



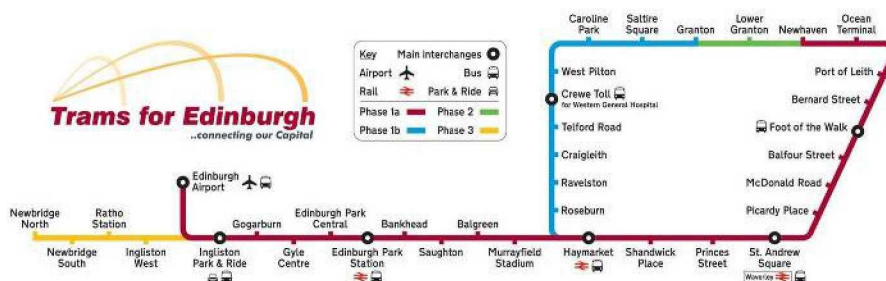
# EDINBURGH TRAM

## Highlight Report

### to the

## Internal Planning Group

### 30 August 2007



## 1 Background

This report sets out the terms of reference of the tram approvals process and requires 'highlight reports' to keep the Chief Executive's Internal Planning Group informed about progress on this project, and any decisions required.

## 2 Update on Major Contracts

### 2.1 MUDFA

- Programme

Revision 5+ of the MUDFA programme was issued by Alfred McAlpine Infrastructure Services (AMIS) on 11 June 2007. This programme shows phase 1a running from 2 July 2007 to November 2008 with Phase 1b to be carried out from August 2008 to April 2009. This version of the programme is still current although it is recognised that it does not reflect the design re-scheduling for Victoria Bridge to Newhaven, Constitution Street diversions outside the LOD and the Airport link-up for Tram requirements only.

Works in and around Forth Ports commenced on the 9 July, 1 week later than programmed. This work is now 2 days behind programme.

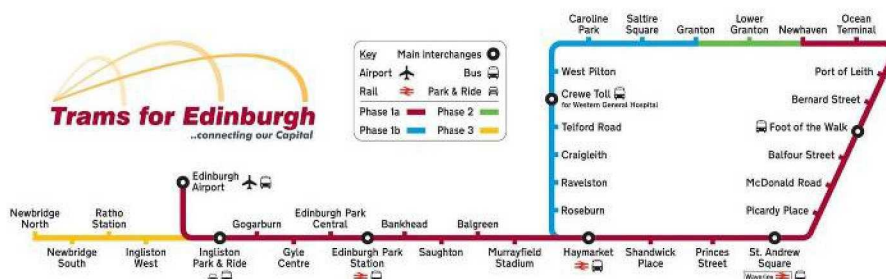
The section of the works on Leith Walk (northbound between Croal Place and Iona Street) started on the 6 August 2007. The traffic management for this section of the work is now in place and trial holes are being carried out. However, diversion works have not yet commenced. The frontagers and residents have been notified of the start date and the arrangements for deliveries and waste disposal etc.

AMIS has now commenced work on trial holes along the route. It is intended that there will be 83 trial holes on Leith Walk, split evenly north/south. It is anticipated that this work will be completed by the end of August. Further holes are required between Picardy Place and Haymarket. It is anticipated this work will be contained within the 5+ programme.

Diversion works on Roseburn St, Russell Rd and Balgreen Rd will commence on the 20 August as per the Rev 5 programme.

Services for Communities have a responsibility, as Roads Authority, to co-ordinate all works on the network. All activities on the roads throughout the city are being recorded on the GIS and the effect of these works are being examined on a regular basis at co-ordination meetings attended by SfC, the Tram team, the Police and Lothian Buses

Proposals for a negotiated commercial and contractual resolution to the delays in release of design information are ongoing between *tie* and AMIS. It is recommended that *tie* be pressed to provide the financial implications at the next Tram Project Board.



- **Progress**

Works at the pilot site on Ocean Drive were completed between 26 April and 4 May.

During the pilot, additional utilities were uncovered that were not identified during the original survey works. A review of the survey information was carried out and additional trial holes are being carried out as outlined above to confirm the locations of the existing services. Works on the section of Ocean Drive from the Casino to Rennie`s Isle commenced on 9 July 2007. Works on the carriageway ceased on the 31 July in line with Forth Ports embargo but AMIS have been granted permission to continue works in the grass verge on the north side of Ocean Drive.

Advanced works at Gogar Depot commenced on the 26 April 2007 and are currently ahead of programme.

CCTV surveys of the sewers along the line of the tram are nearing completion. These works involved working outwith normal working hours and appropriate notification was given to frontagers. To date there have been no negative comments.

Steps are being taken to address the difficulties in obtaining consents from the statutory utility companies. The Council Solicitor has confirmed that consents are not yet in place for Scottish Power and Telewest.

- **Temporary Traffic Management Plans**

A procedure has been set in place whereby AMIS` proposals are being reviewed on site by *tie*, CEC, Lothian Buses (who represent all bus companies) and the Police.

It should be noted that the residents and businesses receive post cards in their communications packs which they can use to submit information on their specific requirements e.g. access, loading, deliveries etc. This information is taken into account before works commence.

- **Communications**

A media briefing took place on 24 July to give journalists comprehensive details about the project.

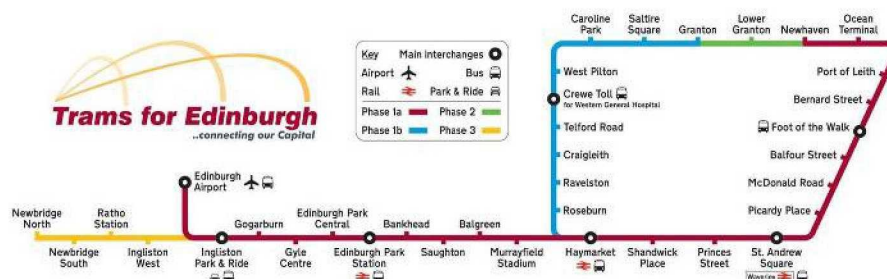
Local Councillors continue to be briefed as the works progress.

- **Archaeology**

AMIS are continuing to develop an archaeological plan in conjunction with *tie* and the Council which sets out the sites where the works will require to be overseen by an archaeologist, and what steps will have to be taken in the event that the works uncover features of archaeological interest. An archaeologist has been appointed for the section of works on Ocean Drive.

- **Betterment**

Discussions are ongoing regarding reinstatement betterment.

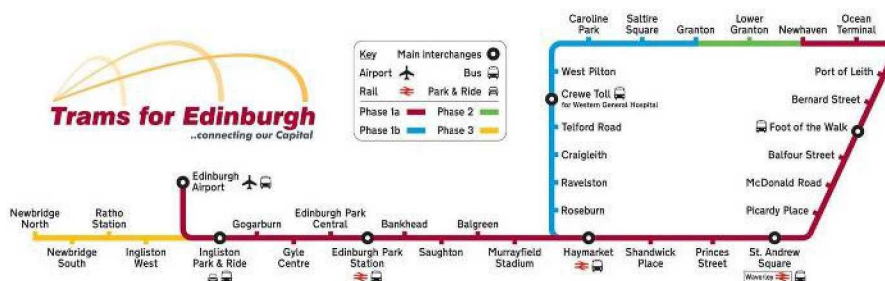


*tie* are yet to provide the Council with the scope of the MUDFA and INFRACO works, so that betterment options can be evaluated. A very rough estimate indicates that that the reinstatement of whole footways along the tram path would be in the order of £7M. No budget has been identified for this work. Discussions are ongoing with SfC to determine an appropriate way to manage planned cyclic maintenance works.

## 2.2 TRAMCO

The negotiations and assessments of the two remaining Tramco (tram vehicle contract) bids are ongoing with a view to choosing the preferred bidder. *tie* have recommended that a report on this will be presented to the Tram Project Board on 5 September 2007.

Tram exterior and interior visualisations taken from the latest presentation to the Councillors are shown below



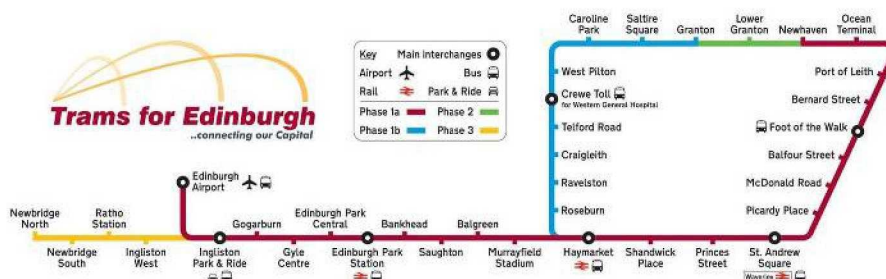


### 2.3 INFRACO

The Infraco Stage 2 consolidated bids were submitted on schedule on the 8 May 2007. A review of the documents is being concluded with evaluation and negotiations ongoing. It is planned to nominate preferred bidders for INFRACO and TRAMCO a Council meeting in September 2007, with a view to awarding the contracts in January 2008.

