



Agenda for tie Board Meeting
to be held in the Dean of Guilds Room ,
City Chambers , Edinburgh

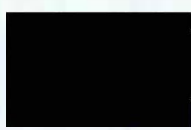
on Monday 16 February, 2004 @ 10.00hrs – 14.00hrs

Item No.	Agenda Item	Resp	Timing
1.	Minutes of Meeting of 29 January 2004 for approval and signing	EB	10.00 hrs
2.	Matters arising	EB	
3.	Chief Executive Report a) Stakeholder Management (Appendix A) b) Risk Report (Appendix B)	MH ML	10.05 hrs
4.	ITI/CC a) Congestion Charging procurement (Appendix C)	AM	10.15 hrs
5.	TRAMS a) DPOF/ETL	GB	10.30 hrs
6.	Financial Matters a) Financial Report (Appendix D) b) tie Business Plan	GB	10.45 hrs
7.	AOB		
8	Date of next meeting – Monday 22 March 2004		
	Break		11.00 hrs – 11.15 hrs
9.	DPOF – First Group Plc Presentation		11.15 hrs – 12.15 hrs
	Lunch Break		12.15 hrs- 12.45 hrs
10.	DPOF – Transdev Plc Presentation		12.45 hrs - 13.45 hrs
11.	tie Board presentation wrap up		13.45 hrs – 14.00 hrs

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TRANSPORT INITIATIVES EDINBURGH LIMITED

Minutes of the BOARD MEETING

held in the Skyline Room, Mount Royal

Ramada Jarvis, Princes Street, Edinburgh

On Thursday 29 January 2004 @ 15.00 hrs –
17.30 hrs

Board Members: Ewan Brown (Chairman)
Gavin Gemmell
John Richards
Andrew Burns
Bill Cunningham
Maureen Child

Initials

EB
GG
JR
AB
BC
MC

In attendance: Michael Howell, **tie** Chief Executive
Graeme Bissett, **tie** Finance Director
Alex Macaulay, **tie** Projects Director
Ian Kendall, **tie** acting Operations Director
Keith Rimmer, CEC, CDD, Head of Transport
Ronnie Hinds, CEC, Head of Corporate Finance
Andrew Holmes, CEC, City Development Director
Nigel Allison, CEC, Council Solicitor
Martin Buck, PUK
John Martin, Scottish Executive

MH
GB
AM
IK
KR
JB
AH
NA
MB
JM

Apologies: Jim Brown
Jonathan Pryce

Item

1. MINUTES OF THE MEETINGS OF 15 & 22 DECEMBER 2003 FOR APPROVAL AND SIGNING

The minutes were approved

2. MATTERS ARISING FROM MINUTES OF THE MEETING OF 15 & 22 DECEMBER 2003

Item 4 – Financial Matters:

Joint venture with EDI – GB still attempting to progress this.

GB

3. CHIEF EXECUTIVE'S REPORT

General

MH commended the congestion charging team and in particular John Saunders for his personal commitment to the project over the Christmas holiday period which gave him very little time at home.

Finance and account report

tie were required to account for 2002/3 underspend to the Council's Environmental Scrutiny Panel and were able to explain the reasons and the expected catch up during the current year.

Company Secretarial

tie had proposed that Dundas & Wilson be appointed as the new Company Secretary. AH advised that CEC are reviewing the current arrangements for Company Secretary in each of the companies they control. When MH revealed that he had discussed and agreed the matter with the Acting Council Solicitor, it was agreed to nonetheless to proceed.

tie Business Plan

tie's Business Plan which had been submitted on time, had still not received approval.

The 2004 Appraisal and Development review is being linked directly to the Business Plan. Each **tie** employee will have personal objectives that are directly linked to the plan.

Heavy Rail

MH had a meeting with Keir Bloomer, Chief Executive of Clackmannanshire Council and advised that **tie** and Clackmannanshire are now jointly assessing how **tie** might assist with delivery of the Stirling-Alloa-Kinross railway line once the bill emerges from the Scottish Parliament in the summer.

Managing the public interface

Monica Langa has been appointed as Senior Commercial Manager and has been instrumental in forming a working group with City Centre retailers under the chairmanship of the City Centre Management Company. Her role will be to plan, organise and direct a programme of activity which will build general

Action
By

MH/SL

MH

MH/ML

understanding and acceptance of the activities of **tie** within the city of Edinburgh with a view to building the support of major stakeholders, and public acceptance of the Council's plans.

A meeting has been held with Standard Life. It was agreed to undertake data collection to assess the true scale of their perceived economic problem.

WEBS

It was noted that following discussions between Lothian Buses and Transbus regarding the fitness for purpose of the existing fleet of buses, 30 wider single decks would be ordered for use on the service. Programme is on target for autumn 2004 completion.

Risk Report

Mark Bourke, Risk Manager on contract from Mott McDonald has accepted a permanent position with **tie**.

The monthly Risk report was tabled for comment.

RH noted that the referendum was not included in the Risk Report. It was agreed that subject to funding (see below) a Stakeholder Management Strategy should be put in place to ensure the success of the referendum.

AH noted that principal public issues relating to Tramline 3 should be considered in the Risk Register.

4. FINANCIAL MATTERS

a) Financial Report

The December Financial Report was presented. There were no material changes from the November Report.

b) **tie** Business Plan

Deloitte had reviewed the Congestion Charging development costs and the revised **tie** Business plan v13 was submitted for approval on 24 December 2003. AH reported that the Council budgeting process was difficult. **tie**/CEC collaboration is required to progress a dialogue for the £1.5m increase and alternative means of funding it. The CEC budget deadline date is 12/2/04.

AB reaffirmed that the 2006 date for Congestion Charging must not be affected.

It was noted that budget cuts may be imposed on **tie** which could affect key priority areas including management of the public interface (see above). Andrew Burns suggested that **tie** might explore with PUK whether they could fill the gap.

5. EARL

Susan Clark, the new Senior Project Manager for EARL, presented her report. Scott Wilson have been appointed to undertake the main technical workstream.

Andy Sloan from Donaldson Associates has been retained by **tie** to provide technical advice on tunnelling, which remains a major risk area due to ground conditions. Key milestones have been agreed and a railway timetable that works has been developed. The implications and assumptions of the timetable were discussed and a number of points were raised.

SC

A meeting of the **tie** Board with Scott Wilson is proposed on site at Edinburgh Airport in March.

JM asked whether new rolling stock would be required and how much it would cost. This was flagged as a potential important issue.

6. TRAMS

a) Bus/Tram Integration – New Approach

The proposal to create a new CEC owned company, Edinburgh Transport Limited (“ETL”) was discussed. ETL would become the owner of Lothian Buses and the counterparty to the Edinburgh Tram Operator. It was agreed that the proposal best addressed the key integration issues of bus and tram and should be discussed with Lothian Buses and presented to the two short listed tram bidders in good time for the next **tie** Board meeting at which they would both present.

GB

b) DPOF Procurement

The successful and unsuccessful candidates have been informed and a debriefing has been offered to the two unsuccessful parties. The CARP programme continues with an update to both successful candidates, Transdev Plc and First Group Plc, on the Technical and Environmental development that has taken place on the Edinburgh Tram project.

c) Tram Lines 1 & 2 – Bill Progress report

The Private Bill unit is currently checking the Bills and they were expected to be introduced to Parliament on 29 January. The prescribed 60 day objection period will then commence. A strategy and management system for Stakeholder Management is being put in place to deal with objectors.

? | It was agreed that MH should meet with Patricia Ferguson to discuss key workstreams to ensure progress is made towards an October 2004 vote in the Parliament.

MH

d) Tram Line 3 – Preferred Route Corridor (PRC)

A paper outlining the tram line three preferred route corridor to be taken forward for STAG2 appraisal and public consultation was discussed. AH reported that a possible extension to Musselburgh was being considered by CEC.

GB

Funding for tram line three requires to be discussed between **tie** and SE.

The board approved the PRC and the public consultation strategy.

e) Business Case status

GB is to prepare a list of questions and suggested responses that might be asked by MSP's about the status of tramlines 1 and 2 funding and invite further comments from director. JM advised caution in proceeding without funding.

GB

7. ITI/CC

a) Congestion Charging Procurement Progress Report

An aggressive timetable for the procurement of a fully integrated solution for Congestion Charging that covers, design, implementation and continued serving and maintenance has been agreed with CEC. Seamus Healy has been appointed as Procurement Manager. 18 expressions of interest were received with a shortlist of 5 candidates likely to be asked to formally tender on the week commencing 9 February.

b) Draft Order & Public Inquiry

The recommendations made to the Council on the **tie** report which were agreed at the special Board meeting on 22 December 2003, were delivered to the CEC on 15 January 2004. At their meeting on 22 January 2004 the Council decided to approve the recommendation subject to one important amendment: they did not agree the removal of the outer Edinburgh exemption. This decision determines the form of the scheme that will go forward to the public inquiry starting on 27 April 2004.

c) Stakeholder Engagement Discussion

A report has been produced for **tie** to provide a framework for improving its management of relationships with key stakeholders. GG asked if there was an expectation for **tie** Board members to be more proactive in their support. **tie** are to produce a programme outlining the strategy and support requirements to achieve successful implementation of congestion charging and win the referendum. This will be discussed in more detail at future meetings.

AM/ML

Martin Buck, PUK drew attention to the critical importance of Stakeholder Management throughout the process up to and beyond the Referendum.

d) Deloitte & Touche (D & T) Report on cost projections and MVA Report on Revenue Projections

D&T have finalised their work on the cost projections and meetings are planned with MVA to gain a better understanding of the revenue projections. This information will be communicated to GT who will prepare the revised Business Case model taking account of the D & T cost estimates.

GB

8. AOB

a) City Centre Car Parking (CCCP)

tie and Grant Thornton had performed a set of sensitivity tests, reflecting the informal views offered by NCP, as a "sanity check" on the base case outlined in the Business Case ("OBC") which was presented to CEC in November 2003. A paper was produced providing the results and the recommendation for a formal procurement to be launched to provide a market-test of the financial effect. JR expressed concern about the level of objections from retailers and AM advised that retailers have expressed their support of additional city centre car parking. KR highlighted the need to understand how the temporary traffic management systems will work for the trams construction before making a decision on CCCP. AM advised that the program for construction of tramlines one & two would be completed by March 2004.

