

## Edinburgh Tram Project – Update

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The City of Edinburgh Council

25 October 2012

### 1 Purpose of report

- 1.1 This report updates the Council on progress of the tram project since September 2011, including the progress made in preparing for tram operations.

### 2 Main report

#### 2.1 Progress to date

- 2.1.1 On 15 September 2011, CEC entered into a settlement agreement (“Settlement Agreement”) with the Bilfinger Berger Siemens consortium (“Infracore”) agreeing terms to settle the contractual dispute and to build the tram line from the Airport to York Place.
- 2.1.2 Since signing the Settlement Agreement, significant progress has been made on the project. A number of progress photographs are set out in Appendix 1.
- 2.1.3 In December 2011 the tram depot at Gogar and the mini test track were successfully handed over to CEC in accordance with the revised contract programme agreed between the parties in the Settlement Agreement (“Programme”), serving as an early example of commitment and progress.
- 2.1.4 24 trams have been delivered to the tram depot, with the remainder anticipated to be delivered by the end of December 2012. All options are being explored to dispose of the surplus trams.
- 2.1.5 The construction of the civil engineering and system elements of the project along the route from the Airport to York Place is also progressing well. A number of areas are presently ahead of the Programme.

2.1.6 Further key points of project progress are as follows:

- (a) The Mound and Princes Street (Lothian Road to St Andrew Street) works were delivered ahead of Programme;
- (b) the partial opening of the remainder of Princes Street at Waverley Steps was delivered on 15 September 2012, ahead of Programme;
- (c) Transport Scotland have authorised the instruction of the enabling works for the Edinburgh Gateway;
- (d) deck construction is underway on the South Gyle, Balgreen Road and Water of Leith bridges;
- (e) Overhead Line Equipment (OLE) pole erection programme is progressing well;
- (f) track laying is making good progress;
- (g) Crummock and McNicholas utilities works are underway in York Place; and
- (h) appropriate traffic management arrangements have been agreed with the operators to ensure the bus station will remain open throughout the York Place works.

## 2.2 Project management and governance

2.2.1 The revised governance and management arrangements for the project are working well. The engagement of Turner and Townsend (“T&T”) has improved the project management arrangements and the involvement of Transport Scotland has proved extremely positive.

2.2.2 Relationships with Infracore and CAF are also sound, with a positive and constructive approach being demonstrated at the Joint Project Forum meetings where the principals of each organisation are represented. Senior project management from Infracore and CAF continue to provide a collaborative approach with the client team on project management issues, underpinned by a commitment to a culture of value engineering, quality and safety.

2.2.3 Reporting on project matters to the Council, the All Party Oversight Group, the political groups and Audit Scotland continues on a regular basis. This practice will continue for the remainder of the project. In addition, regular reporting to the newly created Governance, Risk and Best Value Committee will take place at least quarterly going forward.

## 2.3 Programme

2.3.1 The tram project is being delivered in line with the client target programme (“Client Target Programme”). The Client Target Programme takes account of all project work streams including the utilities works and the CAF contract for tram vehicles.

2.3.2 A CEC/Infraco programme forum has been formed, which meets on a regular basis to discuss and agree mutually beneficial programming opportunities.

2.3.3 Key future Client Target Programme targets are as follows:

(a) by the end of November 2012:

- (i) to have re-positioned and renewed all major utilities. A small standby team of utilities contractors will remain until early 2013 to deal with light gauge cabling to traffic signs and signals as well as any uncharted stray utilities that may be uncovered;
- (ii) to have opened the remainder of Princes Street with the removal of all traffic management at the east end; and
- (iii) to have provided greater pedestrian cross flow access, reducing, where practical, the work site area in St Andrews Street up to Multrees Walk;

(b) in December 2012, to have maximised the pedestrian cross flow, reducing, where practical, the work site area in Shandwick Place;

(c) by February/March 2013, to have provided increased pedestrian access in Shandwick Place, with the main road/track works having been largely completed;

(d) by summer 2013, to have provided a limited eastbound bus route through Shandwick Place and Coates Crescent; and

(e) by early 2014, subject to favourable weather conditions and subject to being able to continue the present good rate of progress, to have reached a stage where it will be possible to undertake system testing runs between Edinburgh Airport and York Place.

2.3.4 It should be noted that certain weather dependent activities are still to be completed. As a result, all targets within the Client Target Programme remain subject to weather conditions.

2.3.5 The contractual completion date is July 2014. This completion date will be achieved. In the meantime, CEC and Infraco have agreed a Memorandum of Understanding to re-affirm the commitment given at mediation to achieve the completion date through partnership working.

2.3.6 Client changes through to completion will be carefully scrutinised and monitored to ensure that the project remains within the Client Target Programme and revised budget.

2.3.7 It has been indicated previously that passenger revenue services will be ready for summer 2014. Every effort is being made to improve upon that.

2.3.8 A further update on the project will be provided to the Council meeting in early 2013.

## 2.4 Finance

2.4.1 The tram project remains in line with the revised budget as approved by Council in September 2011.

2.4.2 The cost of work done (“COWD”) on the project to the end of period 6 for the financial year 2012/13 was £669m. This is in line with the revised budget set by Council in September 2011. The table below shows the breakdown of cost across each element of the project:

<b>Edinburgh Tram - financial summary</b>	<b>Revised budget</b>	<b>COWD to date</b>
	<b>£m</b>	<b>£m</b>
<b>Edinburgh Tram Programme</b>	<b>742 (excluding risk contingency of £34m)</b>	<b>669</b>
Infraco- off street	360	310
Infraco- on street	39	19
Infraco- other	3	2
Utilities (post mediation and legacy)	3	14
Tram vehicles	62	61
Project management	263	256
Preparing for operations	12	7

2.4.3 The forecast outturn for the project remains in line with the revised budget of £776m.

2.4.4 The sum drawn down against the risk budget of £34m for approved changes as at period 6 of financial year 2012/13 is £15.1m.

