



TRANSPORT SCOTLAND MONTHLY PROGRESS REPORT – TO PERIOD 6 2006

1. Safety

No safety incidents to report in this Period.

The principal activities to improve safety performance are:-

- Commencement of tie Corporate Safety Management system
- Development of Safety & Quality Interface Document for issue to contractors

2. Programme and Progress

Current status of key project milestones to achieve project funding are:-

- Preliminary design – package delivered by SDS and is currently being reviewed by tie.

Future key project milestones to achieve project funding are:-

- Preparation for OGC2 Review commenced – Review to be undertaken in two stages; Stage 1 – 26th, 27th and 28th September 2006 and Stage 2 – in early November 2006.
- MUDFA (Multi Utility Diversion Framework Agreement) tender evaluation paper concluded and recommendation submitted to City of Edinburgh Council (CEC) on 6th September 2006. Proposed contract award 3rd October 2006 (inclusive of 10 day “cooling-off” period).
- INFRACO (Infrastructure Contract) tender issue date has been brought forward to 3rd of October 2006.
- TRAMCO (Tram Contract) tender return date is 5th October 2005.
- Update of Project Estimate based on preliminary designs underway and is scheduled to be completed on 16th October 2006.

Programme for delivery into service of Tram.

- The current forecast completion date is July 2011, based on outline productivity factors and assumed working constraints. The programme is being reassessed based on the measured quantities derived from the preliminary design in order to confirm delivery into service date of Tram (opening date).

Details of the key project milestones to approval of the DFBC are shown in Appendix A (Note – this represents work in progress but will be finalised within the next week).

3. Key Issues and Concerns

Current key issues and concerns arising in the period are:-

- SDS (Parsons Brinkerhoff) delay in completing design deliverables. In particular:-
 - Preliminary Design completion and consequently its validation is running significantly late
 - SDS are not progressing quickly enough with the utilities (MUDFA) diversion designs.
 - SDS are not providing sufficient resources to support the TTRO and TRO consents process.

The original procurement strategy expected completion of detailed design with design proven to meet Tram system performance requirements by modelling during tender of INFRACO by July 2006. The impact of this delay is that the delivery of the risk transfer objectives of the OBC Procurement Strategy will be compromised. To address this issue we have:-

- Met with Parsons Brinkerhoff senior UK management and agreed a protocol for supporting delivery of designs for the INFRACO ITN.
- Identifying and prioritising the design and consent information required for the INFRACO ITN, agreeing this with bidders for SDS to then deliver to an agreed programme.
- Identifying the information required by bidders to minimise their risk premium levels and developing programmes for delivering this progressively during the bid period.

A separate paper is submitted to the DPD sub-committee detailing how the objectives of the OBC Procurement strategy will be secured.

- Decision to be made on Tram depot location – see separate paper is submitted to the DPD sub-committee.
- Funding approval is required from TS for to permit early commencement of advance works and property acquisition. If decision is not made by end September 2006 then the programme will be significantly delayed. See separate paper (To follow) put to Transport Scotland proposing how increased spending could be delivered by the end of this financial year.
- INFRACO bidders' final commitment to participate in tender process has been sought, confirmation is required in early September to maintain the programme tender date. This will permit early release of TRAMCO tender documentation to assist comprehension and clarification of documentation. INFRACO bidder input will be obtained with agreement to bid bonds and TS commitment to capped refund bidders costs in the event of the project not proceeding.
- Funding approval is required from SESTRAN prior to issue of Compulsory Purchase Order for land adjacent to current Ingliston Park and Ride
- Lack of resolution of the D&W issue with CEC is delaying the land assembly process.
- The Project Functional Specification is being developed for approval at the September Tram Project Board meeting. This is required for the OGC 2 Gateway review.
- The Project is currently preparing for the OGC 2 Gateway review, having agreed a revised approach with TS which is focused on the critical activities required to enable release of the INFRACO ITN.
- The principles for indemnification of INFRACO bidders' tender costs have been agreed in principle with TS and are awaiting confirmation.

4. Risks and Opportunities

The significant issues (refer to appendix B) in respect of the current risk position are as follows:-

Stakeholder Risks

- Poor Project Governance; Treatment Strategy is to seek clarity of Delegated Authorities of TS and CEC representatives attending Board meetings. This was due to be resolved in August but remains outstanding.

Project Risks

- Delay to early commencement (Jan 07) of depot works at Gogar – Treatment strategy is to (a) Resolve whether or not Leith alternative is viable for the depot and (b) Gain TS agreement for early commencement of works including ground investigation, earthworks, emergency access road

Management of the Infrastructure Design Risk Register is currently an SDS responsibility. tie's Project Commercial Team will undertake management of the Project Risk Register as from the end of next month after a migration exercise.

