

**Report of Edinburgh Trams:  
7<sup>th</sup> Quarterly Review  
24 September 2010**

<b>Attendees-</b>			
Dave Anderson	City of Edinburgh Council	Bill Reeve	Transport Scotland
Donald McGougan	City of Edinburgh Council	Jerry Morrissey	Transport Scotland
Andy Conway	City of Edinburgh Council	John Ramsay	Transport Scotland
Alan Coyle	City of Edinburgh Council		
Richard Jeffrey	Tie.Ltd		
Steven Bell	Tie.Ltd		
<b>Apologies-</b>			

<b>Item</b>	<b>Notes</b>
<b>Purpose of meeting</b>	Transport Scotland advised that these Quarterly Review meetings were required under the terms and conditions of the grant agreement. Both Ministers and Transport Scotland were keenly aware that progress was dependant on the current negotiations and this Review should concentrate on these negotiations, timing and financial implications.
<b>2: Minute of Previous Meeting</b>	The minute of the previous meeting held on 29 June 2010 was agreed
<b>3: Actions Arising</b>	There were no outstanding actions from the previous meeting
<b>Progress to Date</b>	Tie advised that the twin track high level strategy continued towards a conclusion of the current difficulties via;  a) A sustained assertive contract administration and, b) Negotiations towards agreement on Carlisle for revised scope & programme
<b>Assertive Contract administration:</b>	Tie advised that they were concerned about those responses received so far from BSC on those remedial termination notices so far issued: Best described as suggesting a plan to have a plan for remedial action. Currently, Tie considers that termination was not yet a strong option and the best strategy remained carry on until a breakthrough is within reach.
<b>Project Carlisle</b>	Whilst parties were not yet on route to agreement and negotiations continued, neither party had declared that talks had broken down. Overall however, they were characterised as being thin on positive developments. More importantly, there remains no agreement on the question of fixed price - Tie is insisting on guaranteed price but BSC still insists that the fixed price is as per drawings and everything else is a change.

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<p><b>Action Point 1:</b></p>	<p><b>AFC:</b> Difference in overall cost remains around £100m  <b>Scope:</b> BSC still wish to stop at Haymarket whereas Tie still required a St Andrews Square termination.  <b>Design:</b> Tie still required an assured complete integrated design.</p> <p>In terms of project completion metrics, Tie tabled a paper summarising the overall project completion progress as 70%. The paper also advised on current status of each of the key construction packages – (See attached for more detail). Following discussion, Transport Scotland identified that the need was for a more suitable overall completion metric which could be used to provide the media and public with a better appreciation of the overall completion rather than the confusing focus on the total spend so far against the rate of the disputed “civils” contract. Both CEC and Tie accepted this and</p> <p>The Council agreed to produce a better disaggregated version.</p>
<p><b>5: Anticipated Completion</b></p> <p>(a) Phasing</p> <p>(b) Gogar</p>	<p>Tie were unable to provide any further update on the opening milestone citing the fact that they;</p> <p>a) don't yet have an agreed programme; and  b) As BSC claim for EOT2 hasn't yet provided any assistance and they should still be working to the September 2012 completion date. Tie had however also been advised that BSC appeared to now report project completion by December 2012.</p> <p>Transport Scotland reminded the meeting that following the recent meeting with Ministers there was little more to report. For their part, the Council and Tie indicated that there would need to be another meeting soon to ensure that all key stakeholders had a better understanding of the current pressures and issues.</p>
<p><b>Funding</b></p>	<p>Transport Scotland reminded the Council that it while it was considered that their advice of 10 June regarding the strong possibility that it could not deliver Phase 1a within the overall affordability was a potential breach of the grant agreement, that didn't mean that Ministers saw advantage in making things more difficult for the Council, particularly through prematurely exercising any of the options open until there was a clear decision from the Council. However doing nothing remained problematic the Council must recognise that now this was in the public domain there were growing pressures for clear action.</p> <p>In response the Council advised that while it was now clear that it couldn't deliver for £545m and this should be recorded, it must also be appreciated that the Council still required a reasonable period to allow a final decision to be made. The one thing</p>

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	<p>that the Council remained firm over was the need to ensure that BSC continued to be paid, ensuring that Tie were not in breach.</p> <p>Funding Profiles: Tie advised that whilst there were growing sensitivities around key issues and had already recognised a further reduction of approx £20m, they had not yet reviewed their outturn forecast for the current year – 2010-11 and were also aware of similar sensitivities for 2011/12. The Council also advised that while they continued to work on profiles based on the full Phase 1a scope, they were also aware of 2 further issues;</p> <p>a) Planning around Carlisle, and b) Termination scenarios.</p> <p>In regard to the issue of contingency planning, the Council advised that they had completed the reworking of the Tram Business Case on the basis of current known positions and together with loan charges etc were facing an AFC of up to £600m. However, in response to Transport Scotland's response that the currently apparent gap of £100m would be additional to the £600m, the Council confirmed that they would find it very difficult to recommend any VFM decision to agree a £600m option to St Andrews Square / York Place but whilst there was no contingency over £600m the TIF option could become a possibility.</p> <p>The Council also confirmed that they intended to provide a report to full Council on 14 October. This would include the refreshed business case and revised case for trams</p>
<b>Actions required ting:</b>	<p>It was agreed that the Council would provide an improved, overall project completion progress metric that would permit a better appreciation of overall progress against current costs.</p>