Critically, CEC and *tie* will need to determine how the wider area traffic management measures will be dealt with and financed. *tie* have allowed £500K for this within the business case, however it is very likely that this funding will be insufficient. It is also worth noting that these measures are not currently part of the design contract. This is particularly relevant now that the Council is 'Funder of Last Resort' and is now responsible for any overspend within the tram project.

- *tie* are undertaking a value engineering exercise, especially for structures, to determine where cost savings could be made and are preparing a report which will be presented to the Tram Project Board. Whilst this is an important exercise, it will be necessary to balance any cost cutting against system quality, future operating costs and the necessary statutory approvals.



- The design development of the Picardy Place area is causing delays to the tram project. *tie* and their designers are having difficulty applying all the relevant, and sometimes conflicting Council policies to the design development of that area. There are simply too many competing interests for the same space, and it is becoming apparent that clear collective guidance is required by the Council to allow the design to progress.

The design, traffic modelling and Infracore bid process are all progressing along the lines of the gyratory system.

The alternative T Junction design proposed by Planning has also been examined to assess its viability. Initial findings show there are serious issues with traffic flows for this revised design.

Notwithstanding this, a judgment needs to be made taking this into account with other factors, such as Urban Design/Development potential. A decision needs to be made on this issue imminently as it is impacting on the wider area modelling which is on the critical path for the project.

- **Detailed Design Technical Review Process**

Find attached as Appendix 1 a diagram showing the approvals process for detailed design. CEC are to have input into both the Stakeholder review and the Core Review Team.

This will become a significant workstream for CEC and will be very labour intensive. It is anticipated that this will involve reviewing potentially as many as 16,000 drawings and 600 reports. It is critical that this will commence in early September, however *tie* have still to confirm this.

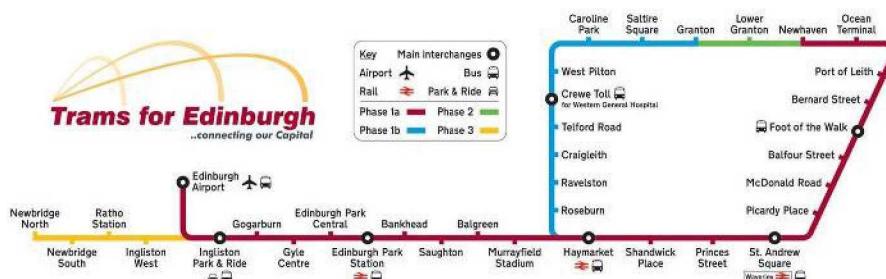
### 3 Tram Communication Plan Update

#### 3.1 CEC and *tie* Communication Strategies

CEC and *tie* Communication teams met on the 9th August to discuss roles and responsibilities between the two organisations. Unfortunately *tie* have not had the opportunity to re-draft the tram communication strategy in line with their re-structure and reduced budget. However, a further meeting between *tie* and CEC is planned for the 5th of September to primarily focus on establishing the new strategy and forward plan of activity.

#### 3.2 Media Announcements

*tie* delivered a Mudfa press briefing on Tuesday 24th July. This meeting was well attended by local media and resulted in good tram coverage explaining the upcoming activity.



### 3.3 Communications Cycle – Start of Works

Information packs have been delivered to residents and businesses along Leith Walk and also to those close to the proposed works at Russell Road.

### 3.4 Councillor Communications

Ward Councillor briefings are underway for Councillors whose wards are being affected by the tram works. In addition to the ward briefings two full council tram presentations have been carried out during August.

### 3.5 Council Tram Correspondence and Phone Calls

The correspondence paper was presented to the CMT on the 16th of August, the report and its recommendations were approved. The processes for handling Tram correspondence within the council are currently being prepared.

### 3.6 *tie* Correspondence and Communications With Public

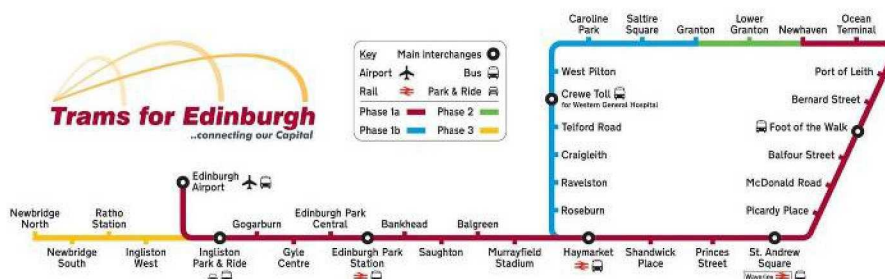
*tie* and AMIS have continued to inform residents and businesses prior to works being carried out. In the last 4 week period the following have been carried out:

- 178 Personal visits to business owners and Community Council attendees regarding Ground Investigation programme and an overview of the project.
- 550 Letters to frontagers and wider community regarding ground investigation and road closures.
- 700 Letters to frontagers and wider community regarding construction works in section 5A, Roseburn to Balgreen.

The systems for monitoring incoming enquiries to *tie* are currently being established and details of the number of enquiries are expected shortly.

### 3.7 Open for Business

The tram retail forum met on 8th of August. The group now also has a tourism representation. This was the first time the group met since the Parliamentary decision to proceed with trams. Thus there was a requirement for an update on progress. The group also were introduced to Ian Couper from Lothian Buses and TEL who has been brought in to help with the 'Open for Business' marketing campaign. A future meeting is planned for October and a draft marketing strategy is to be presented at that.



#### 4 Timetable to Financial Close

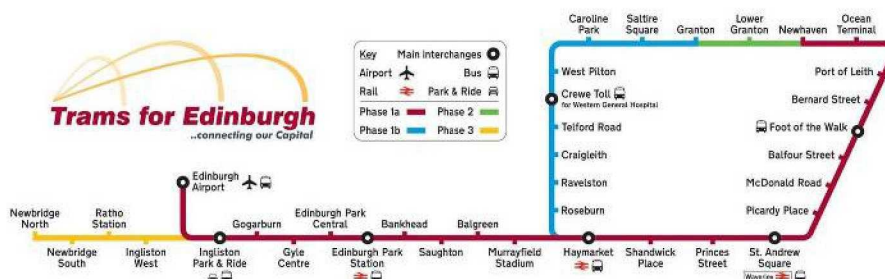
In order to meet the project programme and budget, financial close is required January 2008. For this the following programme must be adhered to:

Milestone	Date
Final Bids received from bidders, draft FBCv1 prepared for review by <i>tie</i> , TEL and CEC officers.	End August 2007
Tram Project Board approval of FBCv1 and preferred bidder selection, with recommendation to CEC and TEL	26 <sup>th</sup> September 2007
OGC Gateway review 3	Early October 2007
Planning Committee approval of consultation for revision to Tram contribution policy, to allow for the continued collection of tram contributions when the tram is operational.	4 <sup>th</sup> October 2007
Full Council meeting to approve FBCv1 and preferred bidder selection.	25 <sup>th</sup> October 2007
Scottish Executive approval, including additional funding. (Transport Scotland Officials plus Cabinet).	29 <sup>th</sup> October 2007
Completion of all contractual and funding documentation and completion of FBCv2, based on final deal.	November/December 2007
Tram Project Board approval of FBCv2 and final deal, with recommendation to CEC and TEL	5 <sup>th</sup> December 2007
Planning Committee approval of revisions to tram contribution policy.	6 <sup>th</sup> December 2007
Full Council approval of FBCv2 and final deal, which should include only minor changes from FBCv1, reported in October.	20 <sup>th</sup> December 2007
Finalisation of documentation, signing of contracts and any guarantees required from CEC	11 <sup>th</sup> January 2007

#### 4.1 Business Case

Currently *tie* is preparing the final business case. The outcome of the Government decision to make the Council 'Funder of Last Resort' significantly changes the risk profile of the Council. Consequently it will be incumbent upon the Council working with *tie* to determine the risks inherent in the bespoke Infraco Contract (including novation of the Tramco and SDS contracts) and assess what headroom is to be recommended for budgeting purposes. The time available to do this is very short, because the FBC requires to be reported to the Full Council on 25 October 2007.