2.4.5 The largest areas forming part of the drawdown to date are as follows:

- (a) the biggest risk to the project in September 2011 was in relation to utility diversions. £9.4m of the amount drawn down to date relates to the net effect of undertaking these diversions. While the majority of the diversions have now taken place, there still remains an element of risk associated with this issue; and

- (b) the second significant area of draw down relates to enabling works for Edinburgh Gateway at a cost of £3.4m. There will be a corresponding grant contribution from Transport Scotland and, subject to agreement of grant terms, it is anticipated that the work associated with this element of the project will be met by Transport Scotland.

2.4.6 There still remain a number of events, including weather and further utility challenges that could require further drawdown from the risk allowance before project completion. Notwithstanding these issues, it is anticipated that the remaining balance of the risk allowance will be sufficient to see the project through to completion.

2.4.7 Infraco, T&T and CEC are attending monthly payment application meetings to ensure that matters are agreed and recorded no later than the month after the period of application, in order to ensure an efficient delivery of the final financial settlement account at the end of the contract. This regime is also being followed in the CAF tram contract.

2.4.8 It is the aim of the project team to agree the financial settlement accounts of the Infraco and CAF contracts within three months of the completion date.

## 2.5 **Preparing for operations**

2.5.1 Lothian Buses continue to support CEC in preparing for tram operations.

2.5.2 Significant progress has been made. This has included a considerable amount of effort to ensure that key health and safety procedures are in place and being adhered to during the construction phase of the project and in preparing for live operations.

2.5.3 A considerable amount of resource and effort has been focussed on the training and recruitment of staff, including the appointment of the key post of General Manager.

2.5.4 In addition, training plans for tram drivers and controllers continue to be reviewed to ensure there is continuous improvement of these safety critical activities.

2.5.5 The recent operational focus has been on the programme for testing and commissioning the test track from Gogar depot to the Airport, with Lothian Buses fully engaged in the planning and preparations process which is being led by Siemens. A comprehensive and integrated operational plan which links with the tram construction programme is currently under development by Lothian Buses.

2.5.6 Negotiations are continuing in relation to future passenger running operations. These discussions are proceeding constructively and agreed heads of terms are targeted for January 2013.

2.5.7 A further update on progress will be provided to the Council meeting in due course.

### **3 Financial implications**

3.1 The projected financial implications remain as reported to and agreed by the Council in August and September 2011.

### **4 Equalities impact**

4.1 Matters relating to this report will be included in the ongoing full equalities impact assessment that is being undertaken in relation to the Edinburgh Tram project.

4.2 It should also be noted that due care has been taken with regard to accessibility issues arising as a result of the construction works in the city.

### **5 Environmental impact**

5.1 The tram itself has no carbon emissions at the point of service delivery and has the potential to contribute to the city's strategy for low carbon growth as electricity generation in Scotland transitions from fossil fuels to renewable energy sources.

### **6 Conclusions**

6.1 The project continues to make good progress and is on target against the revised budget and Programme, with the Client Target Programme indicating that open for revenue services will start by summer 2014.

6.2 A further update on progress will be provided to the Council meeting in early 2013.

### **7 Recommendations**

7.1 Council is asked:

- (a) to note progress made on the project since the signing of the Settlement Agreement in September 2011;
- (b) to note that the project is in line with the Client Target Programme and revised budget;
- (c) to note the requirement to minimise further client changes to ensure the project stays within the Client Target Programme and revised budget; and
- (d) to note that a further update on progress will be provided to the Council meeting in early 2013.

