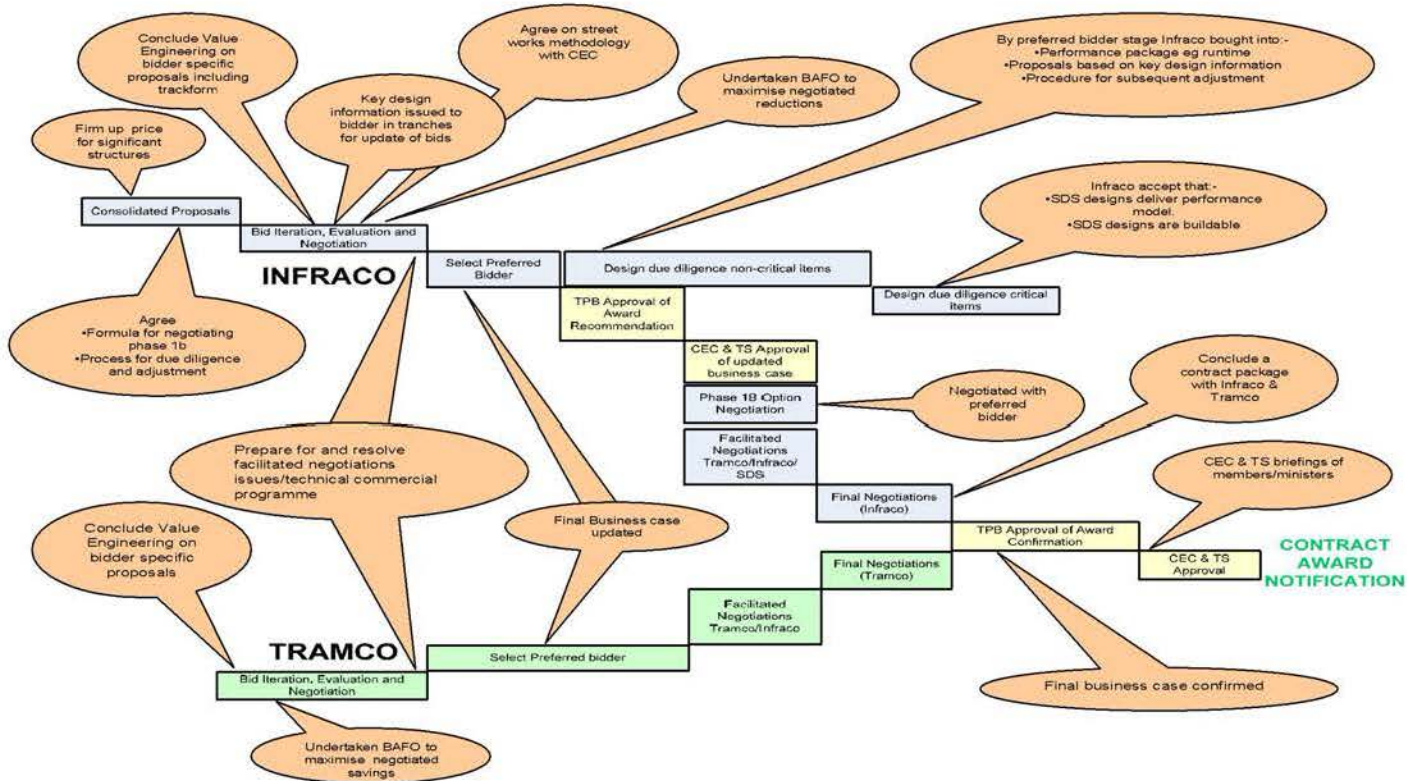
Proposed Geoff Gilbert Date 12/07/07
Project Commercial Manager

Recommended Matthew Crosse Date 12/07/07
Project Director

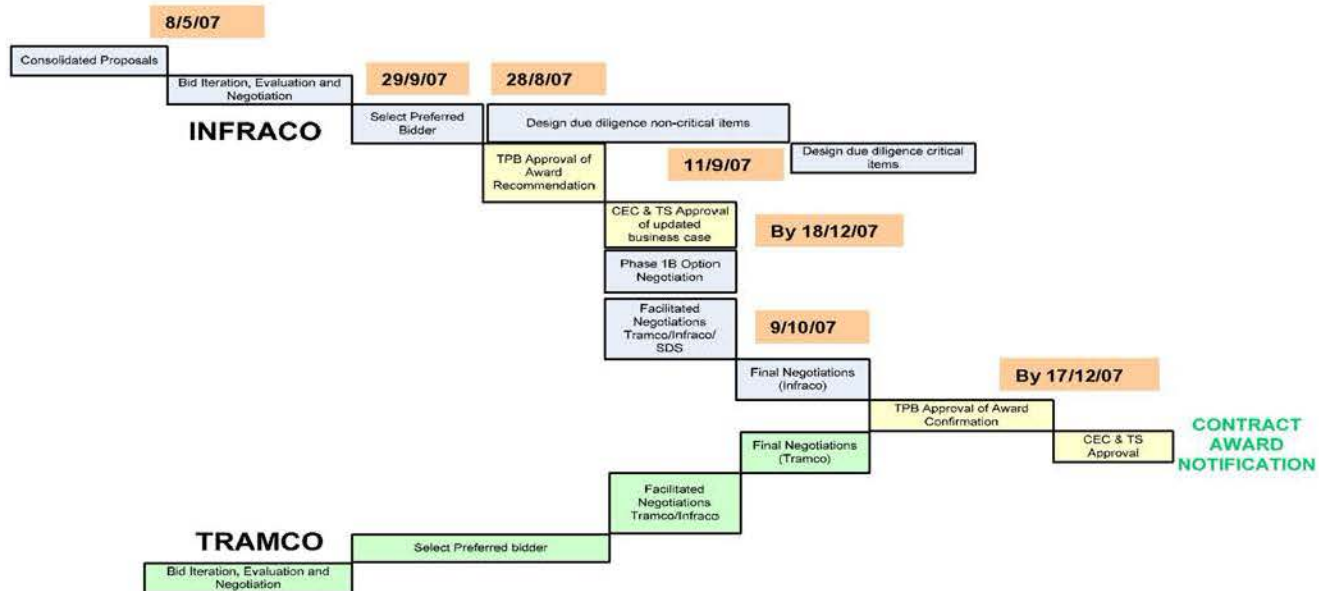
Approved Date: -
David Mackay on behalf of the Tram Project Board