It can be anticipated that there will be scrutiny from members of all parties as to the affordability and liability of entering into this contract. The Council currently does not have this information, as it was not party to the development of the Infraco contract nor negotiations. Guidance is sought as to the procurement of resources necessary to





provide a risk assessment and analysis of the Infraco contract for the Council within the set timescales available to the Council

## 5 Co-ordination with Other Developments

### 5.1 Capital Streets project in St Andrew Square

As previously reported, a programme which co-ordinates the Mudfa, Infraco and Capital Streets works has been agreed and plans are being developed to progress the advanced works on the west side of the Square. It is anticipated that this will be available for the next meeting.

### 5.2 Forth Ports Development

Negotiations are ongoing with Forth Ports regarding the design development at Lindsay Road. The preferred solution would require additional land in the vicinity of the proposed junction between Ocean Drive West and Lindsay Road. Although this land is owned by Forth Ports, it is leased to ADM Milling and a meeting with them is being sought. It is not clear yet what statutory or technical approvals will be required, but to keep to the tram programme, it may be necessary to fast-track a Planning Application and a Roads Construction Consent.

### 5.3 Haymarket Improvements

Work is ongoing to determine the possibility of obtaining two plots of land at Haymarket to assist with improving pedestrian links at Haymarket. This is not directly related to the tram project, but it would significantly improve the pedestrian provision. Once the report has been considered at management level a summary will be presented at a future meeting. It is worth noting that no funding has been identified for this at this time.

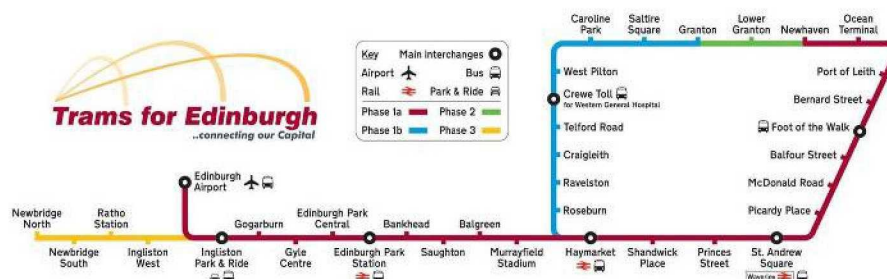
## 6 Miscellaneous

### 6.1 Side Agreements

- **Network Rail**

Little progress has been made. Dundas & Wilson have for some time been trying to set up a legal meeting with MacRoberts, Network Rail's solicitors, but no dates have been offered. *tie* have also now made direct contact with Network Rail, but this has not advanced matters as yet.

In view of the lack of progress, Dundas & Wilson have been asked by CEC, for the Land Acquisition Team meeting on 28 August, to draw up a list of "milestones" of progress in the Lease negotiations to which Network Rail would be asked to agree and failing adherence to which, the Council would seek to obtain Network Rail's consent to compulsorily purchase the relevant land.





However, the advice being given by Dundas & Wilson is that, tactically, it may not at this stage be to the Council's advantage to place such pressure on Network Rail.

Dundas & Wilson will also prepare a form of words for the irritancy clause in the Lease for the Council's consideration - this will be available shortly.

In order to make progress, it is suggested that high-level contact be made between the Council/*tie* and Network Rail/Transport Scotland.

- **BAA/Edinburgh Airport Limited (EAL)**

Dundas & Wilson/*tie* met BAA/Brodies on 15 August. Dundas & Wilson advise that whilst there remain issues as to interpretation of the Side Agreement, a reasonably constructive dialogue took place. They are to provide the Council with a Briefing Note and related correspondence in order to obtain the Council's instructions. This material is expected imminently.

## 6.2 Tram Operating Agreement & Contracts with Third Parties

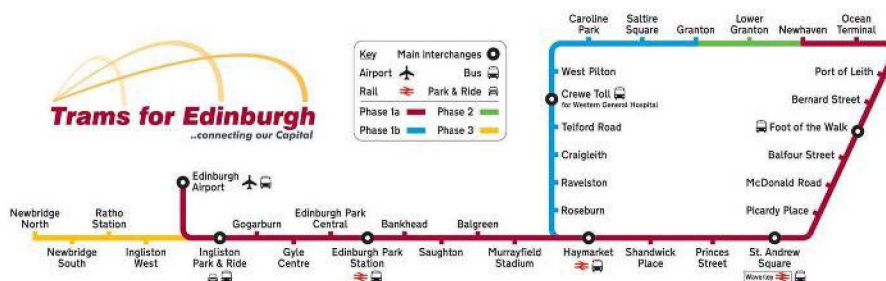
Discussions are continuing with DLA as to the basis on which they would treat the Council as joint clients along with *tie* in relation to, particularly, the Infraco and Tramco contracts. DLA have prepared a draft letter setting out the proposed arrangements, which is presently being considered by the Council Solicitor.

DLA are in addition to provide a risk allocation matrix of the Infraco contract identifying all and any particular and unusual risks and how they might be managed. This is expected shortly.

*tie* have provided details of three possible variations (Letter of Comfort, Letter of Financial Commitment, Letter Underwriting Contractual Performance) of the degree of warranty which might be given by the Council to the Infraco bidders should they so request. They however stress that these will not be offered as a matter of course. It is understood that the bidders have not detailed their requirements.

The Scottish Power and Telewest contracts have not as yet been presented to the Council for execution. The delays are apparently caused by changes in personnel within the utilities. They will not however at present impact on the timetabling of the MUDFA works.

- A Legal Affairs Committee has been set up attended by Willie Gallagher and *tie* Colleagues, Directors of Corporate Services and City Development, Council Solicitor and colleagues. This meeting will support and drive co ordination and progress in a critical delivery period for the project. A key governance meeting was held supporting the Report to Council which was approved of 23 August. The Council Solicitor will continue to support the required governance changes. Progress and conclusion of the operating agreements in respect of Trams with Tie and TEL is urgently in place.



Andrew Fitchie of DLA confirmed to the Council Solicitor on 16 August that DLA were in full agreement to the Council being a joint or ultimate client of DLA and that he saw no conflict of interest issues arising, noting the required need for complete commonality of interests and objectives. Andrew Fitchie has requested to be advised of any required changes to the draft Letter to confirm Joint Client status and this is in urgent progress to conclusion. DLA are providing a risk allocation matrix to be discussed at the next Legal Affairs meeting on 30 August. Receipt of the draft contracts for urgent and immediate consideration of risk issues is awaited and expected very shortly, to meet timelines.

- A detailed list of legal activities and owners is agreed and is subject to regular monitoring by the Legal Affairs Committee.

Good progress has been made in respect of GVD delivery and planning and is on line

### 6.3 Planning Prior Approvals

The first two Prior Approvals were processed on 9th July, a third submission was received on the 17<sup>th</sup> August and informal consultations are taking place on some twenty seven elements in total.

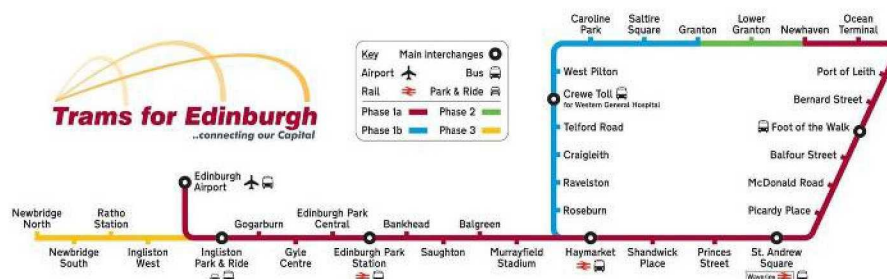
A revised Prior Approvals programme has now been prepared by *tie*/SDS. This would extend until June 2008 and has seen many of the individual elements of the previous programme being re-batched to form 61 larger submissions. The Planning case officers have reviewed these revised proposals and it is considered that such a programme could be achieved with the staff resources currently in place within CEC Planning.

### 6.4 Vesting & Compulsory Purchase Process

The GVD Notices for Tranche 3 (formerly Tranche 2), which is land owned by CEC, have now been issued, with a vesting date of 26 September. It is anticipated that GVD notices will be issued by the end of August for Tranche 4 and by the end of the year for Tranche 5. These await further design input.

### 6.5 TROs

The Tram Project Board on 9 August considered a report from *tie* indicating that as the likely timescale for obtaining the approval of Scottish Ministers to amendment of the Greenways Order was now out of synchronisation with the rest of the Tram programme. It was recommended that the fall-back strategy of replacing the "Greenway" red regulatory lines be undertaken as agreed.