Appendices 1 Progress photographs

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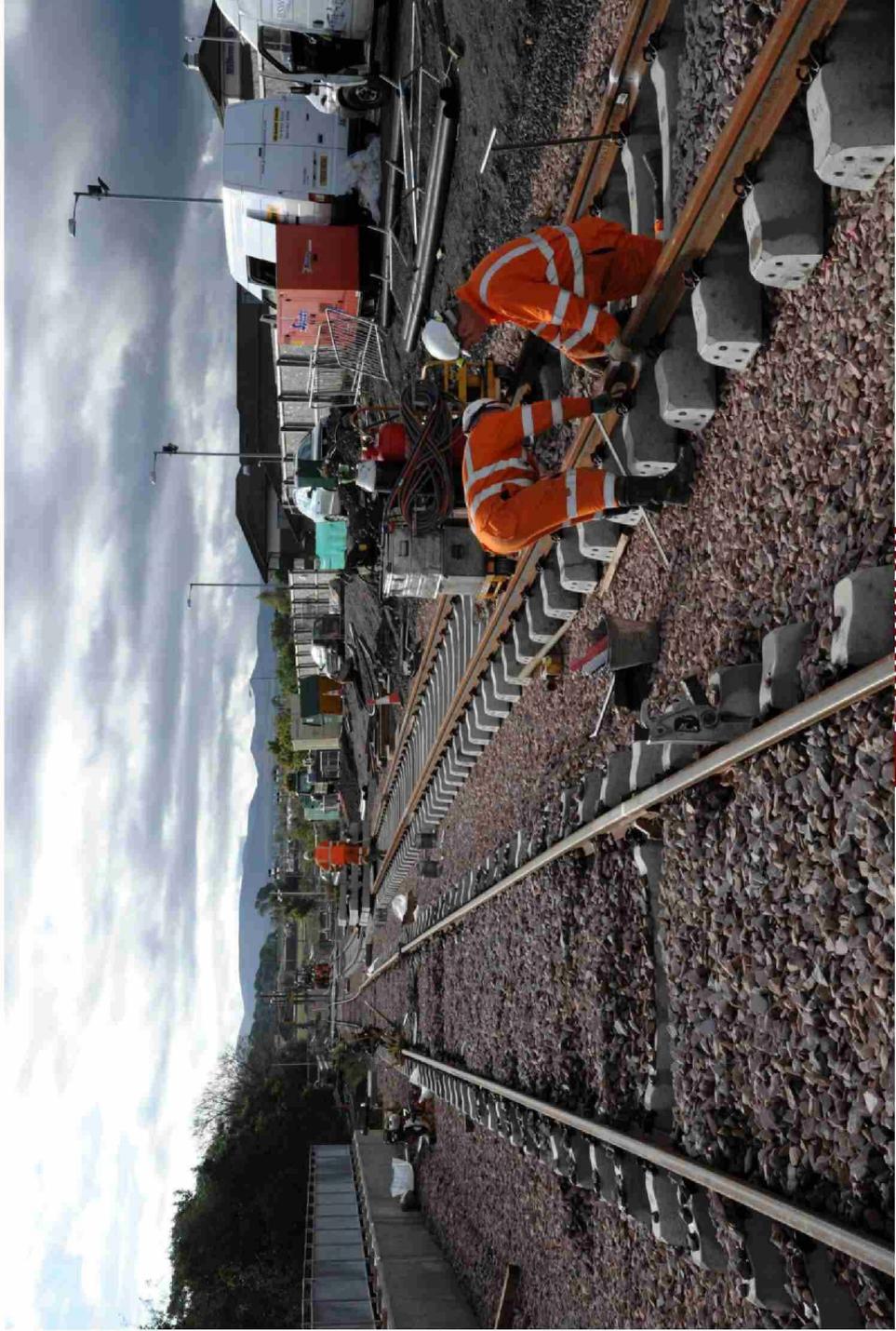
Wards affected All

Single Outcome Agreement [National Outcomes:](#)

- National Outcome 1 - We live in a Scotland that is the most attractive place for doing business in Europe
- National Outcome 10 - We live in well-designed, sustainable places where we are able to access the amenities and services we need
- National Outcome 12 - We value and enjoy our built and natural environment and protect it and enhance it for future generations
- National Outcome 14 - We reduce the local and global impact of our consumption and production.