	Phase 1a £m	Phase 1b £m	Total 1a + 1b £m
Normalised bid cost	545.5	98.8	644.3
Adjust for anticipated savings - cautious view This assumes a cautious estimate of a 5% reduction bidders' and their supply chains margins and 5% reduction in underlying prices achieved by generating savings from value engineering e.g. contractor led efficiencies in the structures designs.	-28.0	-6.0	-34.0
Updated Project estimate total (cautious)	517.5	92.8	610.3
Adjust for further anticipated savings – possible anticipated final outcome. This assumes a more aggressive negotiated reduction of 10% and 15% through further value engineering e.g. reconfiguring the design of the depot and its expensive retaining walls.	-40.00	-9.0	-49.0
Anticipated final outcome (upper end opportunity)	477.5	83.8	561.3

Appendix B



Plan To Deliver The Strategy



FOISA exempt
 Yes
 No

APPENDIX C

Protocol in respect of agreement to the revised programme.

EDINBURGH TRAM NETWORK

PROTOCOL IN RESPECT OF AGREEMENT TO THE REVISED PROGRAMME

Introduction

A review of the programme has been undertaken to ensure that the design deliverables, and decision making process upon which they are dependant (including Critical Issues resolution), are aligned with procurement activities to enable delivery of the Infraco and Tramco procurements to the new baseline programme.

This paper and supporting documents sets out the protocol for achieving this objective to which SDS, CEC, TEL subscribe.

Other than some latitude at the margins in respect of the nomination of preferred bidder for Infraco and Tramco SDS, CEC, TEL and tie recognise the importance to the Project that the dates in the agreed programme are met.

Agreed Programme

The new baseline programme is as appended to this paper (reference D-Day 06Mar07 Scenario Rev 6) and as supplemented by the Procurement Key Design Deliverable Schedule (both appended).

The design elements of the programme are taken from the current SDS programme. The outputs identified provide information for three critical aspects of the Project:-

1. For procurement of Infraco and Tramco
 - a. To enable selection of preferred bidder
 - b. To enable delivery of a final deal, culminating in a contract award
2. To obtain the statutory prior approvals from CEC
3. For construction drawings to enable the commencement and completion of construction works to programme.

Principles For Delivery To The Programme

All parties recognise their mutual interest in and objective of delivery to the dates set out in the agreed programme. The recommendation for preferred bidder and subsequent award of contract may only occur once activities and deliverables referred to in this programme are complete ("programme completion"). Delivery of these activities and deliverables enables delivery of an operating tram system in Edinburgh by the end of first quarter 2011 (calendar year quarter). In particular all parties:-

- Acknowledge that delivery to the agreed programme enables the programme dates for recommending preferred Infraco and Tramco bidders and award of contracts to be achieved.
- Accept delivery of the designs in complete pre agreed packages for review by CEC for the purposes of obtaining Prior Approval consent.
- Will provide all reasonable and necessary co operation and support to enable **tie** to deliver the Infraco and Tramco procurements in accordance with the agreed programme.
- Accept that the delivery of the design information to **tie** as set out in the attached schedule (Procurement Key Design Deliverable Schedule) is necessary deliver the Infraco preferred bidder and final deal.
- Recognise that in respect of Prior Approvals and issue of designs for construction delivery to the agreed programme is contingent on resolution of the Critical Issues and timely decision making and provision of information in

EDINBURGH TRAM NETWORK

respect to all matters requiring or involving direction or input by CEC, TEL, tie or other stakeholders..

- Will co operate to resolve the Critical Issues in a timely manner, in a manner that does not compromise the Draft Final Business Case, to enable the programme to be achieved.
- Will co operate proactively, in a manner that does not compromise the Draft Final Business Case, to resolve all other issues and problems that, or if not resolved, will prevent the delivery of the agreed programme.

Critical Issues

As at 27th June there are two unresolved Critical Issues as set out in David Crawley's Email dated 21 June 2007.

Notes To Programme

The following explains the key linkages within the programme to deliver the operating tram system by quarter 1 2011:-

1. The items on the Procurement Key Design Deliverable Schedule are required for the delivery of Preferred Bidder.
2. The items on the Design Information for Final Deal are enable the delivery of the Infraco/Tramco Contract Award Date.
3. Prior Approvals are required by the specified dates to maintain Infraco construction commencement dates.
4. Due diligence is to commence on 28th of August to enable Contract Award by 28th January 2008.
5. Delivery of Design Assurance Packages by the dates specified on the programme is required to commence Infraco bidder design due diligence.
6. Delivery of the Advance Works by the dates specified in the programme maintains the Infraco construction delivery programme critical dates.
7. Delivery of MUDFA works by the specified dates is necessary to commencement dates of the on street sections of the Infraco works. In turn commencement of each of the MUDFA works sections is contingent on delivery of designs for Utilities diversions by the due dates and timely provision of information by tie and Statutory Utilities.

Relationship to Contract Agreements

This protocol does not constitute a contractual agreement and does not change or affect the interpretation of contract between SDS and tie or the statutory obligations of CEC.