GB/AM

AH advised that **tie** and CEC should work together on a risk assessment for CCCP

AM

Action
By

b) PUK arrangements

It was agreed that a more formal arrangement known as Development Partnering Agreement (DPA) would enhance the role played by PUK and allow an element of risk-sharing between tie/CEC and PUK. The principles of the terms of the DPA were outlined and the Board approved commitment by tie to the DPA.

9. DATE OF NEXT MEETING

The next tie Board meeting is scheduled for Monday 16 February 2004.

Note extended time 10.00 hrs – 14.00 hrs



tie BOARD MEETING – 16TH FEBRUARY 2004

Chief Executive's Report

A. General

It has not been long since the last board report. The issues of strategic importance that have been under consideration are

- emergence of the Edinburgh Transport (ETL) concept
- development of "hearts and minds" stakeholder strategy for congestion charging

The key consideration on the latter point is the amount of cash that will be made available within the Business Plan. We have yet to have any response at all on our submitted plan for the year, even though the date on which the Council Plan is to be finalised is 12th February.

As we know, the majority of the time today is to be spent on a presentation from each of the finalist tram bidders, First Group and TransDev. Both companies have expressed some enthusiasm for the ETL idea, in both cases for the increased certainty that it potentially provides with regard to bus integration.

B. Finance and accounting report

Spending remains in line with recent forecasts although we are taking steps to bring spending with Weber Shandwick under scrutiny. Monica Langa has been asked to undertake the role of monitoring and forecasting spend in this important (and potentially increasingly costly) area.

C. tie Business Plan

In the absence of any negative feedback from the Council on our plan submission, we are assuming that it will be largely approved.

D. Heavy Rail

A memorandum of understanding with Clackmannanshire Council is in negotiation and two fruitful meetings have been held. This augurs well for a new tie assignment, and we have started to think about the possible identity of a project manager for the Stirling – Alloa – Clackmannan – Kincardine line (inevitably to be called SACK).

This would become "real" during the summer.

transport initiatives **edinburgh**

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E. Congestion charging

This will be reported on in detail by Alex Macaulay. Over 400 formal objections to the proposed scheme have now been received.

F. Managing the public interface

The task is falling into two complementary halves:

- 1) Building a coherent set of messages that will inform the campaign, and which can be tailored to the interests of specific sub-groups.
- 2) Creating the necessary infrastructure (Customer Relationship Management) to allow coherent management of contacts made and messages delivered by different people in **tie**/CEC with different people in the stakeholder group over an extended period of time.

Weber Shandwick has the lead in both contexts. Monica Langa has been assigned to help Alex Macaulay and me to manage this relationship effectively. Her initial activity report is attached.

G. Tram

We shall discuss verbally progress on the realisation of the ETL concept (likely in fact to be called Edinburgh Integrated Transport Limited) which has now been discussed directly with Lothian Buses and the two tram bidders.

A set of recommendations to the board is to be presented by Graeme Bissett for approval.

Plans proceed apace for the third visit to Lyon – to be held in early March, that will allow tram objectors and supporters alike to view the new tram system – which is already in the course of extension due to higher than expected passenger demand.

H. Risk Report

I have asked Mark Bourke (who has now agreed to join **tie** from Mott Macdonald) to incorporate the non-technical risks e.g. the referendum into his matrix. This will be accomplished over the next month.

I. WEBS

The board of Lothian Buses agreed at their January meeting to authorise acquisition of the new single-deck buses required to operate the guideway. Full construction of the off-road guideway has now been authorised.

J. Office Accommodation

In view of the increasing range and depth of project work, **tie's** direct and indirect headcount is expected to increase to 40 during the course of 2004. Together with meeting rooms and storage space, the requirement will amount to 5,000 sq ft in contrast to the 2,000+ sq ft that we are presently occupying in Hanover Street. Every room in Hanover Street is now crowded with desks and bulging files – e.g. Alex Macaulay, Graeme Bissett and I all share one small office.

Any available council owned property of the right size – Portobello (east) and Slateford (west) – is much too far away from the Council Chambers

We have undertaken inspection of 4 locations where this amount of space is available. The shortlist is Edinburgh House (former Scottish Amicable building located above the Bus Station) and Apex House in Haymarket. Subject to approval of the business plan, we are expecting to conclude a deal shortly and move during the course of April (two months' notice in existing space).

Michael Howell

11th February 2004



Stakeholder Management

- **Status Report (Appendix A)**



Stakeholder Management Status Report

Key areas of work

City Centre Retail Forum

The City Centre Retail Forum has been established with the key task of taking forward constructive discussions and working jointly with the City Centre retailers to mitigate or dispel concerns over congestion charging. The Retail Forum's work has begun as follows:

- Commission a Retail Economic Impact Study (part funding has been secured from SEEL)
- Identify suitable initiatives for spending £15m over five years from commencement of congestion charging

Key Stakeholders

Individual discussions have commenced. A working relationship with retail companies, representatives of retail associations, and financial services companies has commenced. The specific aim is to understand detailed concerns and negotiate an outcome where objections are lessened or withdrawn. A strategy for the NHS is currently being developed.

Stakeholder Management Strategy

The Stakeholder Management Strategy is being developed closely with **tie** colleagues and Weber Shandwick and myself. It will be closely aligned to the overall Public Communications Strategy that is currently being considered. The Stakeholder Management Strategy will be underpinned by a detailed stakeholder mapping exercise, which will be a central part of the Communication System being developed. The results of the mapping exercise are expected to be produced for the next Board meeting.

Communication System

The Communication System/Tool is currently being developed and may require a customer relations management (CRM) package to be purchased. A working group within **tie** has been established in order to ensure that all objections, negotiations and agreements with stakeholders for both congestion charging and the tram lines 1 & 2 are appropriately recorded and where negotiations take place with a number of stakeholders, the same individual negotiates with all parties. Relationship Directors and Relationship Managers are in the process of being allocated to each stakeholder and this will form part of the stakeholder mapping exercise.



City Vision

tie has been asked to contribute to a CEC paper which makes a case for more Government Funding for Edinburgh, the transport element for this paper in respect of extra funding for Tram Lines 1 & 2 and Tram Line 3 plus streetscapes is being prepared.

Cost Control/PR

A review of all work carried out by Weber Shandwick for each project and associated costs is being conducted. Work carried out thus far has been very much on a project by project basis and the requirement to understand all the strands of work and costs and the overall control of both is recognised. A report will be produced in time for the next Board meeting.

Monica Langa
16 February 2004



Transport Initiatives Edinburgh

Risk Overview Report to tie BOARD

February 2004

Prepared: **Mark Bourke, tie Risk Manager**
Revision: 1
File: 10.02.04 Progress Report

WEBS Overview

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Very High Project Risks

1.	Inability to acquire all land required for scheme (Hermiston Gait Retail Park Area)
2.	Delay in programme due to unforeseen event outwith the control of the Contractor
3.	Possible costs due to any Network Rail possession problems
4.	Operators do not buy in to scheme due to;- Short term nature of project does not give time for <u>pay back</u>
5.	Operators do not buy in to scheme due to; Specialist equipment required does not give time for <u>payback</u>

The following table summarises the principal achievements, issues arising, potential areas of future development and problems encountered this month.

<p>Project Achievements</p> <ul style="list-style-type: none"> • Meeting with Halcrow to discuss risks and issues with regard earthworks and utility diversions • Progress Reporting providing forecasting of spend 	<p>Issues for Management</p> <ul style="list-style-type: none"> • Initiating the Operation & Maintenance Working Group to resolve issues via Balfour Beatty and Halcrow • BB focussing on construction workstreams around delayed re-siting of gas governor by Transco • Ongoing change controls being implemented on scheme • Lothian Buses commitment to the use of the WEBS Guideway • CEC decision on requirement of cycleway and footway
<p>Risks & Mitigations</p> <ul style="list-style-type: none"> • Operator Issues – to be resolved by Working Group including CEC Departments • Land acquisition at Hermiston Gait – ongoing resolution • Ability to modify buses for operation including new orders – technical advisors to liaise with vehicle manufacturers 	<p>Potential Future Developments</p> <ul style="list-style-type: none"> • Risk review meeting with Balfour Beatty • Operator based risk assessment by Working Group

Congestion Charging Overview

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Very High Project Risks

1.	Referendum result is negative
2.	Inquiry based concerted challenge
3.	Judicial review of Council's decision
4.	Court based attempted human rights challenge
5.	Failure to predict set-up and operating costs
6.	Inadequate interim budget to manage process and implement scheme
7.	Guidance not in place in time for public inquiry
8.	Lack of resource to run parallel defence (with inquiry)

The following table summarises the principal achievements, issues arising, potential areas of future development and problems encountered this month.

