

Tram Project Board

11 May 2011

Agenda



- Mediation – Vic
- Project Director's Report – Steven
- Preparing for Operations – Alastair
- Build the Brand – Mandy

Deliver a Tram Safely

| HS&E ACCIDENTS and INCIDENTS SUMMARY | | | | | | | | | | | |
|--------------------------------------|-------------|--------|-------|--------|---------------------|----------------|-----|-----|-----|------|------|
| Total | Total Hours | >3 day | Major | Injury | NM/Unsafe Condition | Service Damage | ENV | RTA | MOP | AFR | SFR |
| Period | 23,761 | 0 | 0 | 0 | 9 | 1 | 1 | 0 | 0 | 0.00 | 4.21 |
| 13 period rolling | 1,102,411 | 0 | 1 | 9 | 133 | 11 | 12 | 5 | 16 | 0.09 | 1.00 |



- There were no reportable accidents during the period. The rolling 13 Period AFR is at 0.09. CoCP compliance was recorded at 100% during Period 01.
- Progress on closing out the Stage 3 RSA report findings are being tracked by the Board SHE Committee. A planned meeting to discuss with BSC on 27/04/11 was postponed.
- A joint inspection was carried out on Princes Street. This highlighted that the repairs being carried out by BSC are not in line with the road rail interface. This issue has been escalated to BSC and tie Directors. An outcome of this exercise is awaited and a report will follow.
- Further results received from BSC for contaminated land. Meeting arranged 21/04/2011 to discuss the matter further.

Deliver a Safe Tram



| Metrics Inspection Overview | | | | | | |
|---------------------------------|---|--------------|-------|----------------------------|----------|----------------|
| Section | Activity | Data Checked | | | | |
| | | BSC | RFI's | Order Management Challenge | As Built | Asset Register |
| Section 6 – Depot Access Bridge | ITP Update – Structural Concrete, Bridge Bearings, Earthworks & Waterproofing | 0.5 | 1 | 1 | 1 | 0.5 |
| PD | Total (y) | 0.5 | 1 | 1 | 1 | 0.5 |
| | Max Possible Total (y) | 1 | 1 | 1 | 1 | 1 |
| | Percentage PT figures adjusted to show last 13 periods only | 57% | 85% | 97% | 85% | 33% |

Key - Y = Evidence exists (1); N = No evidence exists (0); NA = Not applicable (-); P = Part evidence in place (0.5)

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Overview of review of BSC design submissions



- 1 metrics inspection carried out during Period 1 – Depot Access Bridge review of updated ITP’s including Structural Concrete, Bridge Bearings, Earthworks and Waterproofing.
- Audits – 2 audits carried out in the period. BSC have still not provided a response to the Haymarket Audit carried out on the 14th Jan 2011.
- Independent Competent Person RFI and RFO status - 5 open RFI’s (2 on hold); 1 open RFO and 1 open ANC.

Progress – Period 01



| What | % complete |
|---|------------|
| Tram vehicles | 89% |
| Utilities | 97% |
| Infrastructure construction – Off Street | 40% |
| Tram project ancillary works | 100% |
| Tram project overall as a Financial Metric against authorised funding | ~76% |

- 0.1% progress achieved in the period

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Risk – Top 12 Risks Period 01

| ARM ID | Event | Cause | Effect | Owner | Significance | Probability 1 | Probability 2 | Mitigated Significance |
|--------|--|--|---|------------|--------------|---------------|---------------|---------------------------------------|
| 1076 | Tranworks unable to commence work or work is delayed/disrupted | Utilities do not finish diversion works prior to tranworks commencing | Delay and disruption claims from BSC | F McFadden | High- 20 | High | 100 | High - not to be commenced until 2018 |
| 1106 | Programme delay with dispute over accountability | Failure of SCS to provide drawings in line with the V31 programme | Delay to programme and additional costs | F McFadden | High- 20 | High | 100 | High - not to be commenced until 2018 |
| 1160 | Forth Ports contribution does not materialise or does not equal value of works carried out | Lack of signed formal agreement between CEC and Forth Ports regarding Forth Ports contribution to Tram works | CEC required to fund difference between Forth Ports contribution and value of works | S Bell | High-20 | High | 94.5 | High - not to be commenced until 2018 |
| 991 | Unknown or abandoned assets impacts scope of infra work | Utility assets uncovered during construction that were not previously accounted for; unidentified abandoned utilities assets; known redundant utilities; unknown live utilities; unknown redundant utilities | Re-design and delay as investigation takes place and solution implemented. Increase in CAPEX cost as a result of additional works | C Fiel | High- 20 | High | 90 | High - not to be commenced until 2018 |
| 949 | Delay to completion of project | General delay to programme with various causes e.g. Failure to obtain approvals on time; contractor issues; access after completion of utilities | Increased out-turn costs due to delay plus revenue loss | S Clark | High- 25 | High | 90 | High - not to be commenced until 2018 |
| 1078 | Failure of partnership approach between be and BSC | Lack of effective engagement from BSC leaders towards be | Lack of progress of works and increased costs | S Bell | High- 25 | High | 90 | High - not to be commenced until 2018 |