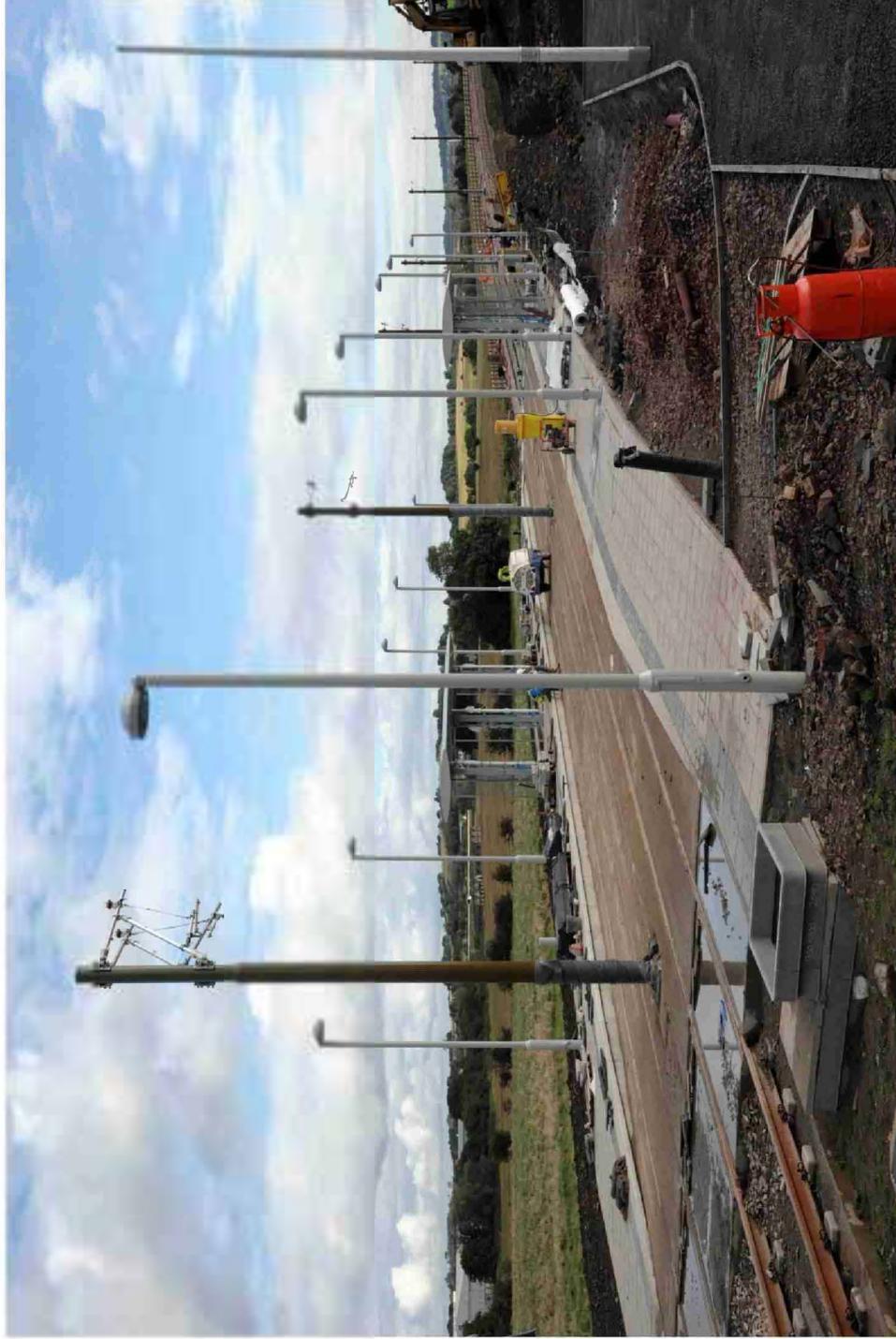
Background  
Papers

# Airport



**Trams**

# Ingliston



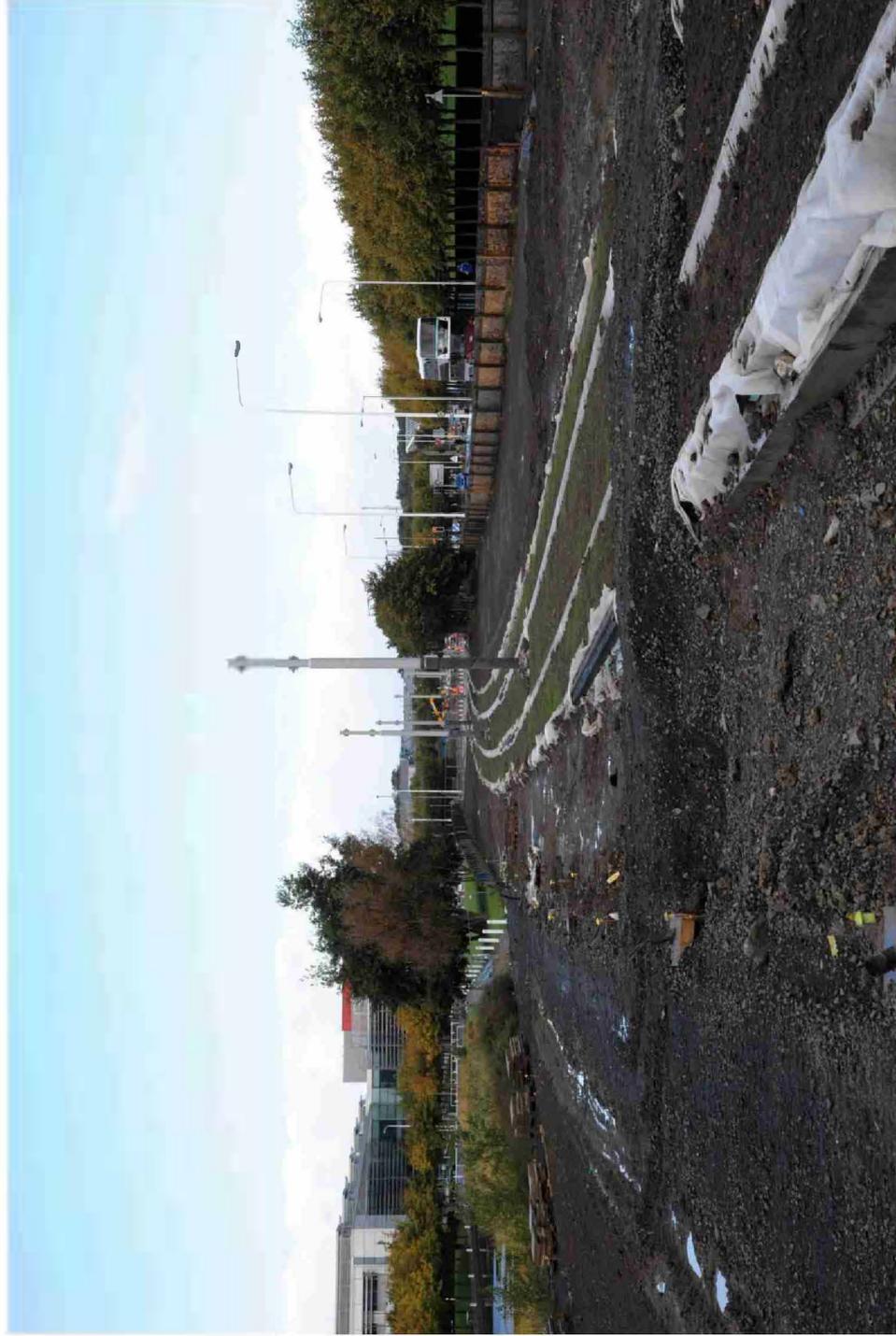