.....
Matthew Crosse
tie

.....
Steve Reynolds
SDS

.....
Duncan Fraser
CEC

.....
Alastair Richards
TEL

Date:- 9th July 2007

2

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EDINBURGH TRAM NETWORK

PROCUREMENT KEY DESIGN DELIVERABLE SCHEDULE

**Design Information Required pre Preferred Bidder
(For Phase 1a)**

<u>Info Update No</u>	<u>Description</u>	<u>Due Date</u>	<u>Comment</u>
1	Drawings reflecting interchange charette changes	Done	Complete
1	12 Critical structures	21/3/07	Complete
1	Wheel / Rail Interface report	Issued	Complete
2	Environmental management plan	Issued	Complete
2	Contaminated Land Plan	12/3/07	
2	Typical tramstop designs (within World Heritage area and outside World Heritage site) – generic designs	Issued	Complete
2	Design Assurance Process	Complete	Complete
	System Integration Plan (initial)	Issued with PD	Complete
1	Archaeological surveys	Done	
3	Indicative roads, pavings, landscaping and traffic measures – See description below for detail	7/5/07	Complete
3	System Performance Validation Package <ul style="list-style-type: none"> o Run time model plus assumptions and constraints, and provide confirmation that the performance of the two Tram vehicles is within the run-time model assumptions. 	25/5/07	Provide Tram performance info to bidder
3	Ground Investigation for track route and depot	5/6/07	
3	Trackform and stray current requirements	11/6/07	To be resolved between Infraco Bidders, tie, TEL , CEC and SDS
1	OLE <ul style="list-style-type: none"> o Dynamic simulation report 	16/3/07	
2	<ul style="list-style-type: none"> o Final Technical and Pantograph spec 	27/4/07	
4	<ul style="list-style-type: none"> o Pole Schedule Loading Chart 	29/6/07	
4	<ul style="list-style-type: none"> o Layouts 	28/6/07	
4	<ul style="list-style-type: none"> o Final Building Fixings Schedule 	13/7/07	
	TRO Plan / Strategy		By tie (K.Rimmer) - hold
4	S&CC systems performance specs	4/7/07	Provide what has been completed to this date
3	System integration Plan – process's, update plan, interface matrix System Integration Spec's	11/6/7	Will be updated with evolving design

EDINBURGH TRAM NETWORK

4	Alignment drawings including MX modelling (PWay drawings)	19/7/07	
4	Indicative drainage for track and roads	6/7/07	
4	Sub stations and power supplies information	23/07/07	Provide what has been completed to this date
4	Systems Interface Matrix	23/7/07	Provide what has been completed to this date
4	Remaining structures (excl Balgreen Road Bridge)	23/7/07	Further structures information that is available at this date. (design information forecast to be available to be advised by SDS)
4	Maintenance performance regime incl RDA (Roads Demarcation Agreement)	23/7/07	For the purposes of obtaining more reliable maintenance prices from Infraco

Bidders

1. Operator led issues on system wide issues
2. MTTR and MTBF data for system elements and components (other than bidders prescribed /selected components)

By Others

1. Infraco TTRO Schedules

Information required pre Preferred Bidder should be to the standard that would be issued to tenderers to enable them to price the works with minimal risk allowances and contingencies

Requirements for indicative roads, pavings, landscaping and traffic requirements

Indicative information required setting out the likely requirements for this work. The scope to be defined is the extent of roads and pavings reinstatement and/or refinishing and the standard that this work is to be delivered to in each area of the route. This should also include landscaping and the physical work (kerb realignments, traffic light work and street furniture etc) required to deliver the Core Measures and if possible an indication of likely Wider Area measures work (where this is not defined on the drawings setting out the junctions work). The information needs to be on marked up general arrangement drawings with accompanying explanatory scope definition documents.

EDINBURGH TRAM NETWORK

**Design Information for Final Deal
(For Phase 1a)**

	<u>Due Date</u>	<u>Comment</u>
Any prior approvals and other approvals attained to date (issue approvals tracker)	n/a	Latest tracker available to be issued with Final Deal Information Pack
Final roads, pavings, landscaping and traffic measures (for the purposes of firming up prices)	22/8/07	
Core Measures and Wide Area traffic management works (work to signals, pavings and signage etc)	21/10/07	
Approvals and consents (statutory and non statutory) status schedule, plus details of all approvals and consents obtained to the date of settling the Final Deal	n/a	Latest available to be issued with Final deal Information Pack
Planned Network Rail possession details		tie to provide
Other information updated from Preferred Bidder stage		Issue as becomes available but no later than the date for the Final Deal Package
Design assurance documentation including <ul style="list-style-type: none"> • CAT check certificates • HMRI letters of no objection • Tie/SDS assurance documentation • HMRI minutes • HAZOP data • Design risk profile (HAZOP, HAZIDS plans) 	Comp DD Comp DD	with emerging design with emerging design with emerging design
Design Verification Review 1A		
Design Verification Review 1B		
Design Verification Review 1C		
Design Verification Review 1D		
Design Verification Review 2A		
Design Verification Review 5A		
Design Verification Review 5B		
Design Verification Review 5C		
Design Verification Review 6		
Design Verification Review 7A		
Immunisation – EMC and EMI and survey work		
Final structures (Including – Balgreen Road)		
CDM pre tender H&S plan		TBC
Stage 2 safety audits (road safety audits)		With relevant elements of Detailed Design

Paper to: TPB **Meeting Date:** 12 July 2007

Subject: Owner controlled insurance programme –
recommendation for placement

Agenda Item: Procurement update

Preparer: Tracey Kinloch, Insurance Manager

Following agreement in principal at the last TPB, and the Ministerial announcement of funding for the project, the OCIP insurance was placed week commencing 9th July 2007. The following paper is for information only.

Executive summary

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

Impact on programme*

Approval is requested to place the construction OCIP on 14 June 2007, two weeks before the MUDFA main works start, to allow **tie** / Heath Lambert time to notify the unsuccessful candidates and allow the procurement regulation 10-day "cooling-off" period to be observed.

Impact on budget*

The total premium for phase 1a only is £3,109,174. This is within budget. Other extensions of cover and financial contingencies are currently being considered. However, until the outstanding actions are addressed, it is recommended that the budget remains unaltered.

Impact on risks and opportunities*

tie has benefited from the current "soft" insurance market, where premium rates are competitive.

AMIS is currently insuring the OCIP covers (excluding DSU) for their activities. When the OCIP is effected, AMIS will cancel cover and a premium saving of £42,000 per month (£1m over the whole AMIS contract).

Candidates have agreed to hold rates and terms until August 2007. They may withdraw or change rates if the market "hardens" after then.