## 6.6 Greenways Decriminalisation

The Scottish Executive are currently undertaking the statutory consultation with Lothian and Borders Police in relation to a draft Order to amend the existing Designation Order to allow the decriminalised enforcement of parking offences in Greenways. A response to that consultation has been given by the Council solicitor and it is planned for the enforcement to be decriminalised by October 2007.

## 6.7 CEC Resources

A review of the internal resources may need to be undertaken now that the Council is the 'Funder of Last Resort'. The current approvals team may need to be developed to take on board the financial risks that the Council now bear. Further work on this is to be developed following the *tie* governance paper presented to Full Council on 23<sup>rd</sup> August.

- Two issues continue to cause difficulties when reporting staff costs (both internally and to *tie*). The main concern is caused by managers not receipting timely on the Oracle system (and in fact the Oracle system itself). This is particularly relevant to Lighting and Network in SfC, and Planning in City Development. These delays are causing a slippage in actual spend of £86k. These costs are currently slipping at £20k per month.

The other issue relates to staff not submitting timely time sheets (mostly Legal and SfC). Having incomplete information makes it difficult to report actual monthly costs, both internally, and to *tie*.

### • Internal Resources

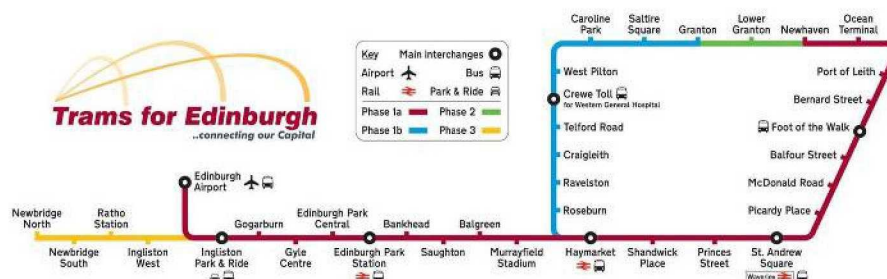
Existing CEC staff are carrying out the statutory approvals process and the related necessary administration for the tram project. Over fifty individual internal members of staff are directly involved in the tram project at this time. A total of 3810 staff hours have been utilised since April 2007, which equates to approximately £120K, this is being borne by CEC and contained within existing budgets.

### • Additional Resources

To assist with the approvals process additional staff have been brought in to either carry out the necessary work directly or alternatively free-up existing resources to do that work and use the extra resources to cover that shortfall. A total of 18 FTE have been employed – the total cost since April 2007 is £275K which is being contained within the tram budget costs.

## 6.8 Roads Demarcation Agreement

CEC will draft a Roads Demarcation Agreement (RDA) which will identify responsibilities for the undertaking of and funding of long-term maintenance of the various elements of the tram network. It is anticipated that this draft RDA will be passed to *tie* for comment by the end of August 2007.



## 7 Financial Contribution & Funding Agreement between Transport Scotland & CEC

The Director of Finance has met with Transport Scotland to establish the principles of the funding agreement. The agreement will take the form of a grant award letter, formally accepted by the Council. Transport Scotland hope to produce a draft letter by 14th August, to be finalised by the end of August at the latest. The agreement is likely to contain the following terms:

- Transport Scotland to contribute £500m, with the cost of any overrun being met by CEC.
- All revenue risk to be retained by CEC
- There will be no Government requirement to future-proof EARL.
- CEC will contribute its £45m at the same rate as Transport Scotland, although there may be a small amount of flexibility. This is likely to cause cash flow difficulties for the Council, as the majority of the £45m is not expected until after the tram is completed. The Director of Finance is examining ways in which borrowing costs can be minimised.

Items still to be resolved include assurance from Transport Scotland on Concessionary Travel arrangements for the tram project.

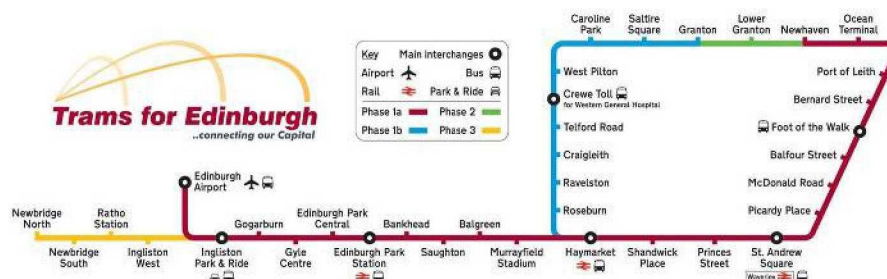
CEC is still committed to £45m of funding, the majority of which coming from developer contributions (see over). However, there is a need to find further funding to meet any cost overrun and/or to pay for phase 1b.

## 8 Developer Contributions

The majority of the Council's financial contribution to the tram project will come from developers contributions. As the contributions are to be made over a period of time, the Council must determine how much it should borrow against future developer contributions. This will need to be a balanced approach – we cannot borrow too much and leave the Council in too much debt, and neither do we want to borrow too little and miss out on potential funding

In order to find this optimum figure, the Council will have to estimate the level of development we are likely to see in Edinburgh over the next 20 years and accordingly the amount of developer contributions. We will then need factor in some allowance for reduced levels of contribution and/or slippage in the timing of payments. The borrowing costs (interest etc) will also need to be considered.

A paper was presented to the Tram Project Board of 9 August 2007 as an update on the progress made to realise the Council's funding programme. This report is attached as Appendix 2.



The current budget assumes a £45m contribution from the Council, developer contributions make up a large proportion of this figure. Additional contributions secured beyond this £45m will increase the headroom for phase 1a and or provide additional funding for phase 1b.

A number of actions are required, including:-

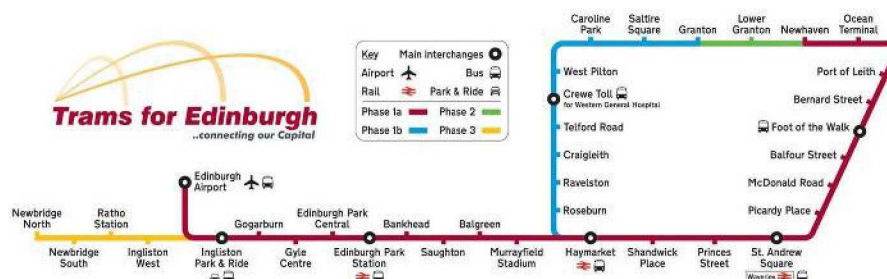
- Planning Committee approval is still required to allow for borrowing against future developer contributions.
- To consider the need for an independent review of the future development potential likely to result in contributions to the tram scheme.
- A clear funding position is required from Transport Scotland as to when payments need to be made.
- Review of borrowing requirements and likely borrowing costs and the effect of these factors on the amount we choose to borrow.
- Discussion with major developers (Such as Forth Ports) to confirm the amount of contributions and likely timings of payments.
- Discussion with the Scottish Executive regarding contingencies if the legislation regarding developer contributions is revised.

## 9 CEC Risk Register

The current CEC Risk Register is attached in Appendix 3. This specifically details risks to CEC, not risks to the tram project. The risk table has been sorted with the highest residual risks first.

Since the last report changes have been made to the following risks:

- New risks added: 43, 44, 45
- Risks updated with no change to significance: 3, 6, 8, 31



## 10 Recommendation & Key Points

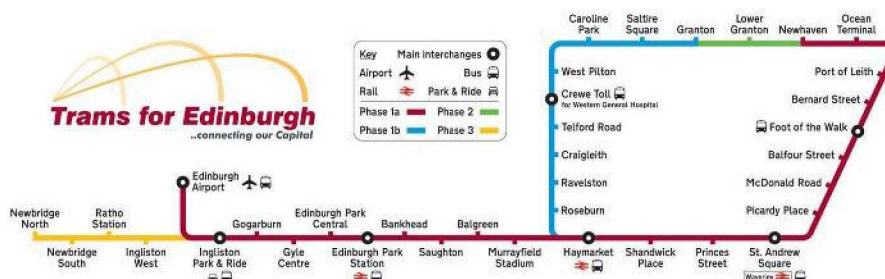
### 10.1 Recommendations for Decisions

To approve the following:

- To approve the actions regarding the Developer Contributions.
- The risk analysis update