**Trams**

# Gogar



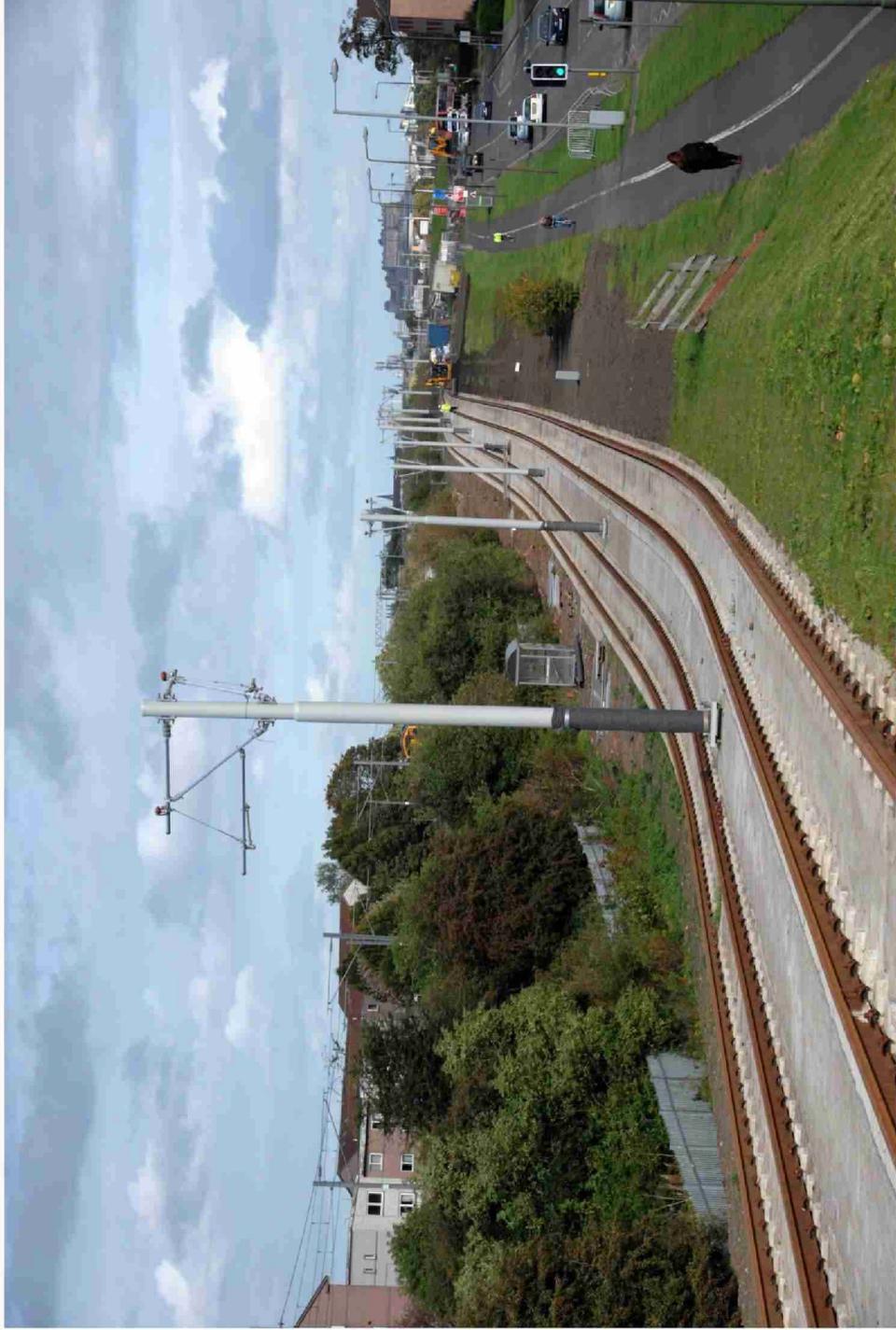
**Trams**

# Edinburgh Park Central



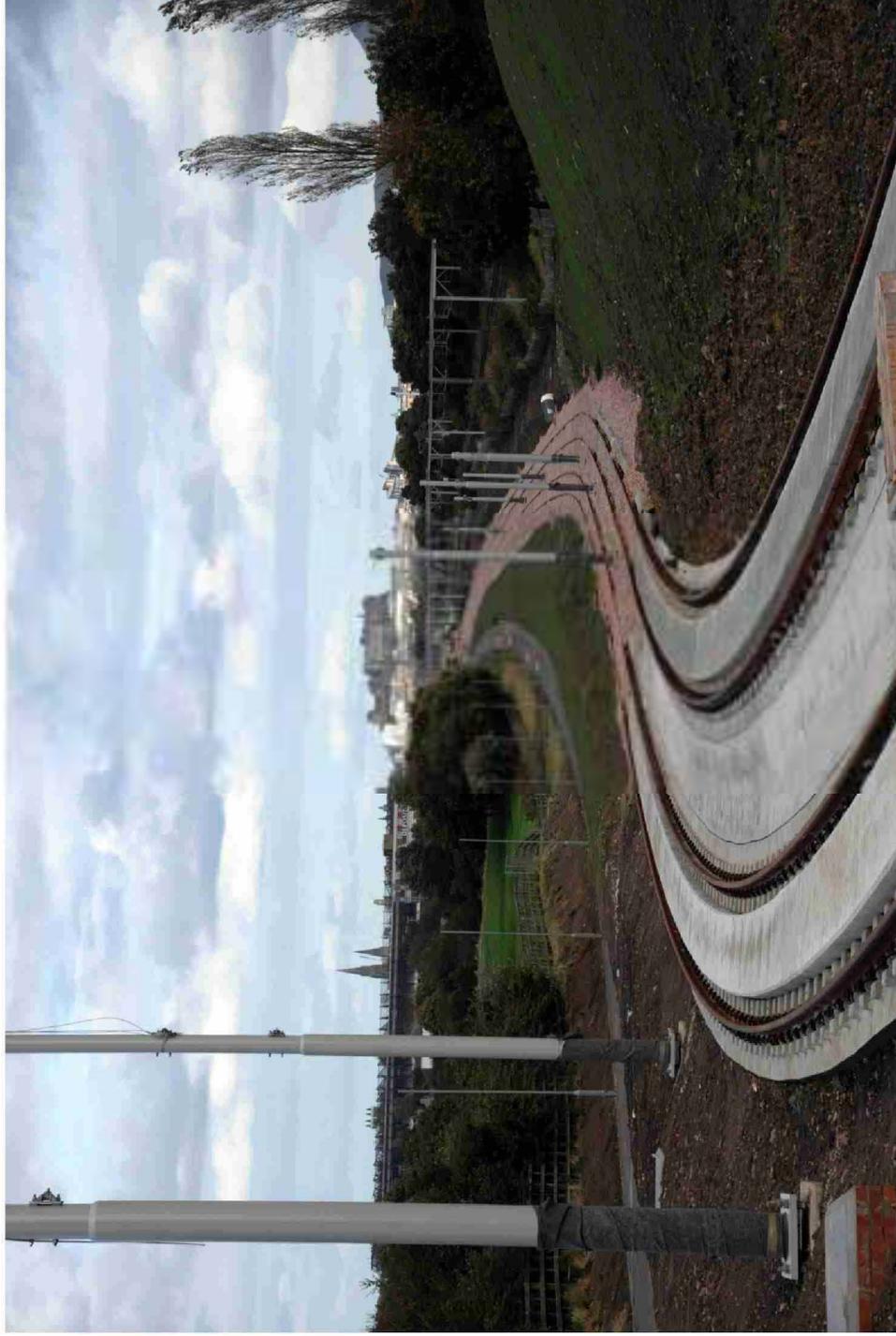
Edinburgh  