FOISA exempt

Yes

No

Impact on scope*

If not effected, **tie** requires £200m TPL Insurance for the Edinburgh Airport Limited (EAL) MUDFA activities and £155m for the Network Rail (NR) activities around the rail network. AMIS currently has TPL cover to £100m which would need to be extended, at additional cost, before the EAL and NR activities start.

Decision(s) / support required

Approval is requested to place the construction OCIP by 14 June 2007. The commencement of policy and premium payment to be agreed after the Audit Scotland decision is made. This will allow rates and terms to be held.

Proposed Geoff Gilbert Date 12/07/07
Project Commercial Manager

Recommended Matthew Crosse Date 12/07/07
Project Director

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

Paper to: DPD Meeting Date: 5/07/07

Subject: Impact of no EARL on Tram

Agenda Item:

Preparer: Geoff Gilbert

Executive summary

Issue

Until now, Tram has been design on the assumption that EARL was a committed project. This means that there are several interfaces where the EARL alignment has been accommodated within the Tram design. These are:

- EARL bridge (S33) and associated embankments at Ingliston (included in Tram estimate).
- EARL and Tram utility diversions at the airport being designed and progressed for construction as one package (EARL budget and in part in Tram estimate).
- Alignment of Tram along Eastfield Avenue and into Burnside Road raised on an embankment to clear the new bridge over the EARL alignment at this location (included in Tram estimate).
- Design of interchange at the airport (part of EARL budget).
- Alignment of EARL runs adjacent to the Tram depot at Gogar (included in Tram estimate).

These features all have an impact on CAPEX, in the main an increase. If a decision is made that EARL is not progressing, then there are a range of options to be considered:

- 1) Does Tram continue to be designed with EARL features included in order to safeguard for EARL in the future?
- 2) If so, can these costs be attributed to the cancellation / delay of EARL?
- 3) Should Tram design assume that EARL is not going ahead, then re-design at these locations, and can these additional design costs be attributed to the cancellation of EARL

Proposed Recommendation

Tram Project Board to discuss these options with Transport Scotland so that a decision on EARL assumptions can be made

Impact on programme*

The design is advancing with these features incorporated into the Tram Design. Therefore, a decision is required now to allow sufficient time to allow design to be amended to remove these features.

FOISA exempt

Yes

No

Impact on budget*

The following items are currently included in the Tram Project estimate and, if not required, will result in savings of the magnitude stated:-

- EARL bridge at Ingliston - £1,020, 000 saving
 - Alignment in Eastfield Avenue and Burnside Road - £240,000 saving
 - Depot – retaining wall along A8 – up to approximately £500,000
- Total potential savings - £1,760,000.

The direct consequence of deferral or cancellation of the EARL project is an additional cost of £1.9m due to loss of the efficiencies from the combined approach. Therefore, these additional costs are expected to be included in the EARL cancellation costs.

- Note:- There are no savings to the Tram Project accruing from this as the overbridge and utilities diversions are included in the EARL budget.

Impact on risks and opportunities*

Impacts on potential opportunity to make savings between EARL / Tram as a combined project.
Reduced risk of both Tram / EARL being constructed at the same time.

Impact on scope*

Scope reduced by eliminating the need for structures required as a result of EARL.

Decision(s) / support required

TPB seek confirmation of the status of EARL as a committed scheme and provide guidance to the Tram Project with respect of Tram designs that accommodate the EARL project

These additional costs to be included in the EARL cancellation costs.

Proposed Geoff Gilbert Date:- 03/07/07
Project Commercial Director

Recommended Matthew Crosse Date:- 03/07/07
Tram Project Director

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

Paper to: TPB **Meeting date:** 12 July 2007
Subject: Value engineering opportunities
Agenda item:
Preparer: Jim McEwan

Briefing note to Tram Project Board Stakeholders

As part of the value engineering drive to help secure an affordable Tram project, over 120 value engineering opportunities have been identified.

The object of this brief is to bring a number of the most valuable opportunities to the TPB's attention, with the aim of agreeing a way forward and helping to meet the aggressive timeframes required.

Your help is needed to enable early decisions to be made to capture and implement these benefits

Opportunities to be discussed today:-

- 1 Trackform S. Bell
 - 1.1 Track bed construction
 - 1.2 Benefit from shallower construction depth
 - 1.3 Simplify Delta design at Roseburn
- 2 MUDFA S. Bell
 - 2.1 Road reinstatement
- 3 Structures D. Crawley
 - 3.1 General principles on size and functionality
- 4 Murrayfield J. McEwan
 - 4.1 Flood Protection
- 5 Tramstops A. Richards
 - 5.1 General points on Tramstops

1 Trackform

Steven Bell will present details on the attached items at the meeting.

1.1 Track bed construction details - reduce track slab thickness with structurally efficient members which then allows reduced excavation and materials for construction. It has been suggested by one of the bidders, but both bidders have acknowledged likely benefits.

Potential benefits: Up to £3.6m

Key issues:

- Structural solution needs to be demonstrably capable of providing design life solution with acceptable maintenance regime and costs. Evidence of performance in use and maintenance issues / benefits to be determined as part of evaluation.
- Engineering assessment of proposals is ongoing with input from best knowledge throughout the UK tram and light rail sector. If this passes muster then the proposal will be recommended for acceptance.
- Consideration to be given to engaging with bidder who proposed different trackform.

Key stakeholders: **CEC & TEL**

Opportunity: £3,600,000

1.2 Benefit arising from shallower construction depth. Reduced construction depth results in reduced utilities workload requirement and programme benefits. Evaluation of benefits requires further details based on finalised design.

Potential benefits: Up to £2.4m

Key issues:

- Dependent on item 91 being implemented.
- Evaluation sensitive to detailed utilities diversion design and final depth of slab.

Key stakeholders: **CEC and TEL**

Opportunity: £2,400,000

1.3 Amend requirements at Roseburn Delta Junction: Simplify the Delta design, but recognise that the airport link is a Business Case essential and that significant disruption would be caused if only part of the junction was constructed now, only to be extended in the future.

Potential benefits: estimated at ~ £350,000

Key issues:

- Design and structures requirements may be reduced if constructing only for 1a alignment.
- Construction methodology to be validated to test if build can be undertaken post 1a commencing operations without disrupting the Tram service.