<p>Project Achievements</p> <ul style="list-style-type: none"> • Appointment of Seamus Healy, tie Procurement Manager • Appointment of Monica Langa to manage commercial and in particular retailers • Ongoing risk meetings within tie and with advisor team. • Preparation of ITT Contract Documentation including review of Risk Allocation and Independent review by London advisor team • ITT Documentation ready for issue 	<p>Issues for Management</p> <ul style="list-style-type: none"> • Stakeholder Management – integrated approach with all tie portfolio • Political support for the scheme and media presentation of outcomes from Project • Authority levels – ability to issue tender • Approach to Operator and Maintenance Contracts – to be agreed
<p>Risks & Mitigations</p> <ul style="list-style-type: none"> • Public Inquiry – reaction to objections and conveying clear message of proposals to stakeholders • Operator Procurement Strategy – to be agreed with CEC • Cost of Scheme – need to maintain an up to date prediction of capital and operating cost 	<p>Potential Future Developments</p> <ul style="list-style-type: none"> • Ongoing risk review meetings with tie and advisor team • Requirements for an Insurance advisor • Review extent of mitigation with CEC e.g. University of Westminster support on review of timing of Referendum

- | | |
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| <ul style="list-style-type: none">• Output Specifications - non-prescriptive approach to maximise innovation but need to review responses from short-list closely | |
|--|--|

Line 1, 2 & Network Overview

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Very High Project Risks

9.	Insufficient public sector capital available to meet contract price resulting in additional cost charges
10	Shortfall in securing 'other funding' beyond SE funding for schemes resulting in delay to programme
11	DPOFA Procurement delayed due to protracted negotiation due to loss of momentum impacting procurement programme or inability of preferred bidder to close;
12	DPOFA Procurement delayed due to lack of co-operation from Lothian Buses
13	Passenger numbers lower than forecast resulting in a decrease in revenue
14	An overly optimistic runtime analysis feeds into the business case resulting in revenue impacts e.g. the expected priority levels at highway junctions not achieved.
15	Cost increases or programme delays due to planning permission requirements in complying with the design requirements of CEC Planning
16	The inclusion of CETM will impact the project
17	Bill authorisation prevented due to loss of political will due to negative PR e.g. funding gap, influence of Holyrood, performance from other UK Tram Sector projects and Bill Objections
18	Delay in construction programme due to delays in encountering archaeological finds/burials and consequent exhumation.
19	Abortive work in reconciliation of STAG and MVA model
20	Outputs from the MVA model are late resulting in a delay to programme

The following table summarises the principal achievements, issues arising, potential areas of future development and problems encountered this month.

Project Achievements	Issues for Management
<ul style="list-style-type: none"> • Bills introduced to Parliament on 30 January 2004 • Appointment of Monica Langa to manage commercial and in particular retailers • Appointment of Nicky Rainy-Brown to assist in 3rd Party Management of WS/SRMs • One quarter the way through 11-week DPOFA Process to appoint Preferred Bidder • tie Stakeholder Relationship Directors nominated • Network Effects Report amended to account 	<ul style="list-style-type: none"> • CEC Delegated Authority limits – land purchase, side agreements and assurances • Stakeholder Relationship Management – re-direction of approaches to Weber Shandwick • Implementation of Strategy for Development of TROs • Presentation of Financial Cases to SE • Development of Precognitions • Objection in Principal and Detail – process by which tie are informed

for tram capacity	
Risks & Mitigations <ul style="list-style-type: none">• Funding gap – need direction from SE• Construction Programme and need for advance PU works – development of a Construction Strategy with TAs.• Impact of CETM and Congestion Charging – initiating modelling sensitivity studies	Potential Future Developments <ul style="list-style-type: none">• Appointment of Co-ordinating Stakeholder Relationship Manager for PUs/Network Rail• Review of modelling parameter selection with Operator• tie wide agreements with regard to Property & Land and Insurance Advisors• Risk meetings with D&W, DLA and FM.

Line 3 Overview

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Very High Project Risks

1.	Insufficient public sector capital available to meet contract price resulting in additional cost charges
2.	Shortfall in securing 'other funding' beyond SEXEC funding for schemes resulting in delay to programme
3.	Passenger numbers lower than forecast resulting in a decrease in revenue
4.	Delays due to lack of parliamentary time with other Bills under consideration
5.	Vehicle Cost Higher than Line 1 and 2 quote.
6.	Increased vehicle costs incurred (from those allowed in Business Case) due to higher spec, legislation or exchange rate
7.	Cost increases due to planning permission requirements in complying with the design requirements of CEC Planning
8.	Line 3 - Initial PU information is found to be unreliable , resulting in increased costs
9.	An optimistic runtime analysis feeds into the business case resulting in revenue impacts e.g. the expected priority levels at highway junctions not achieved.
10.	Delay in obtaining detailed planning due to requirements for issue of detailed information to CEC Planning for their approval, or failure to keep CEC Planning on side, or failure by CEC to deliver Section 75 land .
11.	Delay in construction programme due to delays in encountering archaeological finds/burials and consequent exhumation.
12.	The inclusion of CETM will impact the project
13.	MVA Model does not produce credible results
14.	Abortive work in reconciliation of STAG and MVA model

Line 3 Overview

The following table summarises the principal achievements, issues arising, potential areas of future development and problems encountered this month.

Project Achievements	Issues for Management
<ul style="list-style-type: none"> • Presentation of preferred route corridor to the Council • Risk Workshop with TA Project Manager to map out programme for mitigations 	<ul style="list-style-type: none"> • SE requirements for a Line 3 or Network STAG and associated Financial Case • Accounting for the development of Line 1 and 2 through modelling and OpCo input • Any potential amendments proposed at Council Meeting on 24 February 2004 • Preparation for 8-week Consultation

	<ul style="list-style-type: none">• Modelling interfaces with MVA and capacity limitations in view of ongoing Line 1 & 2 work
Risks & Mitigations <ul style="list-style-type: none">• Funding gap – need direction from SE	Potential Future Developments <ul style="list-style-type: none">• Review of modelling parameter selection with Operator• Making use of DPOFA operating cost estimates• Risk meetings with advisor team including D&W and tie (Modelling & Appraisal)

EARL Overview

The following 'very high' project risks have been identified as currently affecting the above schemes by the advisor team.

Very High Project Risks

1.	Availability of funding and ability to tap into alternative funding streams with major stakeholders
2.	Forecasting of passenger numbers including reliance on modelling, sufficiency of assumptions and sensitivity analysis
3.	Planning and land issues related to the scheme
4.	3rd Party costs including cost of possessions and integration with Network Rail network required PU diversions
5.	Increased operating costs in the long term
6.	Stakeholder management in particular with Network Rail and BAA
7.	Ground conditions and requirement for tunnelling
8.	Delay in Parliament due to other Bills under consideration
9.	Design of the legal matrix to allow commencement of construction on programme
10.	HMRI requirements and safety issues associated with the scheme

The following table summarises the principal achievements, issues arising, potential areas of future development and problems encountered this month.

<p>Project Achievements</p> <ul style="list-style-type: none"> • Risk briefing of tie requirements for the Management of Risk • Review of brief to legal advisors • Technical Team experience informing project programme 	<p>Issues for Management</p> <ul style="list-style-type: none"> • Ensuring momentum achieved and reviews of alternative approaches are considered at this early stage of the project • Ground investigation commencing on 8 March 2004 • Development of a Project Assumption Register
<p>Risks & Mitigations</p> <ul style="list-style-type: none"> • Development of 'first cut' of Risk Register ongoing with tie due to receive on 20 February 2004 • Examining timing of bringing legal, financial and other advisors to bear on scheme 	<p>Potential Future Developments</p> <ul style="list-style-type: none"> • Examining ways to bring lessons learnt from other tie schemes and other advisor projects to bear on Project

tie to extend the management of risk to include **Travelticket** and **Park and Ride** schemes.



**CONGESTION CHARGING PROCURMENT
PROGRESS REPORT FOR INFORMATION**

1. Objective

The successful procurement of a fully integrated solution for Congestion Charging that covers design, implementation, and the continued servicing and maintenance of a competitively sourced cost effective solution.

2. Deliverables

- A full evaluation of all 18 Expressions of Interest (Eoi) has been completed and a shortlist of 5 candidates has been agreed, namely BT, Capita, CGEY, IBM, and Serco (more details are available in the complete Eoi report).
- Full Invitation to Tender (ITT) package is now complete and ready to be issued.

3. Issues/Risks

- Reservations have been expressed by CEC on the procurement strategy of having a dual pilot and we have been asked not to issue the ITT until *tie* budget questions have been adequately addressed. This issue is also delaying the notification of candidates on the result of the Eoi. Clearly this delay will affect our already very aggressive time constraints (see chart below).

4. Action Plan for Next Meeting

- Agree Procurement Strategy with CEC and then (1) notify all Eoi candidates of the results of the evaluation and (2) issue tender request to supplier shortlist

5. Outline Milestone Plan

Milestones	Timeline						
	2003		2004				
	Nov	Dec	Jan	Feb	Mar	Apr	May
Advertise for Interest	◆						
Issue Brief		◆					
Receive Expressions of Interest			◆				
Select Shortlist for Tender			◆	◆			
Issue ITT				◆	◆		
Receive Tenders					◆	◆	
Complete Selection Process						◆	◆
Contract with Chosen Partners							◆→

Key: ◆ = Complete ◆ = Planned ◆ = <1 week slippage ◆ = >1 week slippage | = Current Date

- Delivery Outline Milestones will be added when partners have been selected and their plans have been agreed.

tie

Monthly Financial Report

January 2004

Prepared by Stuart J Lockhart

11th February 2004

Contents:

- 1 Basis of Preparation
- 2 Project Cost Commentary
- 3 Project Cost Graphs
- 4 Overheads Commentary and Graph
- 5 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 6 Expenditure by Month and Year to Date
- 7 CEC Format – Financial Statement and Project Life Forecast
- 8 Balance Sheet – Month End and Year to Date Progress
- 9 Cash Flow – Year to Date and Full Year Forecast

1 Basis of Preparation

The basis of comparison used is on the accruals basis, as follows–

- Actual costs – those costs incurred for the month of January (Current Month), and cumulatively for the ten months to 31st January (Year to Date).
- Budgeted costs – month ten costs (Current Month), months one through ten cumulative (Year to Date) and months one through twelve cumulative (Year End) from the **tie** year two Business Plan prepared by **tie**, dated December 2002, as updated by (1) the adjustments in the Addendum to the Business Plan (Edinburgh Airport Rail Link) made in April 2003; (2) adjustments in funding carried over into year two; and (3) adjustments for Congestion Charging spend and funding agreed on 22nd January 2004.
- Forecasted Costs - month's one through ten actual and months ten through twelve forecast (Year End) which represents the current best estimates of spending profiles.

The actual figures are now compared with budget figures on a like-for-like basis, with variances reflecting any differences between the two sets of figures.

The projected costs and funding is aligned with the tie Business Plan FY05 Draft v13 which was submitted to CEC on 24 December 2003.