Risk – Top 12 Risks Period 01

| | | | | | | | | |
|------|--|---|---|------------|----------|------------|----|---|
| 1101 | Unrealistic estimates being submitted for potential charges | Unreasonable behaviour of BSC commercial management | Programme delay whilst disputes regarding estimates are resolved | D Murray | High- 25 | Prohibit | 90 | Highly significant risk |
| 1094 | Roads throughout works require full depth reconstruction | Design requires full depth without justification | Programme impact plus additional costs. £1.5m cap applies to only 4 areas | F.McFadden | High- 24 | Prohibit | 80 | High priority, significant risk. Requires attention to programme management |
| 1079 | Lack of competent resources within BSC to safely and effectively deliver Train project | Failure of BSC to effectively resource up for the project | Delay to programme and additional cost | F.McFadden | High- 23 | Possible | 50 | High priority, significant risk. Requires attention to programme management |
| 952 | Higher land compensation claims than anticipated | Increase in land values | Additional uplift on compensation claims | A Sim | High 22 | Remote | 30 | Review land acquisition on Train project |
| 928 | Safety incident/injury during construction | Major single safety and/or environmental incident (including a dangerous occurrence) during construction | Delay (potentially critical) due to HSE investigation and rework. PR risk to tie and stakeholders | F.McFadden | High- 21 | Improbable | 5 | Requires ongoing attention through and after mediation |
| 898 | Lack of evidence from tie SVS to allow handover of ETN to operator | Design, construction and/or testing does not meet operator requirements and gain approval from the RO's Competent Person (CP) | Delay to commencement of service, additional cost both for delay and rectification of the issue | B Cummins | High- 21 | Improbable | 2 | Requires ongoing attention through and after mediation |

Finance – Cost of Work Done



| Cost of Work Done - £k | Actual Period 1 2011/12 | Project to Date Period 1 2011/12 | Notes |
|---------------------------------|----------------------------|-------------------------------------|-------|
| BB+S | 321 | 134,888 | (1) |
| Advanced Payments | 0 | (14,356) | |
| CAF | 110 | 47,900 | (2) |
| SDS | 81 | 33,072 | |
| Phase 1b payment to BSC | 0 | 3,200 | |
| Utilities/ Other Infrastructure | (91) | 97,394 | (4) |
| Project Costs & Other/Land | 1,114 | 110,935 | (5) |
| Sub-Total | 1,535 | 413,033 | |

- Spend in Period 1 £1.5m - low activity as forecast.
- BB+S major cost recognised against maintenance/mob Spare Parts (£268k)
- Project/ Other costs reduced to £1.1m in Period 1 (£1.8m P13).
- Actual cash spent to end Period 1 - £394.4m
- Payment of £27.0m (+VAT) made to the Infraco on 3rd and 4th May relating to MOV4

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Finance – Project Costs Breakdown

| Cost of Work Done - £k | Last Period Spend - Period 13 2010/11 | Year To Date Period 1 2011/12 | Project to Date Period 1 2011/12 | Notes |
|--|--|----------------------------------|-------------------------------------|-------|
| Project management Staff Costs | 415 | 378 | 31,299 | (1) |
| TSS | 17 | 38 | 10,841 | |
| Legal Costs (DLA & D&W) | 9 | 0 | 6,350 | |
| Central Overheads | 38 | 22 | 5,153 | |
| DRP Costs | 958 | 218 | 6,049 | (2) |
| IT & Software Costs / fitout | 128 | 51 | 3,352 | |
| Citypoint - rent,rates,s/c | 132 | 22 | 2,916 | (3) |
| TEL | 10 | 14 | 2,547 | |
| Comms/ Stakeholder | 19 | 18 | 2,904 | |
| DPOF | 43 | 32 | 2,787 | |
| CEC Staff Recharge | 52 | 39 | 2,316 | |
| Archaeology | 0 | 25 | 528 | |
| Recruitment Fees | 3 | 1 | 470 | |
| Travel & Subsistence / Conference | 6 | 2 | 356 | |
| Other | 0 | 0 | 131 | |
| Total 'Project Costs' | 1,827 | 859 | 77,978 | |
| Other/Land | (65) | 255 | 32,957 | (4) |
| Total Project Costs/ Other & Land | 1,762 | 1,114 | 110,935 | |

