



tie Limited

Minutes of the Edinburgh Tram Project Board – meeting no 3.

Date: Tuesday 22nd November 2005

Time: 09.00am – 11.00am

Venue: The Boardroom, tie’s offices
Verity House, Haymarket Yards

For brevity, the attendees will be referred to in the minutes by the abbreviation listed below. The Board itself will be referred to as the ‘**TPB**’, to distinguish it from the **tie** Board.

In attendance	Gavin Gemmell – for tie Ltd	GG
	Damian Sharp – Scottish Executive	DS
	Keith Rimmer - CEC	KR
	Michael Howell – for tie Ltd	MH
	Ian Kendall – for tie Ltd (Tram Project)	IK/TPD
	Graeme Bissett – for tie Ltd	GB
	Barry Cross – for tie Ltd	BC
	David MacKay - TEL	DMcK
	William Gallagher - TEL	WG
	Neil Renilson – TEL / Lothian Buses	NR
	James Papps – for Partnerships UK	JP
	Jim Harries - for Transdev UK	JH
	Clare Norman – for tie Ltd	CN
Apologies	Andrew Holmes – for CEC	AH
	Andy Wood – for Transdev UK	AW
Circulation	As above	

ACTION BY

1. Apologies

- As Above

2. Previous Minute / Matters Arising

- It is noted the attendance at last month’s meeting was incorrectly documented on the minutes as Keith Rimmer attended the meeting and Willie Gallagher was absent.
- Keith Rimmer raised an issue with the wording of point 5 which read “the key importance of signal priority for the tram was highlighted to CEC representative” – the sentence should have been pointed after highlighted, excluding “to CEC representative”. Keith pointed out that this was raised

MH

KR



to the TPB not to the CEC. KR stressed that a Network balance needed to be reached. Signal Priority and a balanced solution are not mutually exclusive and the CEC will be insistent with this.

Note

3. Tram Project Director's Report – Key issues and decisions required.

3.1 TPB Project Governance

- IK asks the TPB to note the TEL Board (following on from the TPB on 22nd November at 11.00am) will be considering the way in which TEL/**tie** Board and the TPB will work together. Suggested that TEL will hold the mantle of control and ownership post financial close although other options are being explored. This proposal will be issued to the TPB as soon as it has been through the formal process.
- WG and DMcK both have some issues with the TEL financial report. Suggested by Gavin Gemmell that he will attend the TEL meeting to help resolve any issues that have arisen.
- IK stresses that the additional costs of the two-company structure which is suggested in the proposal, including all of the potential TEL running costs are not currently included within the Tram budget. The purpose of the proposals are to develop the most efficient project structure.

IK

WF/DMcK

GG

IK

3.2 Funding / Delay

- Damian Sharp is to send a letter to Keith Rimmer regarding the agreement between the Scot Exec and the CEC to continue the funding to the Parliamentary Process.
- Funding is material to the procurement process. It is paramount to tenderers that funding availability will be there. IK wants to ensure that CEC and Scot Exec are aware of this and highlights to the TPB that the INFRACO and MUDFA markets are made up of substantially the same organisations. In order to gain the best response from the market the funding needs to be guaranteed.
- DS and Keith Rimmer to meet this week. Damian Sharp notes that in a recent meeting with Andrew Holmes that there is a recognition that meetings need to be organised before Christmas to move forward with funding.

DS - action

IK

DS/KR – action

DS/AH – action



- IK stresses that it is important that an agreement between the Scottish Executive and CEC regarding funding for the Utilities diversion package needs to be in place prior to the release of tenders. If the money is not available by the programmed tendering for MUDFA in January then the tender will not be released. This will have a knock on effect with all programming. CEC and Scot Exec need to be in agreement to fund. DS
- JP in general support of strategy but worries about the funding as the procurement of MUDFA, INFRACO and TRAMCO are fundamental to the success of the project. Note
- MH suggests that the issue is that there is not a clear view of how TEL will manage the trams. Questions whether this is a concern and will this yield delay in Scottish Executive and CEC resulting in an impact on the process of MUDFA and the other tenders. MH
- NR hopes there will be a decision on indexation before Christmas. DS suggests that the political will is to decide this before Christmas. NR hopes that that if this is the case then the outcome of the indexing will give the tenders more hope of what can be achieved. Note
- IK states that contractors will respond to tie and that **tie** need funding in place to represent the project. Indexing is fundamental. BC notes that legal advice unanimous across the board in terms of Scope and powers in the bill. GG notes that indexing will help. IK/BC/GG
- NR raises question of delays to the project and the cost that delays may have. IK emphatic to point out that the tram project is being developed with an overlapping series of programmes. The full project cost is between £634 - £714 million. **The issue of costs is not a constant money issue but an issue of inflation.** Graeme Bissett adds that we will spend more if delayed. Note
- TPB agreed that the funding issue has been raised and is that the TPD has highlighted and explained why funding is critical to having a successful tendering process. It is agreed that TPD's position is that there will be no tender release unless and until funding is committed, IK



subject to contract.