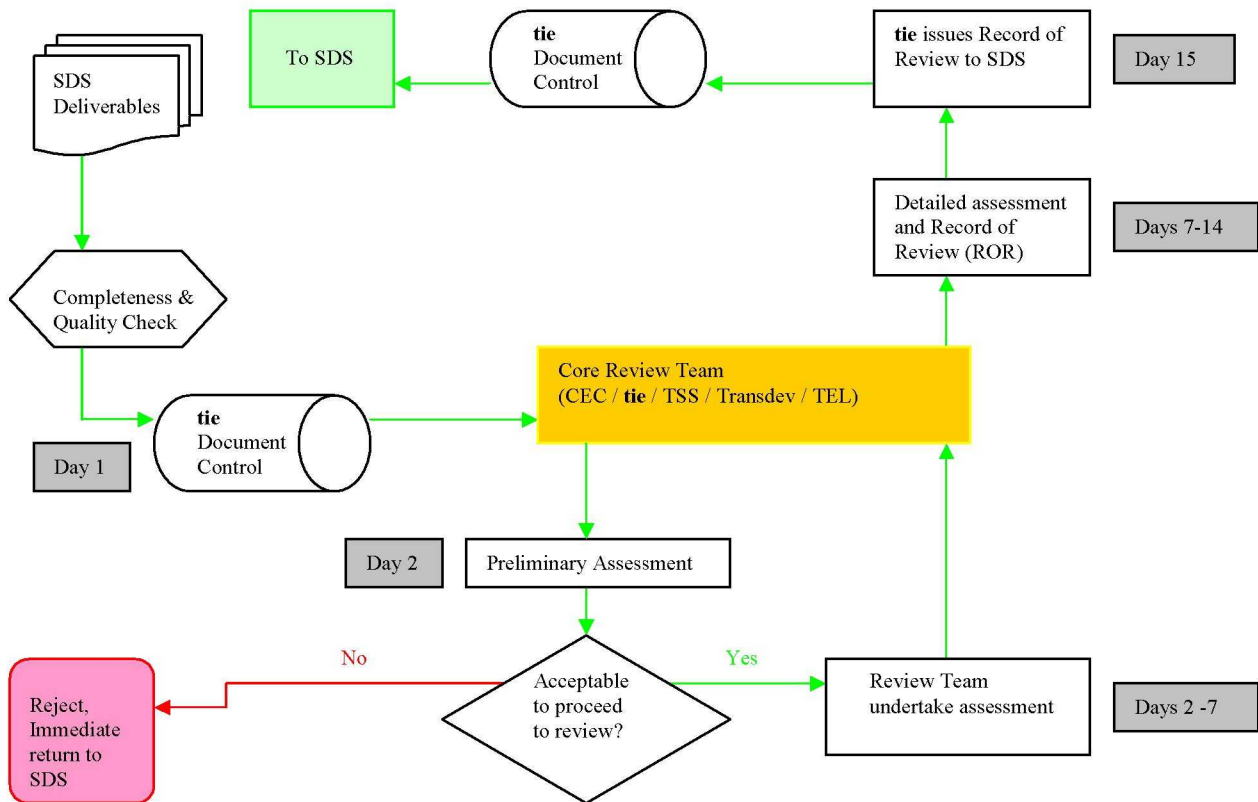
### 10.2 Matters to Note

- The position with regard to the Mudfa and Infraco Works.
- The funding for 'betterment' for Infraco and Mudfa remains an ongoing issue and work is continuing to determine the scope and extents. The likely costs will be approximately £7M.
- The need for a decision on the way forward regarding Picardy Place.
- Tram Communications Plan update.
- The programmed route to financial close.
- Risks associated with the Council becoming the 'Funder of Last Resort' and requirements for resources to assess these risks.
- The position regarding the co-ordination with other developments.
- That the side agreement with Network Rail and BAA/Edinburgh Airport Limited are progressing albeit rather slowly.
- That a tram operational agreement is being drafted between *tie* and CEC. Further input and direction will be required from the Director's of City Development and Finance.
- The position with the Planning Prior Approvals.
- The continuing underspend/slippage of staff costs.
- That further work is required by *tie* and CEC on the Roads Demarcation Agreement.



## Appendix 1

### REVIEW PROCESS DETAIL DESIGN



#### Review Process - Detailed Design technical submission packages

1. Delivery of documentation by SDS Day 1
2. Completeness and quality check
3. tie document control (registration of submission)
4. Core Review Team Initial assessment Day 2
  - a. SDS presentation of submission
  - b. Assessment of package fitness for review
  - c. Identification of key issues for review scrutiny

**Note: the core review team membership will consist of at least one member from each of the stakeholders (tie/CEC/TEL/Transdev/TSS)**

5. Documentation placed on deposit for scrutiny by reviewers.  
Electronic copy of documentation issued to lead reviewer from each stakeholder (tie/CEC/TEL/Transdev/TSS)  
Hard copy placed on Review table within design office for consideration and Markup
6. Review by relevant stakeholder staff. Days 2 - 7  
Review team to consider documents submitted in preparation for a round table review session to be attended by representatives of all stakeholders.  
Where hard copy documents are being reviewed they should be marked up in a colour relevant to that stakeholder, signed and dated such that all comments can be taken forward for consideration and potential inclusion on a Record of review at the formal Review session with SDS.
7. Core Review Team Detailed Assessment Days 7 - 14  
Following one week of review all stakeholders (tie/CEC/TEL/Transdev/TSS) will gather for a formal review session to generate a Record of Review for issue to SDS.  
This meeting will be attended by representatives of SDS such that queries raised can be answered so as to avoid unnecessary queries being included within the ROR responses.
8. tie Issues Response to SDS Day 15



**Paper to:** Tram Project Board

**Meeting date:** 9<sup>th</sup> August 2007

**Subject:**

**Developer Contributions**

**Agenda item:**

Rebecca Andrew (CEC) and David  
Cooper (CEC)

**Preparers:**

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### **Executive summary**

The report provides an update of the progress made to date in securing the Council Contribution of £45m towards the tram project, and the next steps required to ensure that the opportunities to secure future contributions are maximised.

It is recommended that the Project Board notes the current position and endorses the approach being developed by the Council, bearing in mind that approval is required from the Planning Committee and Full Council.

### **Impact on programme\***

None.

### **Impact on budget\***

The current budget assumes total funding of £545m for the project (£45m from the Council). Additional contributions secured beyond the £45m will increase the headroom for phase 1a and / or provide additional funding for phase 1b.

### **Impact on risks and opportunities\***

The financial risk associated with the outlined approach lies with the Council. If future contributions from developers and / or capital receipts fail to materialise, there could be a significant impact on Council Revenue budgets in order to meet borrowing costs.

However, if the contribution can be maximised, there is an opportunity to build additional headroom into the budget to reduce the risk of overspend on Phase 1a and / or to provide funding for Phase 1b.

### **Impact on scope\***

The scope of the project will be determined by the funding available. As above maximising developer contributions will help protect the scope of the project.

**Decision(s) / support required**

To note notes the current position and endorses the approach being developed by the Council.

The continued support provided by **tie** Ltd and their agents is welcomed.

**Proposed**                  Name    Date:-  
                                        Title

**Recommended**        Name    Date:-  
                                        Title

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

**Background information to support Developer Contributions paper**

**1.0 Introduction**

At its meeting of 12<sup>th</sup> July 2007, the Tram Project Board requested that a regular monthly update be provided on the progress made to realise the Council's funding programme.

The purpose of this report is to set out for the Board, the work that is on-going in securing the Council's £45m contribution and exploring the potential of securing additional funding. It provides an update of progress already made, the next steps required and the likely timescales.

The report looks at the four main elements of funding, namely:

- Council cash
- Council land
- Developers contributions – cash and land
- Capital receipts

The report also sets out the risks associated with each funding stream.

**2.0 Background**

The Draft Final Business Case for the tram projected was approved by the City of Edinburgh Council on 20<sup>th</sup> December 2006 on the understanding that the Council would contribute £45m towards the costs of the project.

The contribution was made up as follows:

Table 1

	<b>January 2006 Estimate £m</b>	<b>November 2006 Estimate £m</b>
Council Cash	2.5	2.5
Council Land	6.5	6.2
Developers Contributions – Cash	10.2	24.4
Developers Contributions – Land	7.9	2.2
Capital Receipts (Development Gains)	5	2.8
Capital Receipts	12.9	6.9
<b>Total</b>	<b>45</b>	<b>45</b>

It has always been recognised that the exact make-up of the £45m is subject to change, as more work is done on each of elements constituting the £45m contribution.

### **3.0 Council cash (£2.5m)**

The Council contributed £1m to the project in 2005/2006. A further £1.5m is in the approved Council capital budget for 2007-10. This has been reprofiled so that the contribution can be made in the current financial year.

### **4.0 Council land (£6.2m)**

The Council land is available to the project and GVDs are about to be issued to ensure that the title is “cleansed” of any restrictions that may impact on the project.