Key stakeholders: **CEC & TEL**

Opportunity: £350,000

2 MUDFA

S. Bell

2.1 MUDFA interim road reinstatement: Optimise standard of reinstatement on works that will be resurfaced again post Infraco works.

Potential benefits: estimated at ~£180,000+

Key issues:

- Only applies to areas that will be resurfaced again by Infraco
- Roads Authority need to be satisfied that an acceptable standard will be provided for the period between MUDFA completion and Infraco works.
- Consistent quality control of optimised specification is essential

Key stakeholder: **CEC**

Opportunity: £180,000

3 Structures

David Crawley

3.1 General principles on size and functionality

Source of opportunities

Opportunities have been identified internally on structures and have been separately proposed by the two Infraco bidders as a part of their latest proposals. There is some overlap in these proposals. Some offer substantial opportunities.

These are being progressed in face to face meetings with both bidders.

Stakeholder Issues

A substantial number of the opportunities relate to issues where it is the belief of the bidders that structures are over-sized, or not designed for constructability, or appear to give over-concern to aesthetic appearance.

The majority of these issues relate to earlier discussions between SDS and the CEC Planning Department. However Network Rail and Edinburgh Park are also involved for certain structures.

FOISA exempt

Yes

No

tie is urgently reviewing all of the principal structures along the alignment of 1a, considering all of the above issues, on the basis that these are no longer affordable and add nothing to functionality of the particular structure.

Impact on programme

Structures VE savings require to be reviewed, assessed and agreed within the overall timescale of 28 August, concurrent with the Infraco bid process.

Impact on budget

Target savings of around £9m have been identified. These will be firmed up in the timescale above. These are a combination of savings on cost and programme. A view is also being taken of any measurable effect on ongoing maintenance.

Decisions / support required

TPB is asked to note the contents of this paper and to support the principle that all structures be reviewed against the basis that the prime driver must be functionality and affordability.

Key stakeholder: **CEC**

Opportunity: £9,000,000

Murrayfield

Jim McEwan

4.1 Flood protection

The Tram project in reviewing its structures requirements past Murrayfield stadium require to review this in conjunction with the City of Edinburgh Council's Flood relief scheme, which it is understood has been approved by the Scottish Executive.

There are 2 key issues:

- (1) To understand when the CEC will have concluded its Flood Relief measures and to assess whether that completion date presents a material risk to the structures of the Tramway. It is understood that planning permission will be required separately for the Murrayfield scheme but it is anticipated that work will commence in Summer 2008, and in discussion with Jim Grieve of CEC the estimated completion date should be circa summer 2010.
- (2) Assurance is required that the Flood protection scheme design will take cognisance of the Tram structures

Any delay to tram designs pending changes which may ideally be required to accommodate the flood relief scheme will result in a £1m+ additional cost.

It is recommended that a principle is accepted that the Tram Scheme designs can continue as planned and that the process for finalisation of the Flood Relief Scheme takes cognisance of the Tram structures to ensure they are accommodated. Aside from the savings aforementioned on design delays, this

FOISA exempt

Yes

No

approach, it is estimated, will avoid additional unnecessary costs of c. £3m for the Tram project

Key Stakeholder: **CEC**

Opportunity : £3,000,000+

5 Tram Stops

Alastair Richards

5.1 General points

It is proposed to have a high level discussion on these matters to assess stakeholder views on the matter.

Tramstops - Phase the introduction of up to two low demand tramstops subsequent to Phase 1a opening. Eg Ocean Drive and South Gyle.

Tramstops - 3rd Party Branding of Tramstops.

Tramstop - Prefabricated Tramstops.

Tramstop Tramstop finishes - vandal resistant out of city centre design for Phase 1b and Gyle, Saughton & South Gyle on Phase 1a.

Proposed

Name Jim McEwan

Date:- 11/7/07

Title Business Improvement Director

Recommended

Name Matthew Crosse

Date:- 11/7/07

Title Tram Project Director

Approved

..... Date:-

David Mackay on behalf of the Tram Project Board

Paper to: TPB **Meeting date:** 12 July 2007

Subject: Procurement milestone status

Agenda item:

Preparer: Matthew Crosse

Executive Summary

This paper contains sets out the Procurement Programme Milestones for delivery of a Conditional Contract Award Recommendation and Financial Close and is ancillary to the presentation being made to the Board on the revised procurement programme. These will be reported on in subsequent Period Reports.

The Board will know whether the Project is on programme to deliver to these dates from the status of the milestones in this Status Schedule. In addition, given that the procurement programme is contingent on the design programme being achieved the design progress summary (starts and finishes) will give an early indication of potential threats to the procurement programme.

There is very limited flexibility to move the contract award date (Financial Close) back without incurring significant additional cost. To do so within the small tolerance available will increase risk to delivery.

There is some flexibility to move back the Conditional Contract Award Recommendation approval. This is contingent on delivering all parties signing up to the concurrent CEC and TS approvals. The only circumstances that we would consider this is would be bidder driven where we could see the opportunity for and needed more time to achieve the target savings level.

There is some opportunity for mitigating detailed design delays through the principle we have established of agreeing adjustment formula with the bidders such that their price is adjusted after the Conditional Award Recommendation to take account of certain design uncertainties. This would in effect be another condition that would need to be satisfied pending award.

The principle of delivering concurrent approvals is envisaged as feasible because:-

- a) On the basis of the Minister's announcement on funding it is clear that TS's role will change, presumably with less input and scrutiny.
- b) Given this and the need to maintain programme to avoid unaffordable additional costs flexibility in the delivery of approvals is required.
- c) All stakeholders will be regularly briefed on an ongoing basis following the Contract Award Recommendation via the TPB Procurement Sub Committee. This will provide stakeholders with the status on satisfying the conditions and any background required to facilitate briefing of Members and Ministers.

FOISA exempt

Yes

No

- d) In this context our proposal for concurrent approvals is put forward as a proposition.
- e) We will meet with CEC and TS to agree the detailed steps to deliver this concurrent approvals approach.

Impact on Programme*

n/a

Impact on Budget*

None anticipated.