3.3 Market Consultation – INFRACO/ TRAMCO

- JP asks whether the MUDFA contract is to be signed in April. IK confirms that if funding is available then MUDFA, will be awarded post Royal-Assent and tenders for INFRACO and TRAMCO will be released. **Tie** are looking at the decision to initiate utilities between beginning of April to October. IK
- TPD recommends selection of TRAMCO bidder in October 2006 to streamline tendering process. TPB approve this subject to date. Note
- TPD has accelerated release of TRAMCO OJEU to end-November 2005 to short-list TRAMCO bidders prior to receipt of INFRACO PQQ's. Note that there are a number of companies that have expressed interest in both MUDFA and INFRACO. Note
- DMcK asks whether **tie** are planning to begin utilities prior to the project becoming definite. IK confirms this and states that the Scot Exec and CEC are happy with this and **tie** are in the process of fine tuning at the moment. IK
- MH states that if we don't start Utilities diversions in the middle of the year then it will delay the project and cost both time and money. IK confirms to the TPB that it is **tie's** intention to begin Utilities diversions following the end of the festival at the beginning of September 2006 in order to minimise disruption to the Transport Network. Note
- TPD notes that the final business case is due in September/October 2006 which will produce the final decisions. IK

WG wants to ensure that the Board are in alignment with JRC outputs prior to utilities work commencing. TPD stresses that any of the utility diversions are to be made between Haymarket and Ocean terminal. The focus of attention with utilities will be in this area. This area is vital to the Tram project success, without this section the Tram Network won't exist. The risk of abortive works is very low. Note
- IK notes that **tie** are moving forward with JRC analysis with known phasing options. NR notes that TEL see that by focussing utility diversion attention between Ocean Terminal and Haymarket even without the results of the JRC being known IK



then the outcome will yield no waste.

- DS and KR believe that the Scot Exec and CEC will not allow the award of MUDFA if JRC don't see Network being there, however, TPB recognises the importance of the JRC findings to the project but agrees that these results should be weighed up in respect of all aspects of the project. DS TPB
- IK notes that it would be prudent to raise a change request to see if JRC modelling could be speeded up. This is agreed by TPB IK
- BC notes that the two Parliamentary Committees are on the brink of accepting the Bills for ETL1 & 2 on the basis of all the work that has gone forward so far. JRC is one part of the project as a whole. BC

3.4 MUDFA DEVELOPMENT

- TPD notes that if the Scot Exec and the CEC come to a funding agreement (3.2) then the release date for MUDFA is 9th January 2006. IK
- TPD would like to avoid a situation with the procurement strategy where INFRACO PQQ submissions are required before we know TRAMCO. TPD to advise INFRACO's. IK
- IK advises TPB that there is a no fault termination clause in all contracts to date. IK
- TPD recommends that there is incentive sharing between MUDFA and **tie** and that in event of full demobilisation **tie** will wish to pay costs. The TPB is made aware that the Procurement Strategy requires **tie** to undertake substantial works prior to financial close in 2007. IK
- The Outline Business case that is being produced for the first quarter of 2006 will show the operational viability. This is not the same as the Financial Business case which is due including the JRC output in October 2006. IK Note
- When the utilities works are being carried out associated private connections will also be included, which will allow **tie** to modify utilities owned by land owners at the same time to avoid having to rework later. IK
- IK advises the TPB that there are around 1000-1500 items of utility diversions within the tram programme. Note
- TPB understands the features that the TPD would like included in the MUDFA contract as explained in 3.4 and above and are in agreement with them. TPB



- IK asks that the CEC sterilise tram path for all new utility works immediately legal powers are achieved for either ETL1 or ETL2. KR not aware of any utilities added in path of tram, but notes that we don't have definite plan of tram path yet. CEC agree to ensure no utilities works are in the path once legal powers are available.

IK

KR

3.5 JRC and Financial Modelling

IK

- TPD notes that JRC modelling is a critical input into the alternative TEL business plans, risk management strategy and financing agreements with Scot Exec and CEC. JRC will be directed from TELs perspective and TPDs perspective to derive options that give optimum solution.
- MH notes that high quality bus was apparently preferred by DfT in Leeds and that **tie** should look at all options available to Edinburgh. The concept of a new bus design should be explored, however a report was commissioned at the beginning of the tram project which suggested that Trams were the better option for Edinburgh. TPD to develop.
- **Tie**, through Transdev, are looking at several different approaches to the removal of buses on the tram routes, with no's stretching between 15 to 60, MH stresses to NR that there are a number of approaches being explored.
- TPD advises to all that further work continues regarding all aspects of 3.5.