2 Project Cost Commentary

Congestion Charging Scheme

No material change to financial prospects compared to December report

Expenditure on the ITI/congestion charging project has been higher than forecast for a number of reasons. Communications/PR costs increased due to delays to programme and increased requirements resulting from Council decisions. Procurement expenditure has also increased due to the need to bring forward procurement activity in order to achieve the Council's required implementation date. The Council agreed additional funding up to the end of the financial year on 22 January. Changes to existing funding levels for 2004/5 are incorporated in the FY5 Business Plan. A decision on this is awaited by **tie**.

Tram Lines One & Two

No material change to financial prospects compared to December report

The two tram bills were introduced to the Scottish Parliament on the 29th January, which initiated the sixty day objection period. Following this, at the end of March, the Parliamentary office will consider and classify the objections before initiating a parliamentary inquiry for "consideration of general principles and preliminary consideration of objections". This preliminary stage will deal with issues of principle and involve the Council, **tie** and our experts giving written and verbal evidence to the parliamentary committee. Once the general principles are agreed the parliamentary committee will move on to the second stage and consider details of the bill and detailed objections. At the moment it is anticipated that the preliminary stage will start in late April or May and it is uncertain whether it will be completed before the parliamentary recess in July & August.

It is unclear whether the parliament will consider both bills in or in sequence. Tie is assuming that they are both considered simultaneously in order to be prepared for any eventuality

In preparation for this **tie** has instigated a number of workstreams

1. Stakeholder management: this broadly falls into three classes
 - a. Those directly affected by the limits of deviation
 - b. Utilities and other key stakeholders (Network Rail, BAA developers etc)
 - c. The public
2. Background work & sensitivity analysis e.g. checking on the impact of CETM and congestion charging
3. Construction planning: although the final procurement strategy has not yet been developed in detail however **tie** needs to take an initial view on the detailed impact of construction on the stakeholders around the route
4. Finalisation of the design manual
5. Development of the funding model

In addition to supporting the Bill **tie** has started developing a strategy for the making of all the traffic orders (TROs) required for the tram. These were not included in the Bill for strategic reasons on the instruction of the Council. They will generate a separate statutory process and public inquiry(s)

Work has also commenced on consideration of the best procurement strategy for the infrastructure and tram system.

Tram Line Three

No material change to financial prospects compared to December report

The technical programme from Faber Maunsell, which has been accepted by **tie**, will drive the overall project programme. The overall project programme will integrate the key deliverables from all advisors. The key milestone dates are:

- STAG 1 FINAL Report: Friday 21/1/04
- Public Consultation: Wed 24/03/04 - Tue 20/05/04
- STAG 2 FINAL Report: Fri 08/10/04
- Submission of Parliamentary Bill: Mon 13/12/04

The project budget for Tram 3, which includes passage of the Bill through Parliament, is £3.5M. Spend and physical progress are progressing in accordance with the spend forecasts

The DRAFT preferred route corridor (PRC) report was issued and commented on by **tie** and CEC, as per the programme on 12 January. Details of the route, and which option should be taken forward to public consultation were approved by the **tie** board at the January board meeting. Thereafter, the Council Executive was due to note progress on 10 February. Instead, Line 3 was removed from the agenda and the CEC (and councilors) have insisted that an additional route through Inch Park is taken to consultation. This has delayed the completion of the final PRC report, added further work to the programme, and resulted in the postponement of planned meetings with MSP etc. However, this will not have an impact on the overall programme. Progress on the PRC is to be noted by the Council Executive on 24th February. If this is not achieved, the consultation programme will require to be rescheduled.

WEBS development

No material change to financial prospects compared to December report

Professional advisers, Halcrow, continue to provide client support for the off road guideway section of the project and detailed design and contract management for the on road section. Balfour Beatty were awarded a design and build contract for the off-street guideway in January 2003 and were instructed to proceed to the construction phase in November 2003. As a result of the design process it has been possible to bring forward the completion date of the guideway section from March 2005 to October 2004. The scope of the guideway was substantially altered to keep within budget and provide best value. Discussions with Lothian Buses are continuing on the purchase of new vehicles for use on the guideway and this will provide significant benefit in terms of the quality of the service at the time of opening. Halcrow have completed the on-street design and are currently assisting CEC with the promotion of the Traffic Regulation Orders. The on-street works are programmed to commence in Spring 2004 and a short list of suitable contractors will be invited to tender for the work during February and March. Subject to completing the TRO process the on street works should also be complete by October 2004. The spend profile is based on Halcrow's estimates included in the Business Plan (v13) dated December 2003.

EARL

No material change to financial prospects compared to December report

Feasibility work is now well underway with the main theme at present relating to agreeing vertical and horizontal alignments for the tunnel and route and fixing the location of the station. To assist with this process, some early Geo-technical surveys are commencing airside from 8th March to understand the risks associated with ground conditions.

The early deliverables from Scott Wilson have been met and the first full progress meeting is due to take place on 20th February.

Work has also commenced on the Risk Management Strategy and associated documentation.

Work continues with the appointment of other advisors with an OJEC notice for Legal having been published on 9th February.

'One-Ticket'

No material change to financial prospects compared to December report

The original budget was based on the assumption that all costs would be levied on **tie** and re-charged to STTL. In practice, the only costs incurred by **tie** are those relating to the employment of a Marketing Assistant/Administrator.

Ingliston Park & Ride

No material change to financial prospects compared to December report

Halcrow are supporting **tie** on this project under work package 4 of the NTI Technical Land Transportation Consultancy Advisory Services Commission.

Additional meetings were held in advance of the submission to planning to ensure compliance with all requirements. During this period a greater level of design was carried out than initially expected and the programme has been reassessed in order to compensate for resultant delay in submission to planning.

The tender period has been revised to be staggered with the period for planning consideration allowing the contract to be awarded soon after permission is granted. Potentially, dependant, on the period for consideration (12 weeks) and the length of the construction period this will allow operation to commence in New Year of 2005 as originally scheduled. However, with no disruptions or delays operation could feasibly commence in mid December 2004.

Development of a robust business case with options for the supply of the service, operation and maintenance of Ingliston, Hermiston and Straiton is underway. This includes discussions with transport operators with services local to the site.

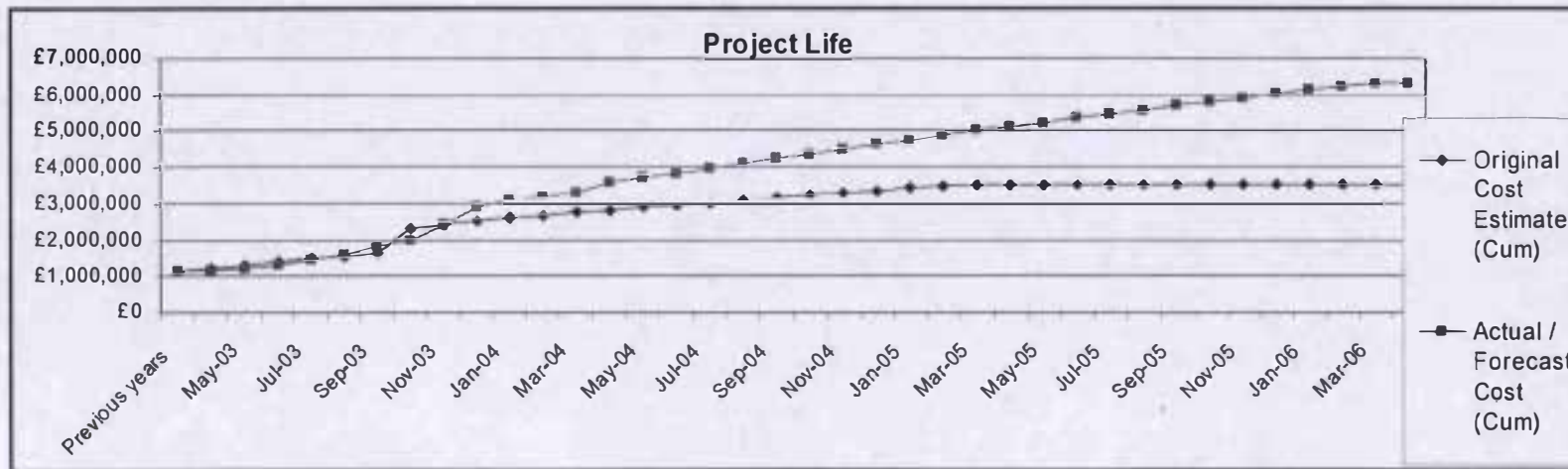
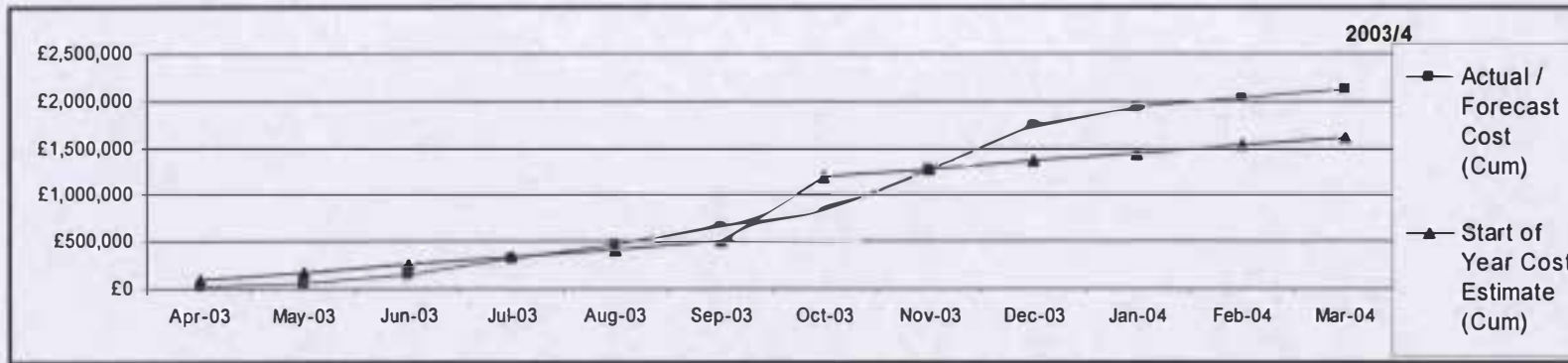
George Street and Shandwick Place Underground Multi Storey Car Parks