- Significant reduction in underlying project costs run-rate from £1.8m (P13) to £1.1m (P1)
- DRP and mediation costs spike in P13 (£958k) now levelling out (£218k)
- PM staff costs reduced in-line with forecast. Anticipate run-rate to fall to £350k in P2 & P3

Funding Position



| Funding Summary - P1 - 2011/12 | £k | actual - £k | forecast - £k | forecast - £k |
|--|-----------|-----------------------|-----------------------|-----------------------|
| <u>Risk/ Funding Summary</u> | | <u>(P1 - 2011/12)</u> | <u>(P2 - 2011/12)</u> | <u>(P3 - 2011/12)</u> |
| Original QRA Risk | 30,336 | | | |
| Further Funding Approved (TPB) | 32,983 | | | |
| Uncommitted Budgets 'on hold' | 12,690 | | | |
| Additional +£1m per TEL/CEC MOU (to £546m) | 1,000 | | | |
| Total Risk/ uncommitted funding | | 77,009 | | |
| Drawn Down | | | | |
| Risk drawn down to end Period 13 | | -71,706 | | |
| Risk remaining start Period 1 - 2010/11 | | 5,304 | | |
| Risk drawn down in Period 1 | | -549 | | |
| Risk remaining start Period 1 - 2011/12 | | 4,755 | | 0 |
| PM Staff Costs/ DRP (approved p13 to be processed) | | -2,476 | | |
| Risk remaining end Period 1 - 2011/12 | | 2,279 | | |
| Forecast Spend over Funding allowance* | | | | |
| Further PM Staff Costs (forecast) - to end P3 | | | -350 | -350 |
| DPOF costs (forecast) to end P3 | | | -32 | -32 |
| Unbudgeted items forecast** | | | -382 | -382 |

* forecast excludes impact of MOV4 (Hg payments)

- £2.3m of uncommitted risk allowance remaining as at the end of Period 1 – 2011/12
- PM staff costs and DPOF costs forecast in P2 and P3 still to be drawn down ~£400k per period
- Does not take account of Hg payments made on 3rd and 4th of May

Change register update

| | |
|---|--------------|
| Total Notices by BSC | 868 |
| Deleted/withdrawn/superseded/Not issued | <u>(172)</u> |
| TOTAL | 696 |

| | |
|---|-------|
| Estimates Submitted | 465 |
| Estimates Submitted (Notified to BSC as Incomplete) | (N/A) |
| Estimates Outstanding | 233 |

| | |
|---------------------------------|-----|
| tie Change Orders issued | 228 |
|---------------------------------|-----|

| | |
|---|-----|
| ESTIMATES SUBMITTED BUT NOT AGREED | 235 |
|---|-----|

| | |
|--------------------------------|-----|
| Outstanding BSC Actions | 139 |
| Outstanding tie Actions | 48 |
| Disputed as Change | 48 |

| | |
|-------------------------|-----------------------|
| Value of agreed changes | £24.227m (52%) |
| Original submission | £46.563 m |

Change Statistics (at 05/05/11)

Analysis of Estimates
 Of the 465 Estimates received:
 267 < £50k
 168 < £10k
 Smallest Estimate £60

Trams Progress



- All 27 trams now completed or in production;
- Tram 27 in finishing area;
- 26th tram just finished factory acceptance test;
- 1st and 3rd to 25th trams completed and stored ready for delivery, entitled to take title to all or selected number
- ITN submission being prepared for potential tram lease opportunity.

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Operational Readiness Report



- Construction works at the depot continue apace;
- Main Workshop and store rooms nearing completion with final plant being installed;
- The Siemens control room equipment is being installed;
- External track works are being progressed;
- Work progressing with the Mini Test Track;
- Testing staff preparations being made;

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Key operations dates

- Depot workshop trackwork - Completed
- Depot substation fitout – Completed
- Limited HV power in workshop
- Building and workshop completed May 2011 except for the tramwash
- Building occupation scheduled for July
- Recruitment of testing staff for training July 2011
- Tram dynamic testing to start in December 2011

End