Impact on Risks & Opportunities*

n/a

Impact on Scope*

n/a

Decision(s) / Support required

TPB is requested to note the contents of this paper.

Proposed	Name Geoff Gilbert Title Commercial Director	Date:- 11/7/07
Recommended	Name Matthew Crosse Title Tram Project Director	Date:- 11/7/07
Approved David Mackay on behalf of the Tram Project Board	Date:-

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

FOISA exempt
 Yes
 No

Board date	Milestone	Due date	Delivered date	Comment
12 th July	Conclude initial review Return of Update Package 3 Initial normalisation of price Draft evaluation	03/07/07 06/07/07 15/06/07 10/07/07	05/07/07 29/06/07	Bidders proposing to return on 7/8/07 To be finalised by 16/07/07
9 th Aug	Conclude negotiation of contract terms Issue of Update Package 4 Infraco final bid proposals Updated evaluation	17/07/07 31/07/07 07/08/07 09/07/07		
6 th Sept	Conclude final negotiations with bidders Presentation of evaluation to evaluation panel Presentation of evaluation to TPB Procurement sub committee	27/08/07 03/09/07 06/09/07		
4 th Oct	TPB Endorsement of Conditional Recommendation to Award	25/09/07		
1 st Nov	Conclusion of final facilitated negotiations Conclusion of negotiations for final deal CEC Council meeting to endorse recommendation	01/10/07 22/10/07 13/11/07		(Approval between 7/11 and 13/11)
29 th Nov	Conclusion of due diligence on critical design items Conclusion of negotiations for Phase 1b option	19/11/07 27/11/07		
20 th Dec	Conclusion of due diligence on non critical design items Approval of final deal by TPB sub committee Transport Scotland approval of conditional recommendation	17/12/07 17/12/07 18/12/07		
24 th Jan	CEC and TS approval of Final Deal Issue Of Contract Award Notice	11/01/07 11/01/07		
21 st Feb	Financial Close	28/01/08		Award of Infraco and Tramco and effect novations

Note: Subject to confirmation or adjustment following clarification from Transport Scotland on their role in ongoing approval process

FOISA exempt
 Yes
 No

CONTRACT RISK	ALLOCATION	RESOLUTION/COMPROMISE
Performance Risk <ul style="list-style-type: none"> • Runtime as designed • Runtime as constructed • Runtime in operation <ul style="list-style-type: none"> ○ Asset availability ○ Traffic disruption ○ Loading times ○ Operation to timetable 	SDS initially and Infraco after Novation Infraco Infraco TEL TEL DEPOF (subject to last 3 items)	This is the allocation that Infraco will sign up to. Infracos will sign up to the performance that is deliverable based on the modelled designs.
Novation – Tramco to Infraco <ul style="list-style-type: none"> • Principle • Design and delivery assurance 	Infraco Infraco - Tramcos wish to protect their IPR practically and legally	Infraco and Tramcos accept this Mechanisms are being negotiated that will give Infraco access to Tramco designs and performance data which allows Infraco to fulfil assurance obligations
Novation - SDS to Infraco <ul style="list-style-type: none"> • Principle • Acceptance of liability for work done to point of novation 	Infraco Infraco – Infracos accept this subject to demonstration of performance	Infraco and Tramcos accept this Infraco will undertake due diligence on designs to satisfy themselves on adequacy of designs. To mitigate risks tie to check standard of designs and manage SDS to programme

CONTRACT RISK	ALLOCATION	RESOLUTION/COMPROMISE
<p>Liability Cap Levels</p> <ul style="list-style-type: none"> • Level of Liability Caps • Alignment of liability caps between contracts 	<p>Infraco – tie takes risk of losses above the cap level except for insurable losses Infraco – But Infracos are limited to some extent on the liabilities they can pass to Tramco and Infraco.</p>	<p>Level of liability caps will be traded as part of the Final Bid negotiations Unlikely to be an issue for Tramco as supplier is likely to provide a very high cap level. In respect of SDS the level is capped at a comparatively low level (£Xm). Tie will require Infraco to take liability above the cap levels to ensure that they are incentivised to manage their suppliers.</p>
<p>Indemnities</p> <ul style="list-style-type: none"> • Infraco provides indemnities against a multitude of general and specific obligations 	<p>Infraco – Infracos have made a variety of qualifications to individual obligations</p>	<p>Substitute individual indemnities with blanket indemnity obligation and negotiate any carve outs as exceptions.</p>
<p>Intellectual Property Rights</p> <ul style="list-style-type: none"> • Rights to Project IPR 	<p>Infraco (and Tramco) – Tramco is seeking to restrict ownership of Project IPR by tie.</p>	<p>Propose to take a pragmatic approach – Tramco to provide licence in perpetuity for this IPR for the purposes of maintaining, operating or extending the ETN but not for the purpose of manufacturing tram vehicles to provide additional capacity or replacing the existing fleet.</p>

OPERATIONS PHASE

Risks	Infraco	tie/CEC	Notes
All Designs to FBC Requirements	X	x	tie set requirements via FS and ER
All Legal Powers		X	
Building Fixing Agreements	X	x	SDS in development period. If unable to achieve, a pole alternative would be a tie Change.
CEC Unable to Provide Timely Approvals		X	
Cost and Programme Estimating		X	
Delivering in Accordance With TROs	X		
Delivering in Accordance With TTROs	X		
Delivery of Procurement Model		X	
Design Review and Acceptance	X		SDS Risk and Responsibility at this stage
Final Business Case and Other Approvals		X	
Funding		X	
Increased Land Compensation		X	
Land Acquisition		X	
Obtaining Consents	X	x	Majority with INFRACO
Obtaining TROs		X	Infraco and SDS support
Obtaining TTROs		X	Infraco and SDS support
Planning (Prior) Approvals		X	SDS to provide necessary documentation
Procurement Structure Interfaces		X	