No material change to financial prospects compared to December report

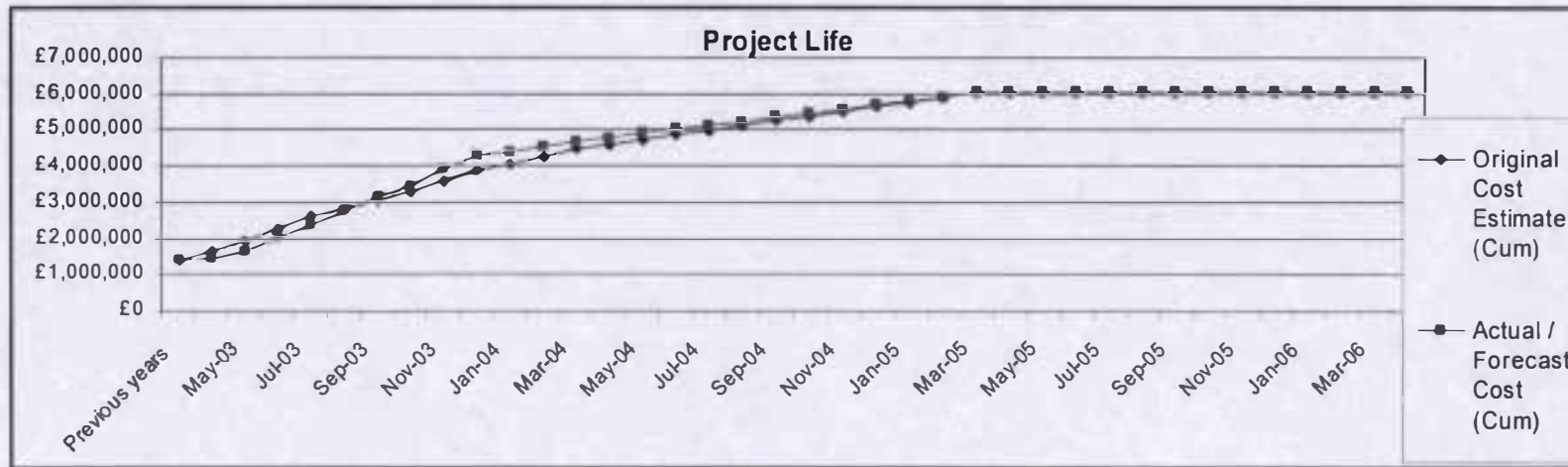
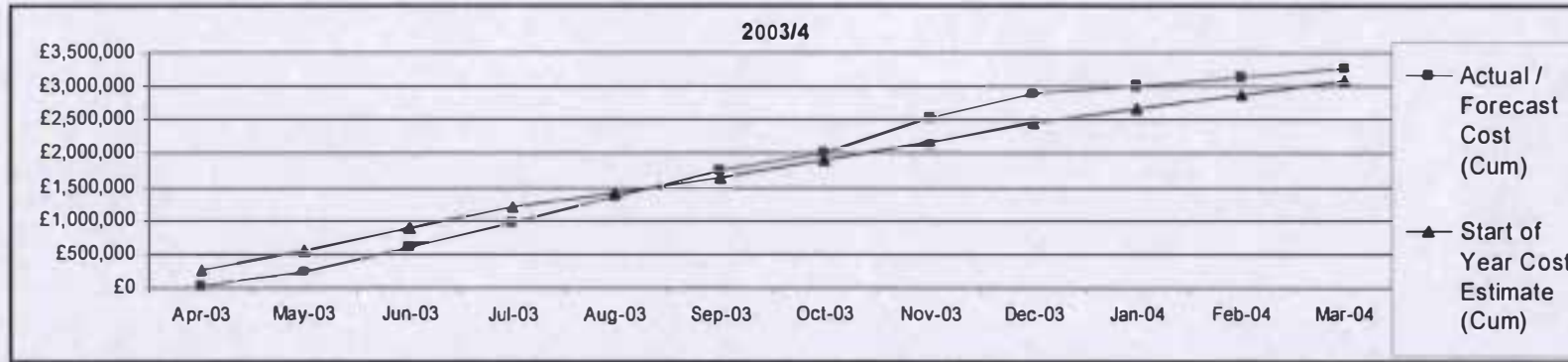
CEC have intimated a desire to reach a final conclusion on the feasibility of these projects by the end of February 04. Difficulty tracking down NCP has meant little activity and therefore little cost incurrence. The costs of this activity have been absorbed by the tram budget to date. A decision on next steps is awaited from CEC.

3 Project Cost Graphs

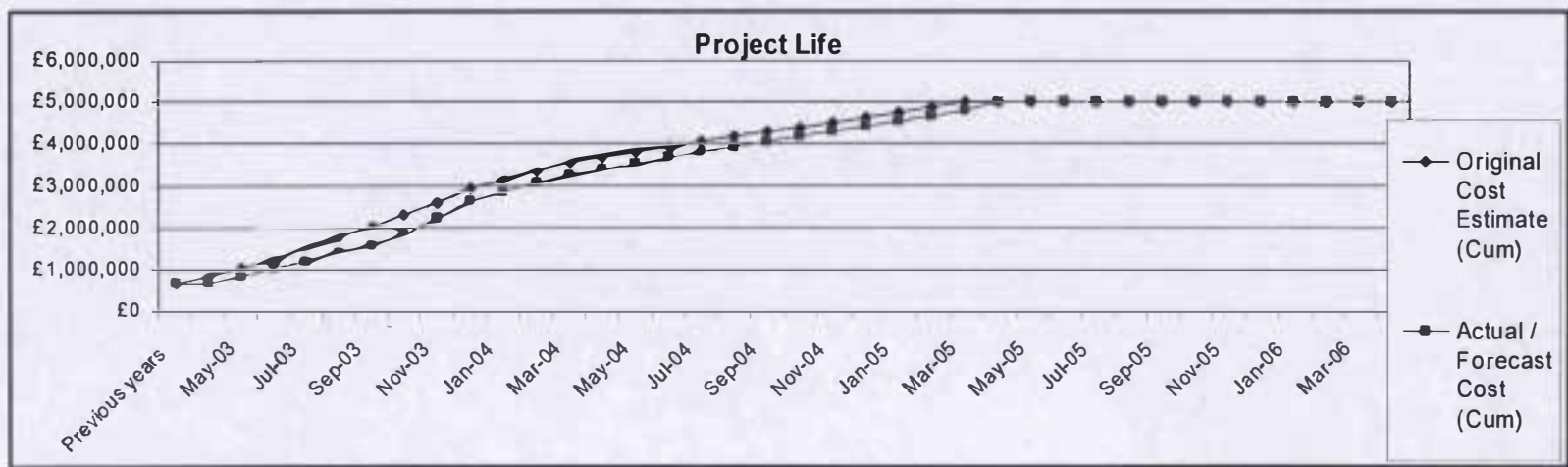
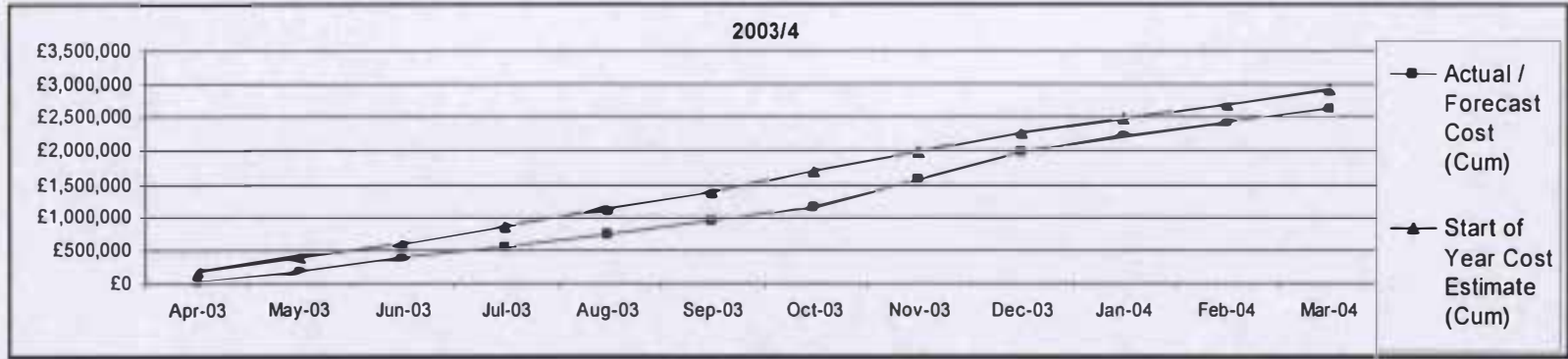
Congestion Charging – Development and Procurement