The value of the land is based on the District Valuer’s valuation. Given that any change to that valuation will result in a similar change to overall projects costs, it is not considered necessary to revisit it.

### **5.0 Developer contributions Background**

On 1 April 2004, a draft guideline on Tram Developer Contributions was presented to Planning Committee and was approved for consultation. The guideline was subsequently fully approved on 8 September 2004, but has been applied by the Council in the determination of planning applications since the draft guideline was approved in April 2004. It has provided a framework for agreeing contributions and has ensured a transparent and consistent approach to the negotiation process. A number of contributions towards the Tram project have now been received. The last time it was reported to Committee was on the 5<sup>th</sup> October 2006 when the contribution tables were updated and technical revisions were approved.

Contributions from developers have always been identified as a key component of the Council’s financial contribution to the project. The original estimate was for an amount of £10.2m (cash) and £7.9m (land) to be secured (as above). The land value was subsequently reduced based on valuation by the District Valuer. This cash element was subsequently revised to £24.4m as it became apparent that there was potentially additional funding available in relation to planned development proposals.

**tie** Ltd and their agents have monitored planning applications received by the Council and have provided advice to Transport (CEC) on whether a contribution should be requested. The Council through Planning has

negotiated the contributions and monitored the subsequent developments to ensure payment is made. The monitoring database has also provided a basis for assessing the potential value of future contributions.

### Current position

The Council has now concluded a number of agreements securing contributions towards the project. The tables below set out the amounts involved in relation to Phase 1a (Airport to Newhaven Road) and Phase 1b (Haymarket to Granton Square). It should be noted that there is no certainty that contributions will be received and there is always an element of risk until payment is actually made.

Table 2

<b>Phase 1a</b>	<b>Value (£000's)</b>
1. Contributions paid	<b>1,328</b>
2. Contributions secured through agreement (where development has commenced)	<b>1,667</b>
3. Contributions secured through agreement (where development has not commenced)	<b>1,868</b>
4. Contributions not yet secured through agreement but where Planning Committee is minded to grant.	<b>3,452</b>
5. Other contributions that may be used towards tram or associated works (either paid or secured through agreement)	<b>714</b>
6. Land contributions	<b>1,200</b>
<b>Total (1, 2 and 3)</b>	<b>4,863</b>
<b>Potential total (1, 2, 3, 4 and 5)</b>	<b>9,029</b>

N.B.

5. This represents contributions not directly to tram but where the required works may be delivered as part of tram construction e.g. new traffic signals.

6. The land contributions have been secured through agreement.

Table 3

<b>Phase 1b</b>	<b>Value (£000's)</b>
1. Contributions paid	<b>0</b>
2. Contributions secured through agreement (where development has commenced)	<b>300</b>
3. Contributions secured through agreement (where development has not commenced)	<b>80</b>
4. Contributions not yet secured through agreement but where Planning Committee is minded to grant.	<b>2,509</b>
5. Other contributions that may be used towards tram or associated works (either paid or secured through agreement)	<b>725</b>
6. Land contributions	<b>1,000</b>
<b>Total (1, 2 and 3)</b>	<b>380</b>
<b>Potential total (1, 2, 3, 4 and 5)</b>	<b>2,889</b>

N.B.

5. This represents contributions not directly to tram but where the required works may be delivered as part of tram construction e.g. new traffic signals.

6. The land contributions have been secured through agreement.

### **Potential future contributions**

In order to maximise the amount of contributions obtained from development the Council will need to continue applying the Tram Developer Contribution Guideline beyond the commencement of tram operation. The guideline currently does not explicitly state this to be the case. Initial advice has been obtained from Counsel and there is no legal barrier to this approach provided that the Council is seeking contributions to repay or service borrowing. A report to Planning Committee will be required in due course.

As the contributions are to be made over a period of time, the Council must determine how much it should borrow against future developer contributions. This will need to be a balanced approach – we cannot borrow too much and leave the Council in too much debt, and neither do we want to borrow too little and miss out on potential funding. In order to find this optimum figure, the Council will have to estimate the level of development we are likely to see in Edinburgh over the next 20 years and accordingly the amount of developer contributions. We will then need factor in some allowance for reduced levels of contribution and / or slippage in the timing of payments. The borrowing costs (interest etc) will also need to be considered.

Table 4

<b>Phase 1a</b>	<b>Value (£000's)</b>
Leith Docks Development Framework Area	<b>18,000</b>
St James Centre redevelopment	<b>2,000</b>
Princes Street redevelopment	<b>1,000</b>
Tynecastle	<b>400</b>
West Edinburgh Planning Framework Area	<b>4,000</b>
Accumulative development (small development)	<b>1,700</b>
<b>Potential total</b>	<b>27,100</b>
<b>Potential total</b> – including applications with Minded to Grant Status (No 4. in Table 2)	<b>30,522</b>

The above table is populated with development anticipated over the next 20-30 years in Edinburgh. The amounts of contribution have been generated by anticipating the level of development and then using the contribution matrix in the Tram Developer Contributions Guideline. These amounts once / if agreed will be index linked to ensure that they do not devalue over time. This may help to offset interest to some extent. Bearing these factors in mind the Council will have to reach a decision on how much money to borrow. In the light of the current circumstances a rough estimate might be £20 million to be recouped through contributions in respect of the above developments. This would allow the Council to meet the current target.

In relation to Phase 1b there is little potential for additional contributions as most of the Granton / Waterfront area has already been granted planning permission. There may be some potential if additional development is proposed or if additional sites, such as Fettes Police HQ, are brought forward. At the current time no future contribution values are suggested as there is little chance of this additional development coming forward within the required timescale. However, some additional borrowing may be considered to take account of Minded to Grant decisions relating to Phase 1b (No. 4 Table 3) if Phase 1b proceeds at the same time as Phase 1a. If it is to proceed at a later date the Tram Developer Contribution Guideline, in its current form, can continue to apply to Phase 1b until a decision is taken.

**Next steps**

In order to progress with this approach a number of actions are required:

- Monitoring of developer contributions received and those that have been agreed but not received. This is on-going and is currently up to date.
- Review of the future development potential in relation to Phase 1a and Phase 1b and calculate the likely amount of contributions. This work has been undertaken although constant review is required. Further involvement with **tie** and other CEC Departments will be required. It also may be worth considering obtaining an independent review.
- Review of the Tram Developer Contribution Guideline. If the maximum amount of contribution is to be sought we will need to revise the Guideline to make it clear that it will be applied by CEC to planning

proposals beyond the commencement of tram operation. This will require legal advice, public consultation and ultimately Planning Committee approval. The revised Guideline has been drafted, but this should be taken further.

- In relation to the above point, Counsel's opinion may be required to determine the latest time when borrowing can occur, and if the revised Guideline is suitable.
- A clear funding position is required from Transport Scotland with regard to when payments will need to be made. Every effort will be made to minimise the amount of interest charged against any borrow.
- Review of borrowing requirements and likely borrowing costs, and the effect of these factors on the amount we choose to borrow.
- Discussion with Forth Ports in relation to the LDDF Outline Planning Application. This represents a major proportion of the future contributions. It would be beneficial to discuss (and agree, if time permitting) the amount of contribution and the likely timings of payments. This exercise should also be extended to the other developments identified.
- Discussion with the Scottish Executive on contingency plans if Planning-gain Supplement is introduced and / or Planning Legislation in respect of developer contributions (Section 75 Town and Country Planning (Scotland) Act 1997) is revised.

## **6.0 Capital receipts (£9.7m)**

There are number of Council-owned sites adjacent to the tram route that may be marketed. Council surveyors are currently estimating the market value of these sites, taking into account any uplift associated with the tram.

The two main sites making up the contribution (Lorry Park and Leith Walk Garage) are currently being valued using the DVs estimations. Council surveyors are currently revaluing them more aggressively to determine whether the contribution could be higher.

In addition to this, it is recognised that other Council sites may have to be sold to contribute to the project, should additional funding be required. Some of these sites may already have been ear-marked to fund other Council projects. This matter is being considered by the Council's Corporate Asset Management Group and, if necessary, the Council's capital programme may have to be reprioritised.

## **7.0 Other funding sources**

In addition to the funding sources identified above, the Council and **tie** Ltd are looking at further funding sources to either substitute any of the above funding if it cannot be achieved, or provide additional headroom for 1A, or to fund 1B.

These funding sources will be the subject of future reports.