CONSTRUCTION PHASE

Risks	AMIS	Infraco	tie/CEC	TEL	Notes
3rd Party Claims		X	x		
Archaeology			X		
Change in Law - General		X			
Change in Law - Specific			X		
Changes in construction design and failure of design post award of INFRACO		X			
Changes in design and performance requirements by Stakeholders/3rd parties.			X		
Compliance with standards		X			
Compliance With Street Possessions		X			
Co-operation with third parties	X	X	X		
Force Majeure Events		X	x		Infraco/AMIS take cost risk; tie bears time risk
Ground Condition/contamination		X			SDS to provide details
Industrial Disputes - Industry Wide	X	X	x		Infraco bears cost risk; tie bears time risk
Industrial Disputes - Specific	X	X			
Inflation and Currency Risks etc		X			To be demonstrated as best value
Infrastructure Delay		X	X		
Infrastructure HSQE		X			
Infrastructure Quantity			X		
Infrastructure Unit Cost		X			SDS to provide details

Risks	AMIS	Infraco	tie/CEC	TEL	Notes
Insolvency	X	X	x		
Network Rail Related Delays		X	X		To be finalised. Difficult if possession dates change.
Protestor Action		X	x		
ROGs Compliance		X			
System Integration		X			
Technology Risks		X			
Utility Diversion Co-operation With SUCs	x		X		
Utility Diversion Delay	X		X		
Utility Diversion HSQE	X				
Utility Diversion Quantity			X		
Utility Diversion Unit Cost	X				

OPERATIONS PHASE

Risks	DPOF	Infraco	TEL	Notes
SYSTEM PERFORMANCE				
Design Runtime		X		
Delivered Runtime		X		Law of Physics
Actual System Performance			X	
INFRACO ASSET PERFORMANCE				
Availability etc		X		
Operations and Service etc	X		X	
TRAM ASSET PERFORMANCE				
Availability etc		X		
Operations etc	X		X	
Business Risk - Maintenance Costs		X	X	
Business Risk - Operating Costs			X	
Business Risk - Revenue			X	
Change in Law - General	X	X	X	
Change in Law - Specific	X			
Compliance with Standards	X		X	
Functional Specification and Fitness for Purpose			X	
Industrial Disputes - Industry Wide			X	
Industrial Disputes - Specific	X			
Latent Defects		X		
Operation resource provision	X			
Operational safety	X	X	X	
Service Performance	X		X	

Paper to: TPB **Meeting Date:** 12th July 2007
Subject: Gogar depot advanced works excavation Phase two
Agenda Item:
Preparer: Jim Buchanan / John Casserly

Executive summary

This paper details the scope, programme, benefits, opportunities, risks and costs in relation to Gogar depot advanced works excavation phase 2.

Proposed recommendation: Approve the phase 2 works award to AMIS in the sum of £1,639,554 for completion by 7th December 2007. However, we will be informing AMIS that we intend to go out to tender with a view to negotiating a reduced rates with AMIS.

Impact on programme*

The Gogar Depot works are on the Master programme critical path related to the delivery/storage of the tram vehicles and driver training.

This proposal is based upon a detailed programme of works starting 27th August 2007 running through to 7th December 2007. The Original Master programme has the works commencing 1st October 2007 with completion 7th December 2007 and a critical milestone diversion of the existing gas main complete at the end of January 2007 by SGN.

The effect on the Master Programme is neutral however; the early commencement of Phase 2 excavations will mitigate the potential delay associated with the 40m exclusion zone recently imposed by Scottish Water around the existing 800mm high pressure water main. The proposal allows the water main diversions and the associated long lead items to be progressed in advance of the Master programme and reduces programme risk by providing float in the programme to accommodate weather related issues during the winter months and therefore provides a greater degree of confidence that the works required to accommodate the critical gas main diversion will be completed by 7th December 2007. Commencement of Phase 2 in August 2007 also provides the opportunity for the early commencement of Phase 3 piling works to the A8 retaining structure.

If we do not award the works to AMIS we will lose the potential early commencement and associated programme benefits – an award to any one other than AMIS will potentially prevent the commencement prior to October 07.

Impact on budget*

The current estimated cost of the Phase 2 works is £1,639,554 which is

within an allocated budget of £1,880,000.

Note: The total budget for all three mass excavation phases is £5,734,310 with allocations made to each section. The current estimated cost to complete all three phases is £5,620,795, a saving of £113,514. (The estimated costs include the purchase of two new wheel wash systems at a total cost of circa £104k which are **tie** assets for use by Infraco).

Were the works not awarded to AMIS, the savings of £134k would be reduced due to costs for AMIS demobilisation and mobilisation/demobilising for another contractor, this could amount to circa £35k. An award to AMIS will also reduce any potential claim from AMIS associated with under-recovery of overheads and prelims due to the delayed commencement of MUDFA works

There are no envisaged extra works costs related to the advancement of these works.

Impact on risks and opportunities*

There is significant de-risking of the programme by advancing the commencement of these works. It introduces programme float to accommodate long lead items and potential delays associated with carrying out the earthmoving and utility diversions during a winter period. The proposal also provides the opportunity to identify any potential construction issues at an early stage to ensure the Master Programme critical path is maintained.

Impact on scope*

The development of the scope for these advanced works has provided an early and positive insight into potential future scope issues, including potential reduced scope for the Scottish Water main diversion at Gogar.

The overall scope of this work is included within the project scope and the strategy for advancing these works was approved in principle in Jan 07.

Decision(s) / Support required

Award of the Gogar depot advanced works excavation phase 2. to AMIS and approval to commence works.

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

FOISA Exempt
 Yes
 No

Proposed Name Susan Clark
 Title Delivery Director

Date:- 11/7/07

Recommended Name Matthew Crosse
 Title Project Director

Date:- 11/7/07

Approved
 David Mackay on behalf of the Tram Project Board

Date:-

Paper to: TPB **Meeting Date:** 11th June 2007
Subject: Ingliston Park and Ride
Agenda Item:
Preparer: David Burns

Executive summary

Issue: The Ingliston Park and Ride facilities and the location for the proposed tram halt have been designed around both the line of the tram and EARL projects. With the abandonment of the EARL project this provides an opportunity to consider whether the proposal is the most appropriate layout, with regard to capacity, location, cost and delivery timescale.