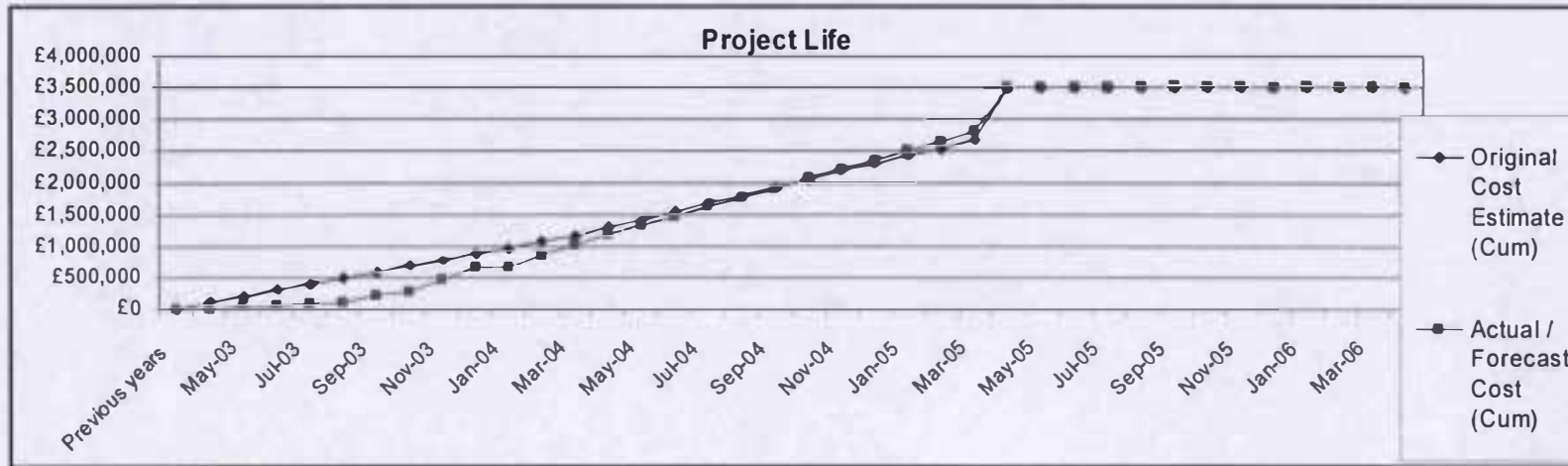
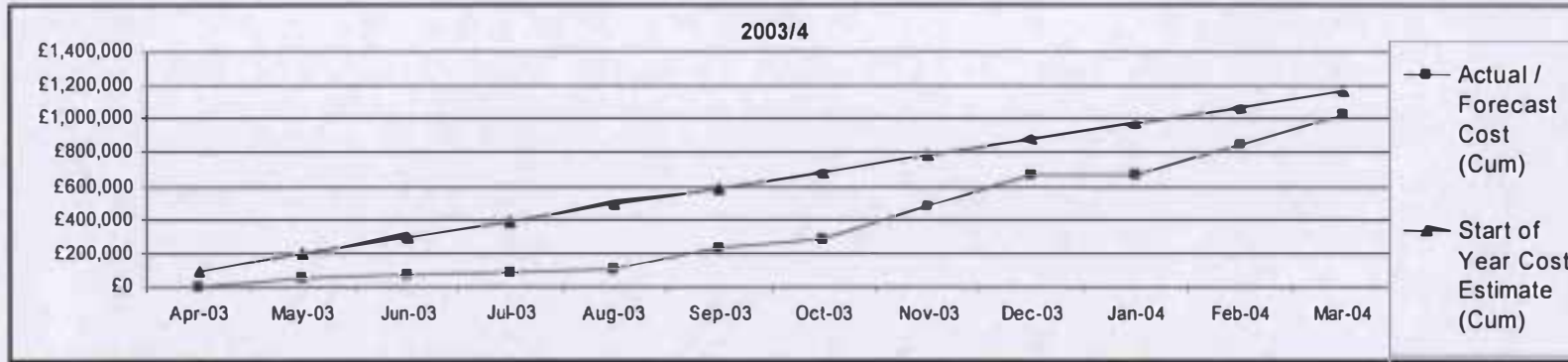
Tram Line 1



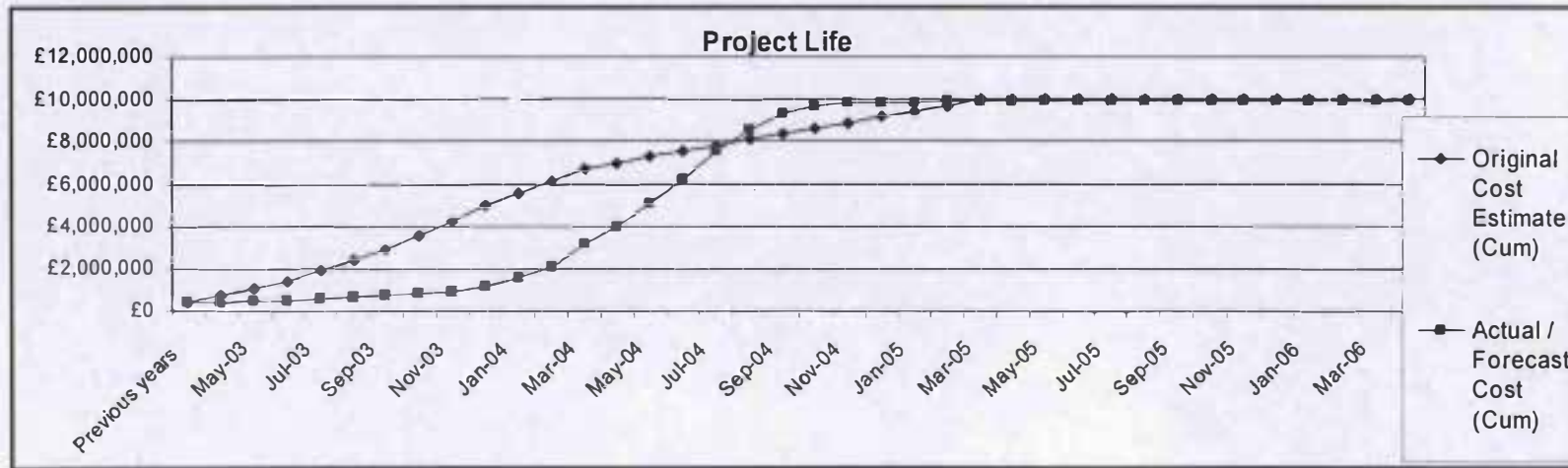
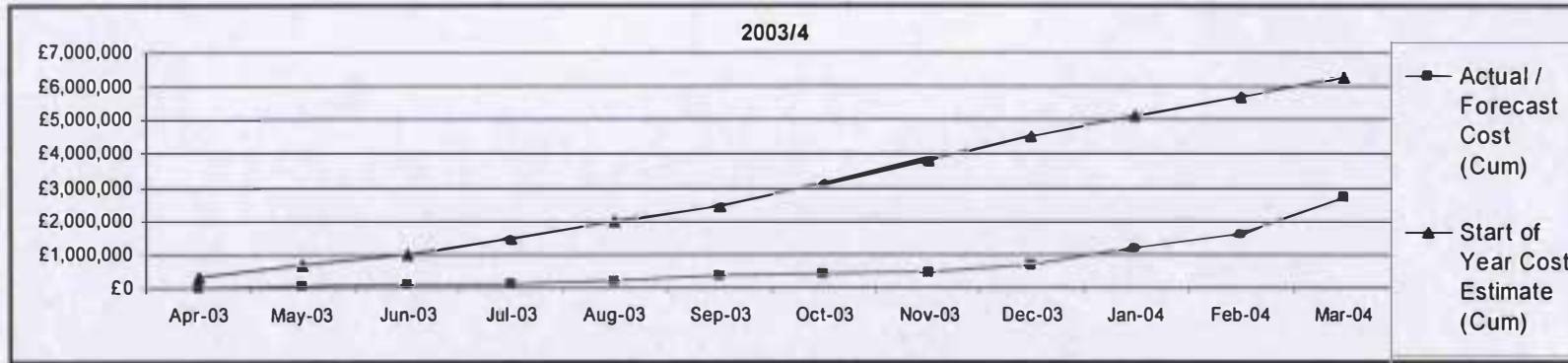
Tram Line 2



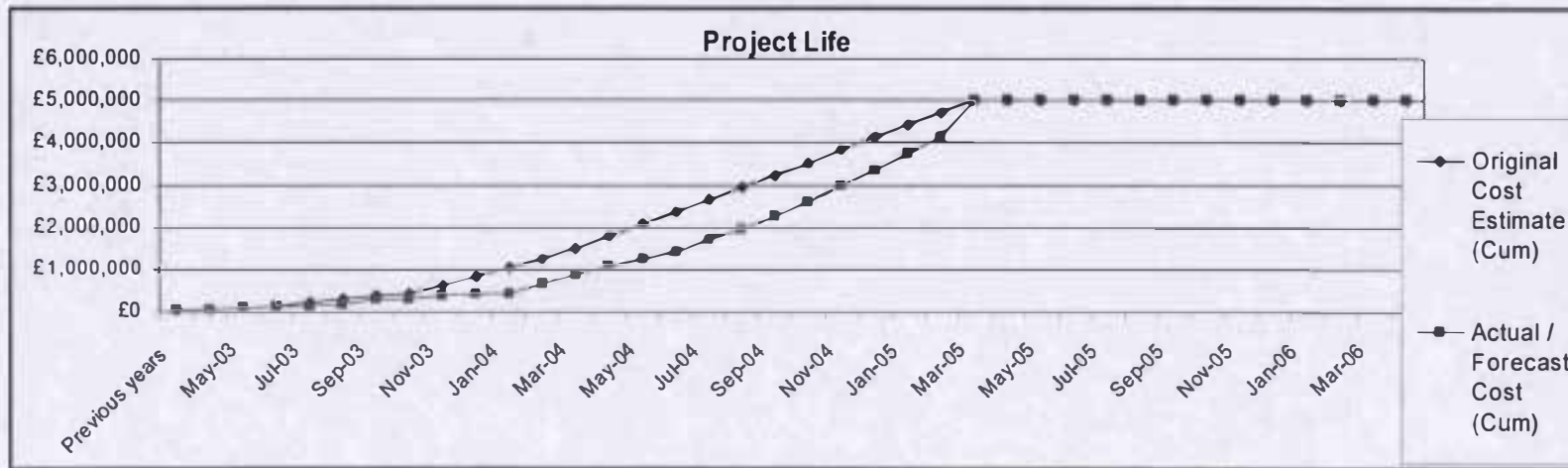
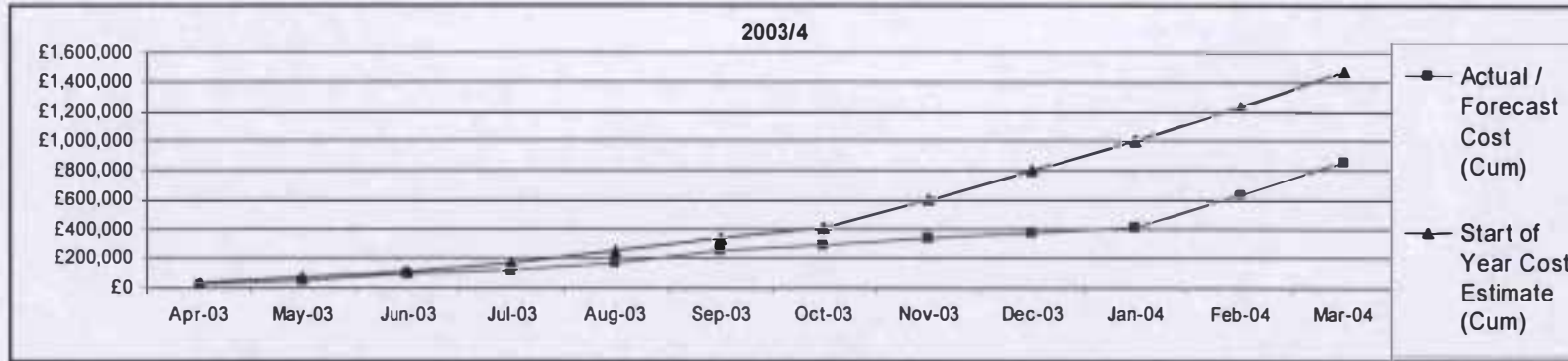
Tram Line 3