**Trams**

# Saughton



Edinburgh  
**Trams**

# Carricknowe



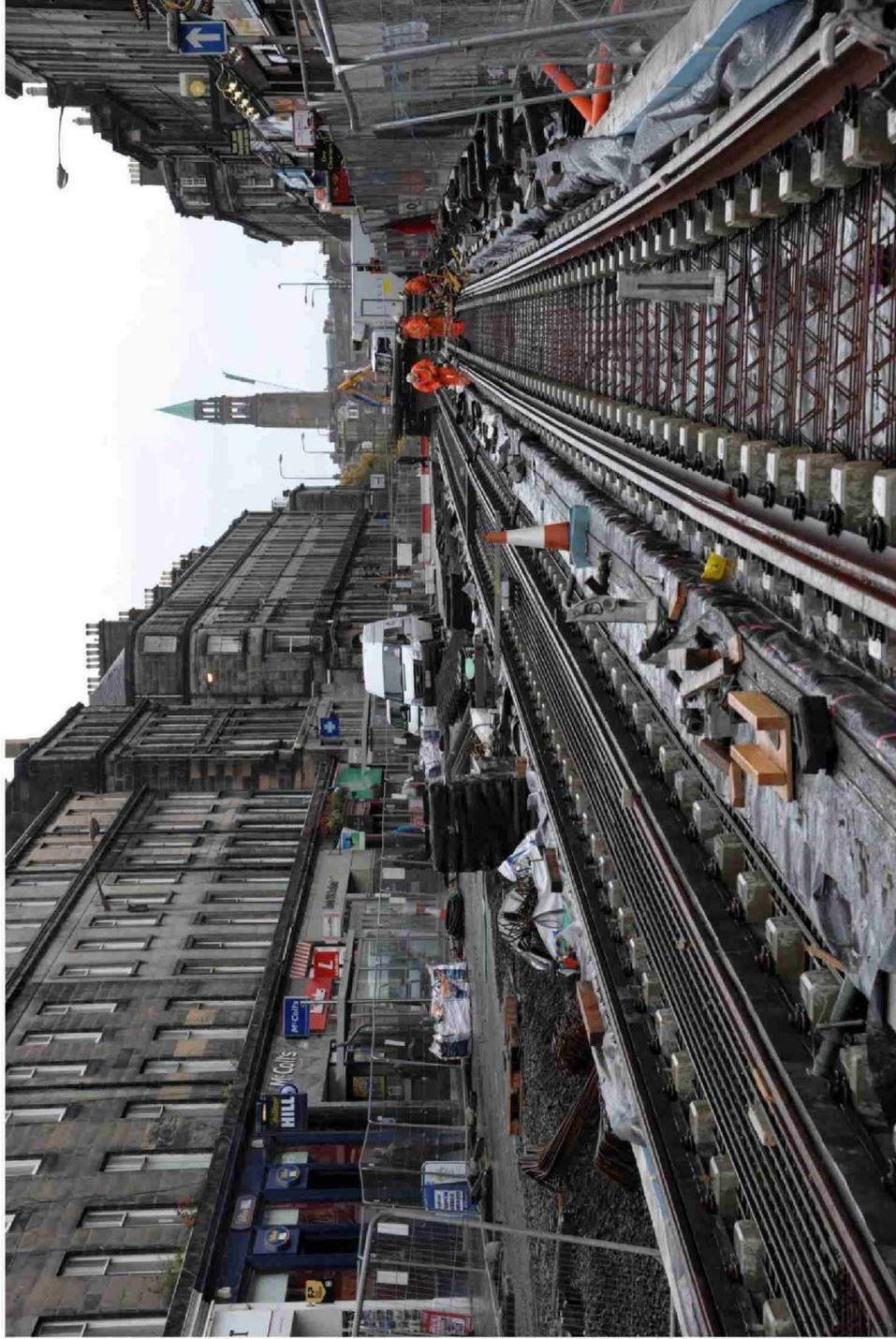
**Trams**

# Haymarket