Proposed Recommendation: Consideration should now be given to the options available and the implications of making the proposed temporary carpark a permanent feature ahead of area E (see attached plan).

Impact on programme*

Currently it is proposed that additional car-parking is provided through a 300 space temporary car-park which could be available within 8 weeks of award of a contract and through a separate contract for a permanent 689 space facility in areas C, D and E. The works involved in constructing Areas C, D and E are currently planned to take up to 33 weeks to complete; however funding is only available for areas C and D which will provide 438 spaces by spring 2008.

As an alternative to constructing the 250 spaces in area E, the temporary spaces could be constructed on a permanent basis. Assuming a works start in mid August and completion within 15 – 16 weeks this alternative facility could open during December.

Impact on budget*

As planned at present, the temporary car-park, which has a life of 12 months, would cost in the order of £300k and car-parks C, D and E will cost in excess of £2.29m. Alternatively constructing C and D would cost approximately £1.6m and making the temporary area permanent is likely to cost in the order of £750k. The total capital cost to construct the variant proposal would therefore be in the order of £2.35m giving a saving of £250k.

At present the budget available set aside for the project from SEStran and CEC is approximately £2m. If the funding earmarked for the temporary car-park were made available this would provide total funding of £2.3m which virtually closes the gap.

Any design and layout review is likely to have a cost which could be in the order of £35 – 40k and could take up to 4 weeks to complete.

Impact on risks and opportunities*

- Relocating the tram stop could be considered as an opportunity as it would be closer to the park and ride station and it is likely to be in a more central location with relation to the parking provision.
- Any re-design and associated procurement negotiations, will have a cost and may impact on the indicative delivery programme.
- Risks associated with relocation of an existing intermediate pressure gas main are also removed by abandoning Area E at this stage, giving the opportunity for expansion in the future.

Impact on scope*

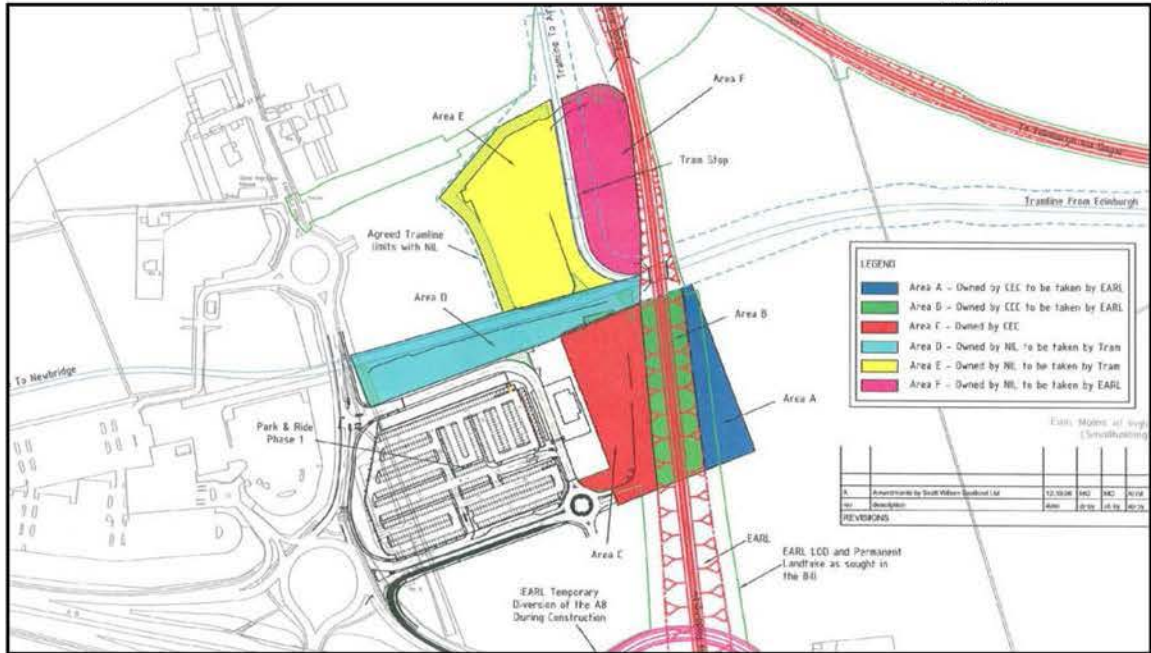
By creating a permanent facility in the temporary area and abandoning Area E the tram stop can be located closer to the P&R station and to the bulk of the parking spaces.

Re-design works will be required with regard to the parking layouts, vehicle access routes, the line and elevation of the tram route and locations for the tram halt and a sub-station.

Decision(s) / support required

The TPB to note the opportunity proposed above and to agree a review of the design to be carried out, utilising funding from the EARL budget.

FOISA Exempt
 Yes
 No



Park and Ride Areas at Ingliston

Proposed Name David Burns Date:- 11/7/07
 Title IPR Project Manager

Recommended Name Matthew Crosse Date:- 11/7/07
 Title Tram Project Director

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

Paper to: TPB **Meeting date:** 12 July 2007
Subject: Tramstop names
Agenda item:
Preparer: Bill Campbell

For information only

The Board are asked to note the list of agreed tramstop names. These have been produced following extensive consultation with key parties and will be incorporated into all future documentation and plans.

Edinburgh Airport
Ingliston Park & Ride
Gogarburn
Gyle Centre (old name Gyle)
Edinburgh Park Central (old name Edinburgh Park)
Edinburgh Park Station
Bankhead (old name South Gyle)
Saughton
Balgreen
Murrayfield Stadium (old name Murrayfield)
Haymarket
Shandwick Place
Princes Street
St Andrew Square
Picardy Place
McDonald Road
Balfour Street
Foot of the Walk
Bernard Street (old name Constitution Street)
Port of Leith (old name Ocean Drive)
Ocean Terminal
Newhaven

Roseburn
Ravelston (old name Ravelston Dykes)
Craigleith
Telford Road
Crewe Toll for Western General Hospital (old name Crewe Toll)
West Pilton (old name West Granton)
Caroline Park
Saltire Square (old name Granton Waterfront)
Granton (old name Granton Square)