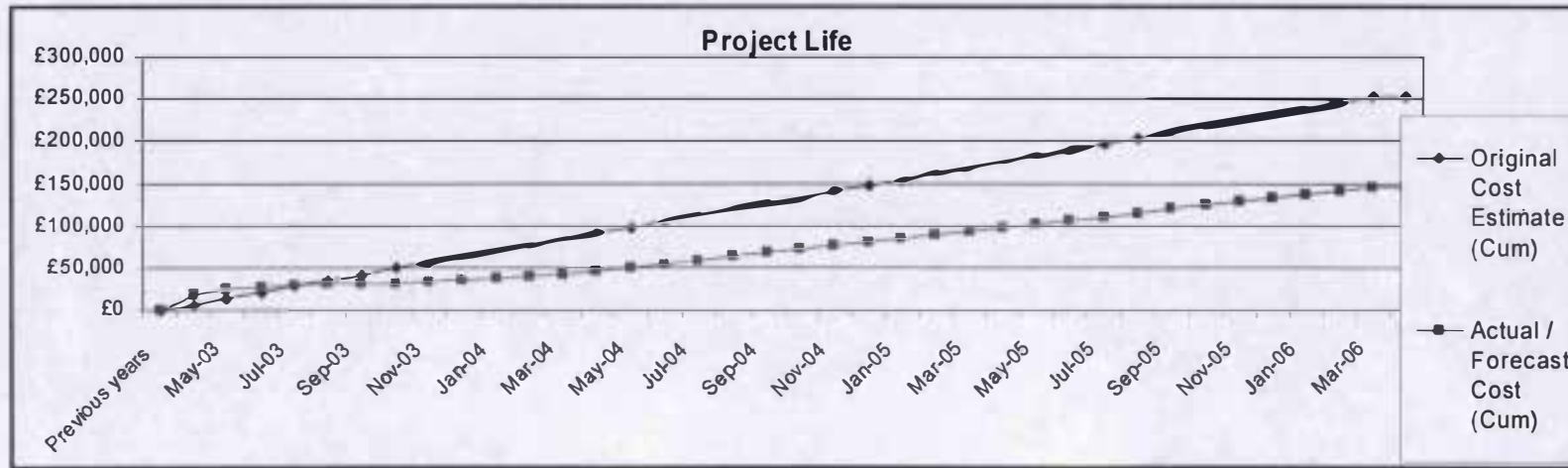
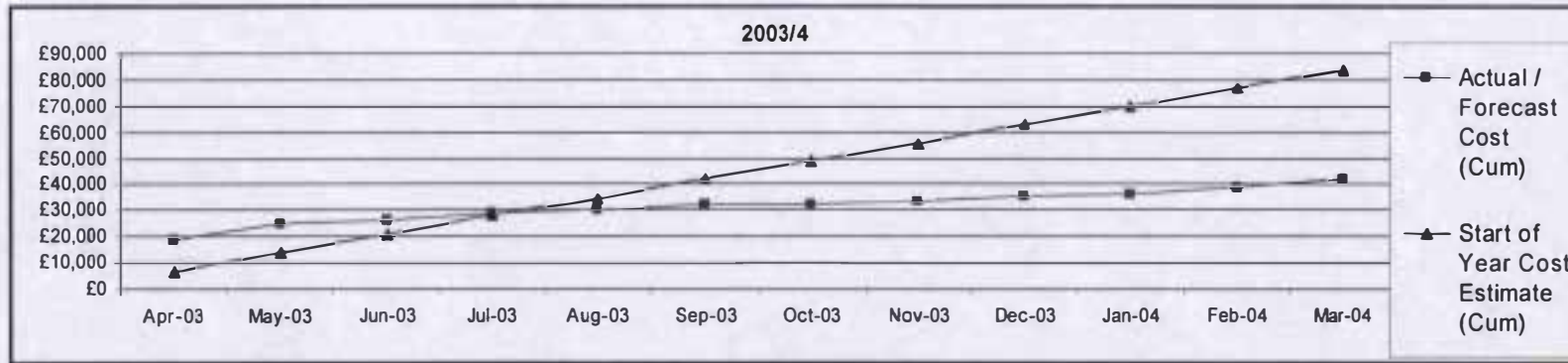
WEBS



Heavy Rail



One Ticket



4 Overheads Commentary

Are allocated, and charged to CEC on a monthly basis, to each project pro rata as per business plan budget:

• WEBS	10%
• Tram Line 1	25%
• Tram Line 2	20%
• Tram Line 3	17%
• Congestion charging	<u>28%</u>
	100%

Heavy Rail has a separate overhead budget and actual overhead costs attributable to this project, to date, are being charged in line with agreed budgets.

One Ticket overhead costs are minimal albeit they are stripped out of overheads and charged to the project as a project cost.

The main reasons for the variances on budget are as follows:

- IT overhead costs and Computer Equipment Capital Expenditure costs are higher (£33,830), cumulatively, than budget (£22,000), primarily as a server upgrade, four workstations and two notebooks have been purchased during the year. The year end forecast (£35,176) includes provision for the purchase of these workstations, software and notebooks.
- Administration costs (Chief Executive, Financial Director, Temporary Staff, Bonuses, Recruitment, Training and Accommodation costs) are slightly lower, cumulatively, than budget. Recruitment costs of £16,695 have been incurred (Chief Executive, External Relations Manager and Executive Administrator) and were not budgeted for. There has been, however, little expenditure on training costs to date (saving on budget of £13,922). The year end forecast includes a small increase in property costs within the existing serviced office and reductions in training costs and on overdraft interest.
- Sales and Marketing costs are higher, cumulatively, on budget, albeit the sums involved are negligible.

- Legal and financial costs are lower, cumulatively, than budget. Costs associated with the year end audit (2004) are being accrued for. The year end forecast includes provision for audit and tax fees, pension scheme actuary's report and property survey fees, with a saving on budget anticipated.
- Overheads are higher, cumulatively, than budget. Costs have been incurred thus far in relation to stationery (£12,564), telephone (£5,715), insurances (£4,825) and various sundry costs (£6,122). The year end forecast anticipates expenditure to continue at the current level.
- Overdraft Interest is lower, cumulatively, than budget. Charges are being levied at 1% over base (base currently 4.00%) against a budget interest rate of 5.0%. Funds on deposit, however, are generating interest. Where possible, creditor payments will be issued in tandem with receipts from CEC. The year end forecast is in line with budget.
- Depreciation is a Profit & Loss item and charges are therefore included within Overheads. The full cost of the asset, at the point of purchase, is however recoverable from the CEC.

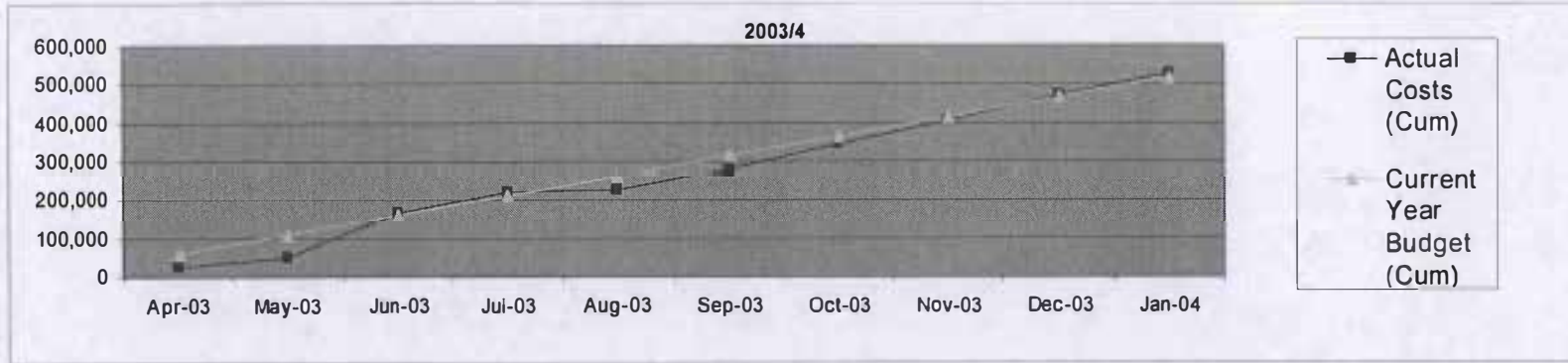
Bank

CEC have not yet paid **tie**'s December invoice, for reasons which have not been explained. Payment was due on the normal date of 28th January. **tie** has paid most of its December external trading liabilities and consequently the overdraft utilisation is substantially higher than normal. As a result of this the bank balance (overdrawn) as at 31st January totalled £1.874m. An overdraft limit of £2m has been established. Unless payment is received from CEC in the very near future, **tie** will require to suspend payments to creditors. This creates not only financial problems but potentially adverse PR.