**8.0 Risks**

The risks for each element of the contribution are set out in the following table:

Table 5

<b>Element</b>	<b>Risks</b>	<b>Management action</b>
Council cash and land	<ul style="list-style-type: none"> <li>• This is secured and there is no longer any risk associated with it</li> </ul>	<ul style="list-style-type: none"> <li>• None required</li> </ul>
Developers contributions	<ul style="list-style-type: none"> <li>• Development does not take place</li> <li>• Development is slower than anticipated</li> <li>• Interest rates change</li> <li>• Inflation / deflation on indexed linked contributions</li> <li>• Planning Gain Supplement or any other changes to Planning legislation adversely affecting CEC's ability to collect contributions</li> <li>• Successful legal challenge to tram contributions policy</li> <li>• Failure to secure agreement with Forth Ports means that amount that can be borrowed under Prudential Code is significantly reduced</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure amount borrowed is based on conservative development assumptions</li> <li>• Seek legal advice on all changes to tram contribution policy</li> <li>• Active engagement with Scottish Executive on all proposed changes to planning legislation.</li> </ul>
Capital receipts	<ul style="list-style-type: none"> <li>• Inability to identify sufficient capital receipts to fund the tram project and the rest of the Council's capital programme</li> <li>• Change in local economic condition makes it difficult to sell sites within timescales and / or reduces eventual capital receipt</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure tram is prioritised when capital planning decisions are taken</li> </ul>

## 9.0 Conclusion

The Council is committed to provide funding of £45m towards the tram project and is monitoring the various elements making up this amount to ensure that it can be achieved.

Further work is required to refine the developer contribution assumptions and to identify and quantify capital receipts.

It is recognised that there are risks associated with this funding, but that this is being managed by the Council and other funding sources are being investigated to ensure that contingencies can be put in place.

Date Added	ID	Risk Description	Effect on CEC	Risk			Treatment	27Aug07			Date Reviewed	Due Date	Owner
				S	L	#		S	L	#			
08Jan07	1	Funding not identified for betterment to the council resulting in a shortfall of funding or not taking advantage of opportunity costs.	Delay to construction and additional funding required. Negative public view due to lack of continuity.	3	3	9	Determine scope of essential tram works and desirable additional works. CEC may need to provide additional funding for areas of betterment.	3	3	9	18Jul07	31Aug07	Sandy Wallace
27Aug07	45	Pressure to reduce capital costs through Value Engineering could lead to increased maintenance or running costs.	Reduction in revenue income. Increased ongoing maintenance & costs.	3	3	9	Value Engineering process to consider future impacts of cost savings.	3	3	9	27Aug07	Ongoing	Duncan Fraser
14Feb07	9	Council delays or fails to make decisions.	Delay to programme. Increased Costs. Potential for abortive works.	3	3	9	Ensure necessary information available to make decisions. Decision making process and delegated powers within CEC require further clarification.	3	3	9	15May07	Ongoing	Andrew Holmes
06Jun07	41	Increased costs because of political uncertainty.	Delay to MUDFA and INFRACO works and contracts. Increased costs (including inflation)	3	3	9	An audit has been undertaken by Audit Scotland to determine cost over-run risks. A further report on the Final Business case will be provided later this year.	3	3	9	18Jul07	Ongoing	Andrew Holmes
08Jan07	15	Inadequate time to consider approvals to meet tie's programme.	Delay to approval process Additional resources may be required Substantial additional costs required	3	3	9	Programme has been provided by tie which has prior approvals being delayed by 5 months. Additional managerial support now being provided by Planning. Discussions are ongoing with tie/SDS to have a Prior Approvals manager.	3	2	6	06Jun07	Ongoing	Ian Spence Linda Nicol
08Jan07	2	Increase in costs over contract cap levels.	Additional funding may be required Need to reduce scope of works.	3	2	6	Identify scope of works with the INFRACO works and compare to emerging design. Review INFRACO tender costs. Tie to monitor / manage budget to stay within caps.	3	2	6	01May07	N/A	Alan Bowen
08Jan07	3	Risk of delays due to the Public hearing process for TROs with potential for a large number of objectors. Delay in final design holding up promoting TROs. Potential legal challenge due to TROs mirroring TROs. Members may support objections to traffic management proposals.	Delay to INFRACO completion. Increase in costs.	3	2	6	Tie/DW to re-programme/re-resource to meet set timescales. QC advises on road works can progress without TRO subject to approval from Council Solicitor. This would allow progression of TRO in parallel with INFRACO works. Scottish Executive appear to be consulting on a change in secondary legislation to remove the need for a mandatory hearing.	3	2	6	27Aug07	N/A	Duncan Fraser
08Jan07	7	Excessive delays and disruption to traffic post construction	Adverse PR/increased media costs. Additional design and construction work required.	2	3	6	CEC to review. Provision of additional funding for corrective actions.	2	3	6	01May07	Ongoing	Alan Bowen
27Aug07	43	Delay in signing side agreements for Scottish Power / Telewest	Delay to start of MUDFA works.	2	3	6	Council Solicitor to pursue tie for prompt resolution.	2	3	6	27Aug07	27Aug07	Colin MacKenzie

Date Added	ID	Risk Description	Effect on CEC	Risk			Treatment	27Aug07			Date Reviewed	Due Date	Owner
				S	L	#		S	L	#			
08Jan07	21	Increases in the cost, outside budgeted risk contingency, of utility diversions due to finalisation of or changes to the scope. The MUDFA contract is effectively a re-measurement contract. Potential for delay due to unforeseen physical conditions.	Additional funding required above that identified in business case.	2	3	6	Careful management/monitoring by tie. Change request process. Closer liaison required between CEC and tie. Additional utilities found in trial area - if this is replicated throughout the route, then this may cause cost over-runs.	2	3	6	18Jul07	Ongoing	Tom Clark
08Jan07	28	Delay to construction works caused by objection to abnormal working hours by public.	Delay to INFRACO & MUDFA	3	2	6	CoCP highlights planned works which includes a comprehensive communication strategy. Legal requirements exist which restricts out of hours working.	3	2	6	06Jun07	Ongoing	Sandy Wallace
08Jan07	29	Adverse PR caused by delays to public transport or the travelling public during the course of the works. tie's comms team downsized. Concern over integration with CEC comms team.	Adverse PR/increased media costs.	2	3	6	More effective engagement with media.	2	3	6	18Jul07	Ongoing	Wendy Bailey
15May07	38	Delays caused by constraints from the Network Rail Side Agreement.	Delay to MUDFA works. Delay to INFRACO works.	3	2	6	Transport Scotland are engaging with NR regarding their irritancy clauses within the lease.	3	2	6	18Jul07	31Aug07	Colin MacKenzie
15May07	40	Financial Risk to CEC being party to major contracts, where CEC are to act as guarantor.	Liability on CEC.	3	2	6	A Council decision and a funding agreement with Transport Scotland will be required. tie operating agreement for tram also being sought. Ongoing risk assessment analysis being undertaken by DLA.	3	2	6	18Jul07	30Sep07	Andrew Holmes Gill Lindsay Donald McGuigan
08Jan07	4	Failure to form a demarcation agreement	Increased liability to CEC. Lack of clarity between CEC and TransDev, required for INFRACO contract.	3	2	6	CEC to engage with tie & TransDev to agree as many demarcations as possible. First time in use. Draft Road Demarcation Agreement being consulted on internally.	3	2	6	18Jul07	Ongoing	Alan Bowen Sandy Wallace Tom Clark
08Jan07	6	Failure for contractor to gain access to site causing delay to agreed programme. Delays to "GVD Notice 2" being issued.	Delay to INFRACO	2	3	6	Land ownership for Tranche 1 taken 24/04/07. GVD notices have been issued for Tranche 3 (incorporating CEC land previously included in Tranche 2) with a vesting date of 26/09/07. Tranche 4 and 5 to follow once design progresses.	2	2	4	27Aug07	Ongoing	Stephen Sladdin
08Jan07	12	Design not ready for formal submission to CEC for Statutory Approvals.	Delay to MUDFA Delay to INFRACO Additional internal resources required	2	3	6	Closer liaison with tie with CEC taking part in their document review process. Programme has now been supplied. Critical Issues meeting set up with tie and CEC to address ongoing issues.	2	2	4	15May07	Ongoing	Duncan Fraser
08Jan07	16	Traffic modelling results not acceptable to statutory body.	Delay to MUDFA Delay to INFRACO Delay to programme	3	2	6	Closer liaison with tie with CEC taking part in their document review process. Programme has slipped. Process is ongoing.	2	2	4	15May07	Ongoing	Duncan Fraser