IK

IK

Note

IK

3.6 Safety Plan & Issues

- MH notes that he has had an informal conversation with the Chairman of the **tie** board regarding this and it had been decided that this matter should be discussed formally at the **tie** Board meeting.

MH

3.7 Tram Project Accommodation

- TPD inform the TPB that the idea of Satellite offices to be used for specific aspects of the project is being discussed. IK working on this with impacts on **tie**. Action approved by TPB.

IK

3.8 Change Controls / Design Manual

- The TPB has been informed that the CEC Design Manual deadline is 19th December 2005.
- CR014 – Wireless traction – TPB approved TPD's

IK

IK



recommendation to remove wireless traction from further consideration.

- CR009 – “bikes on trams” - TPB did not accept the report and would like it to be resubmitted after further work. IK

4. Tram Progress Report – Highlights and questions

- Change Requests 18,19,23 (p17) have gained approval from the TPB but IK clarifies to the TPB that they need to get approval of Highway Authority. By creating Change Requests the Tram Project begins a process to identify the need to develop a comprehensive design that works. IK
- NR concurs that this is the ideal that the Tram Project want to achieve but that it need to be proven to provide a satisfactory balanced solution. TPD notes that the starting point is the Change Requests. NR
- DMcK gains confirmation from TPD that the outline business case that is on p7 is being brought together by Stuart McGarrity, Graeme Bissett and PWC. IK notes that inclusion of information from TEL is needed. DMcK/ IK
- p6 (4.3) – Tram Implementation- GB agree with the need for re-phasing. DS asks why no bills for £4m come across his desk. KR and GB to check this. KR mentions that he is not aware of any delays in payments. NR
GB/DS
KR/GB - action

5. Governance a) Finalised Tram Project Board Remit b) TEL and Service Integration

- TEL is going to discuss this and TPB will come back to this. IK

6. Principle Workstreams Update

- Workstream with SDS – tie is trying to sort out any problems with this. IK
- JRC is in place.
- TSS providing an adequate level of support.

7. Parliamentary Process Update

- Parliamentary hearings are moving into the final stages and due to resolve of objectors and withdrawals the hearings have been shorter. Note
- This week the PBU will begin looking at outstanding issues such as modelling and finance BC



issues. BC inform the TPB that **tie** have high hopes of closing down these issues and that **tie** are on target at the moment.

- ETL2 goes to the floor early next year and ETL1 towards the end of the first quarter.
- DS mentions that he needs to know any Bill amendment issues so he can keep the Scottish Executive informed so that no amendments to bills are passed that need to be changed later.

BC

DS

- 8. **Change Controls – Status of Register**
 - a) **Change Request 14 – Wire Free Traction**
 - b) **Change Request 9 – Cycles on Trams**
 - Dealt with in 3.8

- 9. **TEL Business Plan and Financial Model – Progress**

- NR states that this was discussed at the last TEL board. Note there is a need to get better handle of what the business plan is being created for. View at last TEL board was not to take the whole of ELT1 & 2 forward in business case so to focus JRC on this. DMcK and WG more comfortable with this.
- BC mentions that the parliament commissioned audit of the process by ARUP and that gave them confidence to move forward.
GB states that the overall business case document is intended to support tendering. We need to accept that the overall business case will contain a lot of what we have at the moment. Better that we are working toward something next autumn. **Tie** are not going to have definitive information in January/February in the OBC (overall Business case) as this based upon the business case that is planned for the end of the year.
- TPD informs the TBP that we can't get a solution until we have done the work. We clearly have capital budget restraints and there is a lot of work to do with TEL/Lothian buses and JRC. We won't find optimum answer until the work is done. JRC needs to do a complete job with ETL1 & 2 and look at all solutions.
- WG states that he is nervous of starting on-street construction works until he has seen the business case from JRC.

NR

Note

GB

Note

IK

Note



- GB notes that it would be helpful if **tie** could show information on sections. We won't have this from JRC but we can gain comfort in sections. JH agrees that a report on Ocean Terminal to the Airport can be done provided all of the TPB agree on basis that this will be done.
- Damian Sharp is concerned that TEL's business plan is stalled. He wants TEL to have some development so that when JRC results come out they can react quickly. NR notes that TEL is not stalled but would like to see "what ifs" for Granton and the Airport to Ocean terminal.

GB/JH

NR

10. Funding and Business Case Matters

a) Supplementary Progress Report for PBU

b) Outline Business Case – format and content

c) PFI Feasibility Study

- The Progress Report to PBU was good and MH confirms that **tie** will not talk to the press without talking to CEC.
- **Tie** are attempting maintain pace on the joint venture with EDI
- GB notes that **tie** are unable to move forward as have had no response from CEC legal team. Keith Rimmer is going to take this up with the Council Solicitor.

MH

IK

GB

Action – Keith Rimmer

11. AOB

- Nothing recorded.

12. Next meeting will take place at Verity House on 19th December at 9.00am