Principal Opportunities are:-

Value Engineering has identified the potential for the following significant cost reductions:

- Potential relocation of depot to Leith;
- A change in the design of tram stop shelters from bespoke to off-the-shelf; and
- Use of ballasted track where possible.

The following key opportunities have also been identified:

- Revisit of project procurement strategy to maintain the original objective of risk transfer to private sector;
- To maintain the procurement programme for INFRACO the procurement will need to be conducted as an ongoing negotiation. This will focus the bidders attentions on providing queries for resolution and interim submissions to the Project for evaluation and encourage delivery of final bids to the Project programme. Tenderers progress will be monitored at regular reviews throughout the tender period.
- Emerging INFRACO tender documentation is being shared with TS and CEC and, commencing the first week of September, via external stakeholder review.

Given the concerns in respect of the potentially unaffordable level of Capex costs the Project will undertake a further value engineering exercise in October after completion of the Project Estimate update.

The Primary Risk Register is provided in Appendix B

5. Matters for Approval or Support

Decisions required from Tram Project Board on 25th September 2006

- Approval of the papers submitted separately to DPD.

Decision /support required from TS

- Approval for tie proposal to increase spend (£51m) to enable commitments to be initiated to achieve the increased spend. Approval required by 1st October 2006. this includes commitment to SGN to place long lead items to enable diversion of high pressure gas main at Gogar to meet April 2007 to September 2007 Construction dates.
- Approval required by 21st September 2006 for recommended MUDFA contractor and subsequent award of contract.
- Facilitate agreement with Network Rail to ensure immunisation works will be undertaken concurrently with TRAM Bathgate works in order to minimise cost and mitigate disruption.
- Facilitate agreement with Network Rail to commit to support key possession dates and contingency possession dates for Tram works.
- Facilitate agreement with Network Rail on a process for compliance for the undertaking of tram works on NWR controlled infrastructure.

Decision /support required from City of Edinburgh Council (CEC)

- Confirmation that no further resources to be provided via tie (Technical Support Services (TSS) contract) beyond the current deployment of a Structural Engineer and Traffic Signal Engineer. Decision required by end September 2006
- Approval for recommended MUDFA contractor and subsequent award of contract required by 5th October 2006.
- Temporary Traffic Regulation Orders and Traffic Regulation Orders require public enquiry and tie will requires assistance in gaining public approval. Public objections could have serious programme implications. Support required in order to ensure that no objections adversely delay TRAM programme.
- Greenway – confirmation of implementation option tie is to follow in respect of Greenways, as detailed in tie letter reference 40.02.18/AL/FH dated 30/08/06

Decision /support required from others

- Funding approval required from SESTRAN prior to issue of Compulsory Purchase Order for land adjacent to current Ingliston Park and Ride in order to permit development of Ingliston Park and Ride Phase 2. Proposed dates to take Title / Purchase of Land March 2007 and commencement of works on site March 2007.

6. Financial and Change Control Position

Financial Status

The current reported forecast spend to Dec 06 is £23m and £32.6m to the end of the financial year. The financial year spend could be up to £51m to March 06 if approval is granted by TS to the full spend opportunities proposed by the Project. These proposals were submitted to TS on 24 August 2005.

Current Year Position

A – AFC, Current Budget Year Position - To December 06				
Approved Budget 06/07 £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678k	£23,162k	£32,678k	£9,516k	"Bottom-up" reassessment of spend

B - VOWD 06/07				
Month £k (Incremental)	Current Actual £k (Cumulative)	Previous Forecast £k (Cumulative)	Variance £k (Current minus Previous)	Comment
£2,204k	£13,249k	£13,433k	- £184k	Slower than forecast SDS spend

C – AFC, Current Financial Year position - To March 07				
Approved Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678k*	£40,022k	£46,355k	-£6,333k	"Bottom-up" reassessment of spend

*Budget to end December 2006

Project Position (To end of Trial Running)

D - Anticipated Final Cost				
Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£545,000k	£623,000	£623,000	£0k	Reassessment of project budget underway, for completion 16/10/06

Fuller financial details are provided in Appendix C

Change Control Summary

The Project has developed and is now implementing a clearer and more efficient change control process. This will be implemented during September.

We are working on the backlog of historical change orders to provide improved impact assessment. This will be resolved during September.

7. Early Warning Claims

SDS have indicated that they believe they are not obligated to deliver certain of their contract deliverables on the basis of certain purported written and verbal 'side agreements'. The Project is investigating the veracity of these claims and will advise further in the next report. They have also indicated that they are concerned that one of their contract conditions gives INFRACO too much latitude to reject their deliverables. They wish this to be revisited prior to novation.

Submitted by:- Andie Harper
Project Director

Date:- 18/9/06