Date Added	ID	Risk Description	Effect on CEC	Risk			Treatment	27Aug07			Date Reviewed	Due Date	Owner
				S	L	#		S	L	#			
08Jan07	17	Poor project governance by tie.	Delay to programme Increased cost	3	2	6	<p>Close liaison with tie.</p> <p>CEC to take part in tie's document review process.</p> <p>Detailed feedback from DPD and tram project boards.</p> <p>tie operating agreement being prepared by Legal Services.</p>	2	2	4	15May07	Ongoing	Andrew Holmes Gill Lindsay Donald McGuigan
08Jan07	18	Delay due to lack of co-ordination with CEC departments.	Delay to INFRACO Delay to MUDFA Negative public & Councillor view of project	3	2	6	<p>Effective governance within CEC</p> <p>Effective management/co-ordination</p> <p>Support of Chief Executive</p>	2	2	4	19Feb07	Ongoing	Andrew Holmes
08Jan07	24	Correspondence dealt with to CEC's timescales	Adverse PR possible increased media costs, plus increase CEC staff costs to assist with the process.	2	3	6	<p>Communications strategy to be developed further to recognise the extent of this work.</p> <p>Procedures to be put in place by tie and Clarence by 6Aug07 to deal with Mudfa related correspondence.</p>	2	2	4	18Jul07	Ongoing	Wendy Bailey
01Mar07	37	Adverse PR caused by lack of understanding of frontager requirements during construction works	Adverse PR and possible increase in MUDFA works costs. Delay to works while issues are resolved.	2	3	6	<p>Provide effective comms strategy along with survey/meetings with frontages.</p> <p>Further frontager survey required.</p> <p>Tram packs issued &amp; tram helpers on site at works.</p>	2	2	4	18Jul07	Ongoing	Tom Clark Wendy Bailey
08Jan07	10	Inadequate budgets within the Business Case to cover the full cost of area wide traffic impacts, before and after tram construction.	Delay to the promotion and implementation of the TROs. If the area wide effects are not managed correctly the public and press will criticise the scheme.	2	2	4	<p>Identify scope and impacts utilising traffic model information.</p> <p>£0.5m already allocated in business plan. Likely to exceed this amount.</p>	2	2	4	18Jul07	Awaiting tie input	Alan Bowen
08Jan07	14	Statutory consent cannot be granted due to difference of opinion between tie and CEC.	Delay to programme	2	2	4	<p>Design must be fit for purpose as directed by statutory body (CEC). Closer liaison between tie and CEC required.</p> <p>Critical issues meeting between tie and CEC ongoing to resolve issues.</p>	2	2	4	06Jun07	Ongoing	Andrew Holmes
08Jan07	20	Cost increases due to changes to the scope and design required by tie (effectively CEC)	Delay to programme. Increased Costs	2	2	4	<p>Manage through change request process with time and costs approved by board.</p>	2	2	4	19Feb07	Ongoing	Andrew Holmes
08Jan07	22	Risk of delay from utility providers due to necessary planned and emergency works	Delay to Programme	2	2	4	<p>Tie to manage through effective project management techniques and to gain ownership over project.</p> <p>Reschedule works, if required. SfC to co-ordinate other works and occupations on the road network.</p> <p>CEC GIS system being developed for coordination purposes.</p>	2	2	4	15May07	Ongoing	Sandy Wallace
08Jan07	23	Delay by utility companies in carrying out agreed utility works as per the programme	Delay to MUDFA completion Consequential Delay to INFRACO	2	2	4	<p>Tie to manage through effective project management techniques and to gain ownership over project.</p> <p>Work packages being broken up into smaller units.</p> <p>Reschedule INFRACO works.</p>	2	2	4	26Apr07	Ongoing	Tom Clark
08Jan07	31	Lack of funding for part of the public realm works resulting in not providing a European quality tram	Loss of support from politicians and the public and the design criticised. Negative public view due to lack of continuity. Potential loss of tram revenue.	2	2	4	<p>Urban Designers now appointed to work with SDS and investigate wider area public realm and identify essential works to be undertaken by making bids for additional funding from Scottish Exec Capital Growth Fund. Process was delayed due to the political uncertainty.</p>	2	2	4	27Aug07	Ongoing	Ian Spence

Date Added	ID	Risk Description	Effect on CEC	Risk			Treatment	27Aug07			Date Reviewed	Due Date	Owner
				S	L	#		S	L	#			
08Jan07	32	Adverse PR caused by lack of adequate information on construction works and consequential impacts to public and local members	Adverse PR possible increased media costs.	2	2	4	Provided an effective communication strategy and adequate provision of support to members in addressing concerns of their constituents.	2	2	4	18Jul07	Ongoing	Leanne Maberley Wendy Bailey
08Jan07	33	Not fit for purpose reinstatements by AMIS requiring remedial works.	Delay to MUDFA completion Consequential Delay to INFRACO Disruption to general traffic	2	2	4	Performance based design. Construction and testing period to be adopted by contractor. Trial area undertaken by AMIS - a report on the success is awaited from tie.	2	2	4	06Jun07	Ongoing	Sandy Wallace Duncan Fraser
08Jan07	26	Delay of MUDFA adversely impacting on INFRACO delivery	Delay to INFRACO	3	2	6	Tie to manage through effective project management techniques and to gain ownership over project. Reschedule INFRACO works.	3	1	3	19Feb07	Ongoing	Andrew Holmes
08Jan07	25	Act of God type events (contractually force majeure events)	Additional funding required Delay to MUDFA Delay to INFRACO	3	1	3	Board to approve all additional costs.	3	1	3	19Feb07	Ongoing	Andrew Holmes
08Jan07	30	Changes to junction priority that are specified to achieve the stipulated run time.	Adverse PR/increased media costs.	1	3	3	To be agreed with CEC	1	3	3	01May07	Ongoing	Alan Bowen
08Jan07	13	Quality of submissions not fit for purpose, as set out in the various protocols, delaying the approval processes.	Delay to approval process Additional resources required Substantial additional costs required	3	2	6	Closer liaison with tie with CEC taking part in their document review process. Progress has been made to improve the quality of the submissions.	2	1	2	06Jun07	Awaiting tie input	Duncan Fraser
24Jan07	8	Council unable to provide full £45m contribution. Due to factors such as shortfall in capital receipts/developers contributions. Changes in planning legislation or legal challenges could reduce income from Developer Contributions	Additional funding required More capital receipts required. If Phase 1b not progressed at this stage potential reduction of £3m of developer contributions available.	3	2	6	Finance to provide financial mechanism to balance £45m. Changing DC policy to allow for contributions after tram completion. Developer Contribution Group established. Monitoring Property/Legal WG & TPB. Council's Corporate Asset Planning Group to agree policy on allocating Capital receipt to Tram to meet balancing requirement. Discreet packages of land has been identified. Draft paper being prepared regarding borrowing against future developer contributions.	2	1	2	27Aug07	Ongoing	Rebecca Andrew David Cooper Steve Sladdin Bill Ness
08Jan07	11	Inadequate budget to cover the necessary or desirable quality of structural elements to achieve an International Quality Design. May have been under estimated within the business case.	Delay to INFRACO design process. May require additional funding due to delay & increased construction costs. Delay to prior approval submission.	2	2	4	Review the design with SDS and tie to achieve a suitable design. Review budget for tram to identify if costs are an issue. Agreement reached in principle from Planning for the majority of the structures.	2	1	2	06Jun07	Awaiting tie input	Ian Spence
08Jan07	19	Lack of co-ordination on the road network with respect to SFC works	Delay to MUDFA Delay to INFRACO	2	2	4	Traffic Management Co-ordination Group - chaired by tie Internal CEC co-ordination also required Weekly meetings have been set up with SFC.	2	1	2	15May07	Ongoing	Sandy Wallace
15May07	39	Delays caused by constraints from the BAA Side Agreement.	Delay to MUDFA works. Delay to INFRACO works.	2	2	4	EARL no longer going ahead. Side agreement now agreed in principle with BAA.	2	1	2	18Jul07	31Aug07	Colin MacKenzie

Date Added	ID	Risk Description	Effect on CEC	Risk			Treatment	27Aug07			Date Reviewed	Due Date	Owner
				S	L	#		S	L	#			
27Aug07	44	Failure to reach agreement with Transport Scotland on concessionary travel scheme for Tram.	Reduction in revenue income.	2	1	2	Discussions continuing with Transport Scotland	2	1	2	27Aug07	Ongoing	Max Thompson
17Jul07	42	Delay due to Scottish Executive approvals required for non standard traffic signs.	Could lead to changes to roads design which would impact model. Increase in costs. Delay to programme.	1	2	2	Programme Scottish Executive requirements into project and allow lead in time.	1	1	1	18Jul07	Ongoing	Alan Bowen