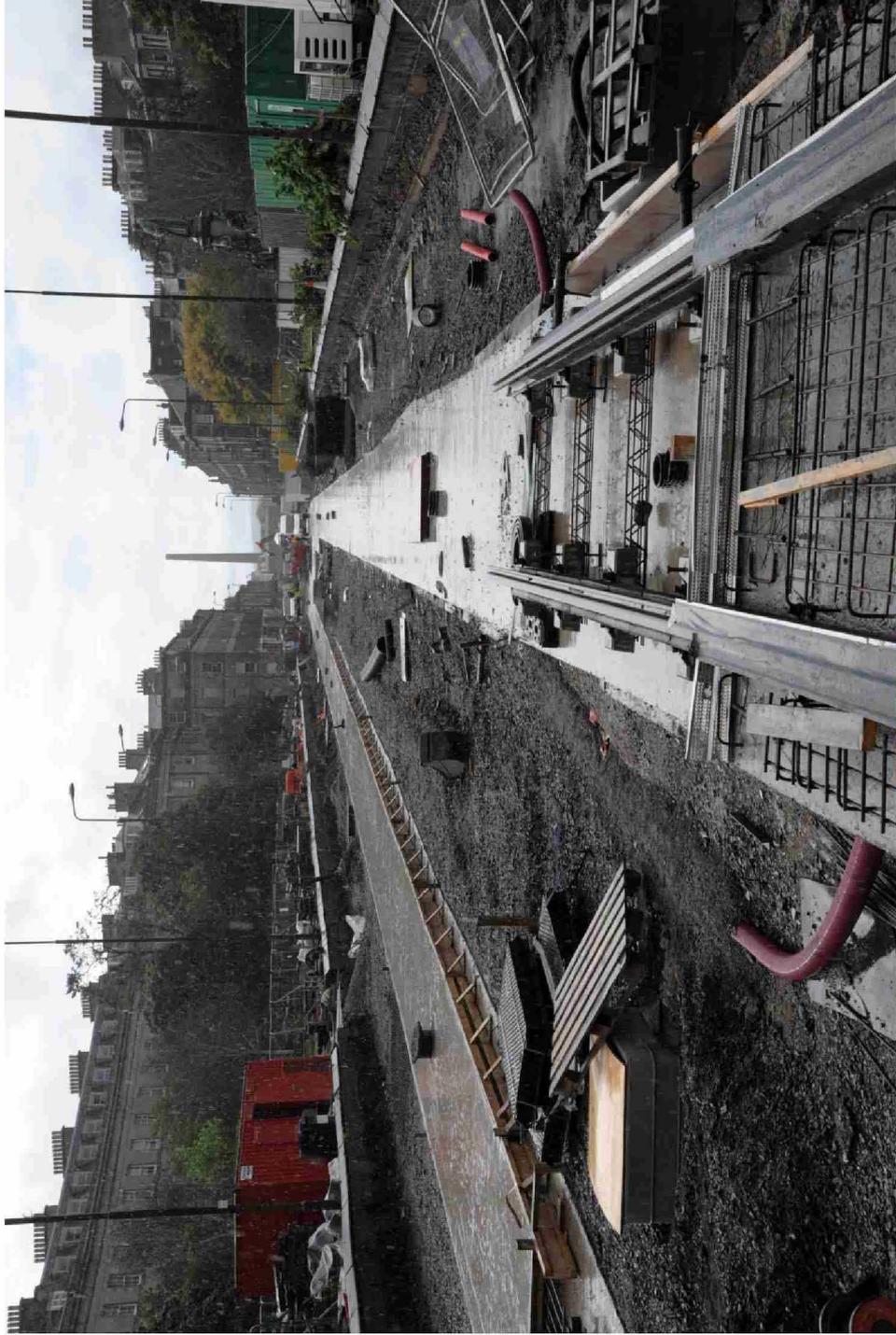
**Trams**

# West Maitland



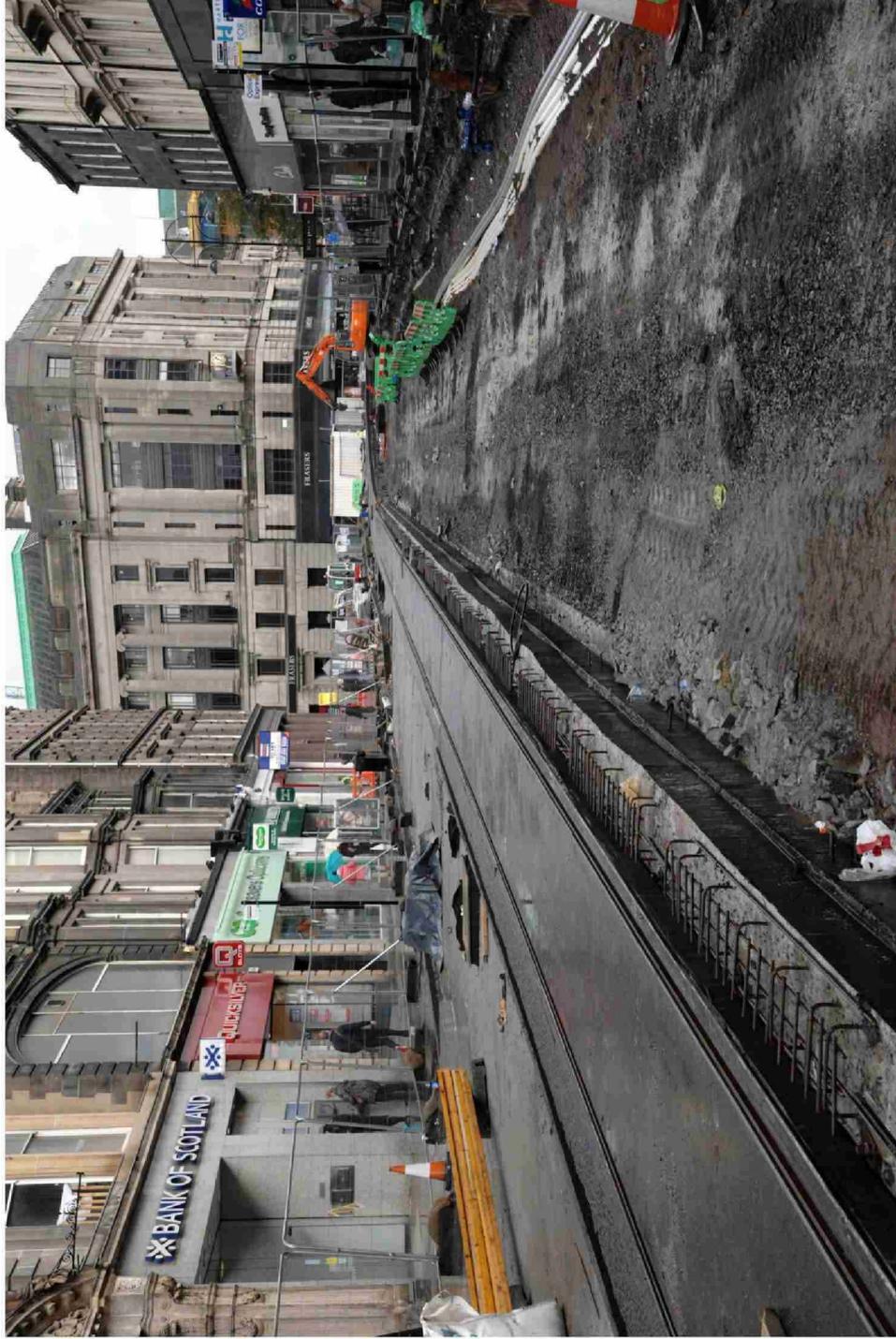
**Trams**

# Crescents



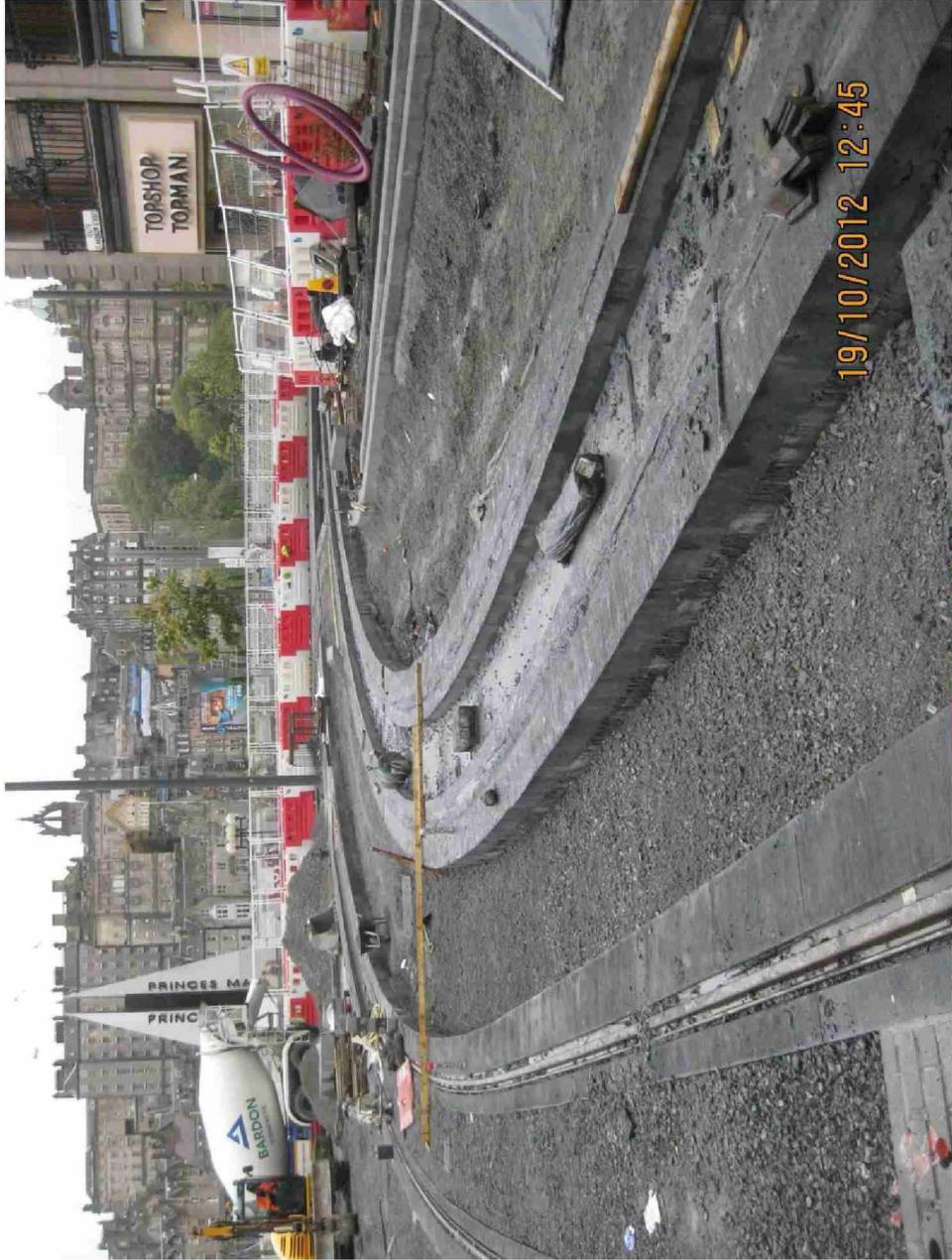
Trams

# Shandwick Place



**Trams**

# South St Andrew St



**Trams**

# North St Andrew St



Trams

# York Place



**Trams**