Relationship with CEC

tie has issued invoices to CEC to 31st January. Accrued costs and depreciation are not included in these re-charges to CEC. A monthly CEC/**tie** liaison meeting is held which involves representatives from CEC City Development and Finance.

4 Overheads Graph



6 Expenditure by Month – tie Financial Trend

Table with columns for months from April 03 to Jan 04, and rows for various project and overhead costs. Includes sub-totals and cumulative data for April 03 to Jan 04.

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7 CEC Format – Financial Statement and Project Life Forecast

ACTUALS	Cumulative Actuals - Year to Date											FORECAST		BUDGET	
	Total	CC	CC-Proc	Tram 1	Tram 2	Tram 3	Tram-DPOF	WEBS	One Ticket	Heavy Rail	Ingriston P&R	Overheads	to 31st March 2004	to 31st March 2004	
Project Staff	825,622	358,281		86,835	75,083	93,474		32,520	10,958	67,201	0	761,173	756,498		
External Advisors	8,488,588	4,670,882		2,811,878	2,658,302	302,854		1,108,871	25,288	222,513		11,689,356	14,597,173		
Support Costs															
Chief Executive											144,780	148,346	145,718		
Non Exec Directors Fees											97,115	15,000	15,000		
Finance Director											0	111,234	111,234		
Finance/Admin Staff Salaries											54,802	66,083	71,149		
Bonuses - Project Staff											55,519	0	66,623		
Bonuses - Non Exec Directors											21,840	49,008	49,008		
CEC Seconded Staff (Non Chargeable Time)											0	0	0		
Temporary Staff Costs											3,065	0	0		
Training											3,804	11,500	21,272		
Recruitment Costs											16,895	12,696	0		
Office Space											52,343	66,439	64,200		
Computer Equipment											12,081	14,876	0		
Computer Software											8,242	8,300	8,000		
Internet Access											3,430	3,000	11,400		
Other Computer Costs											10,097	5,000	3,000		
Sales & Marketing											16	16	0		
Legal & Professional											9,066	13,000	20,000		
Sundries											29,226	21,305	27,500		
Other Capital Equipment											156	156	0		
Overdraft Interest & Charges											3,847	10,500	6,877		
Total Costs (excluding overheads)	8,825,756	4,830,163		2,898,511	2,133,398	590,328	0	1,141,400	36,245	289,714	0	556,458	623,881		
Overheads Allocated	287,664	113,784		101,580	81,274	69,083	0	40,637	0	120,832	0	12,590,531	15,393,582		
Proportion	100%	28%		26%	20%	17%		10%							
TOTAL COSTS (ACCRUALS BASIS)	9,452,760	4,943,947	0	3,000,104	2,214,699	659,411	0	1,182,037	36,245	410,546	0	12,946,989	15,856,853		
Cash Accounting Adjustments															
Depreciation	-7,915	-2,216	0	-1,979	-1,583	-1,346	0	-792	0	0	0	0	0		
CEC Adjustments - Invoice 14 (31st May 03)	0	-2,104	0	3,385	11,372	8	0	-12,633	0	0	0	0	0		
Invoiced to STTL (to Credit CEC)	5,898	0	0	0	0	0	0	0	5,898	0	0	0	0		
Debtors - recovered from CEC	6,825	2,499	0	2,281	1,785	1,817	0	893	0	0	0	0	0		
Period End Accruals etc.	-1,836,938	-195,535	0	-163,517	-332,887	-137,750	0	-620,833	18,539	-5,175	0	0	0		
TOTAL COSTS (CASH BASIS)	7,822,730	1,748,591	0	2,840,205	1,893,576	522,833	0	548,672	69,682	405,171	0				
INVOICED TO CEC/STTL	7,821,502	1,748,848	0	2,643,630	1,896,898	535,819	0	548,973	42,941	405,171	0				
BUDGETS															
Year-To-Date															
Total Costs (excluding overheads)	12,592,872	693,322	0	2,575,926	2,402,318	908,091	0	6,071,462	70,000	871,755	0				
Overheads Allocated	518,734	111,469	0	99,525	79,620	67,677	0	39,810	0	120,632	0	518,734			
TOTAL COSTS	13,111,606	804,790	0	2,675,451	2,481,938	975,768	0	5,111,272	70,000	992,387	0				
Year-End															
Total Costs (excluding overheads)	15,333,582	831,986	0	2,997,317	2,829,553	1,089,713	0	6,240,557	84,000	1,300,456	0				
Overheads Allocated	623,081	133,797	0	119,402	95,569	81,234	0	47,785	0	145,234	0	623,081			
TOTAL COSTS	15,956,663	965,783	0	3,076,778	2,925,123	1,170,947	0	6,288,342	84,000	1,445,690	0				
FORECAST															
Year-End															
Total Costs (excluding overheads)	12,711,889	1,294,590	710,000	3,166,053	2,547,867	954,098	510,204	2,663,933	42,026	719,905	103,213				
Overheads Allocated	556,458	116,198	0	103,748	82,998	70,549	0	41,499	0	141,466	0				
TOTAL COSTS	13,268,347	1,410,788	710,000	3,269,801	2,630,865	1,024,647	510,204	2,705,432	42,026	861,371	103,213				
VARIANCE															
Year-End															
Total Costs (excluding overheads)	-2,821,693	462,604	710,000	208,736	-281,686	-135,615	510,204	-3,576,624	-41,974	-580,551	103,213				
Overheads Allocated	-66,623	-17,599	0	-15,714	-12,571	-10,885	0	-8,286	0	-3,768	0				
TOTAL COSTS (FORECAST - BUDGET)	-2,888,316	445,005	710,000	193,023	-294,258	-146,500	510,204	-3,584,910	-41,974	-584,319	103,213				
OPCOM Reporting															
Year-End March 2007															
Spending Profile (including overheads)	48,098,102	5,633,961	3,633,630	6,025,000	5,000,000	3,500,000	4,633,311	9,896,116	200,202	5,000,000	2,575,882				
Secured Funding Profile	35,792,831	3,543,833		6,025,000	5,000,000	3,500,000	0	9,896,116	252,000	5,000,000	2,575,882				
Surplus/(Deficit) of Funding	(10,305,271)	(2,090,128)	(3,633,630)	0	0	0	(4,633,311)	0	51,798	0	0				
NOTES:															
Support Costs (Chief Executive/Non Exec Directors Fees/Finance Director) - Costs have to be grouped when comparing Forecasts and Year-end Budgets															
Support Costs (Computer Equipment/Software/Internet Access/Others) - Costs have to be grouped when comparing Forecasts and Year-end Budgets															
Cash Accounting Adjustments:															
Depreciation is charged through the P&L account but not recovered from CEC (the full asset cost is recovered at time of purchase).															
CEC Adjustment - this was requested by CEC and amended in aforementioned invoice.															
Invoiced to STTL (to Credit CEC) - costs have now been levied on STTL and will be credited to CEC.															
Debtors - recovered from CEC - Property rental deposits have been recovered from CEC and are shown as a debtor on the balance sheet.															
Period End Accruals etc. - relate to month end adjustments and are not recovered via invoicing from CEC.															
One Ticket includes a period end debtor which has not been invoiced to STTL (£16,539).															
The re-allocation of overheads between H/Rail (fixed amounts) and other projects (%), and the affect on invoicing, is under review.															

8 Balance Sheet – Month End and Year to Date Progress

	Year Ended	1 Month Ended	2 Months Ended	3 Months Ended	4 Months Ended	5 Months Ended	6 Months Ended	7 Months Ended	8 Months Ended	9 Months Ended	10 Months Ended
	31/3/03	30/4/03	31/5/03	30/6/03	31/7/03	31/8/03	30/9/03	31/10/03	30/11/03	31/12/03	31/1/04
FIXED ASSETS	28,287	27,612	26,936	28,826	30,281	29,504	28,727	31,706	30,850	29,993	32,589
	28,287	27,612	26,936	28,826	30,281	29,504	28,727	31,706	30,850	29,993	32,589
CURRENT ASSETS											
Trade Debtors	321,837	387,821	916,890	1,447,422	1,654,961	1,121,634	2,404,180	900,446	805,886	1,756,790	4,246,992
Other Debtors	1,684	1,684	0	0	0	0	0	0	9,010	9,251	10,333
Prepayments & Accrued Income	168,815	21,183	39,477	34,758	31,570	28,383	22,963	19,206	21,165	20,849	20,473
CEC Loan	0	0	0	0	0	0	0	0	0	0	0
Petty Cash	8	24	29	10	7	6	29	54	104	179	254
	492,343	410,711	956,396	1,482,189	1,686,538	1,150,023	2,427,171	919,705	836,165	1,787,068	4,278,052
CURRENT LIABILITIES											
Trade Creditors	491,193	11,059	579,500	678,849	873,888	1,562,005	1,233,244	967,276	976,235	1,737,824	721,066
Employee Creditor	0	49	-175	-711	97	1,298	700	-493	-493	-203	-125
Bank Account	-300,245	375,310	334,098	758,954	773,793	-460,307	1,131,164	-92,576	-206,907	-46,857	1,873,845
Pension Creditor	5,197	5,197	5,197	5,197	6,612	6,695	9,011	9,011	9,819	10,278	11,016
Lease Liabilities	0	0	0	0	0	0	0	0	0	0	0
Accruals	284,906	401,108	436,795	646,326	860,378	1,038,168	849,869	1,003,998	1,307,839	1,369,108	1,666,697
VAT Payable/(Refundable)	30,028	8,221	16,418	27,113	9,500	16,190	30,984	12,151	26,131	42,848	15,264
PAYE/NIC	8,551	8,695	9,711	9,316	11,797	11,954	17,041	18,436	16,398	30,737	21,878
Corporation Tax	0	0	0	0	0	0	0	0	0	0	0
Other Creditors	0	0	0	0	0	0	0	0	0	0	0
	519,631	809,639	1,381,544	2,125,044	2,536,065	2,176,003	3,272,014	1,917,804	2,129,022	3,143,736	4,309,641
NET CURRENT ASSETS/(LIABILITIES)	-27,288	-398,928	-425,147	-642,854	-849,527	-1,025,980	-844,843	-998,099	-1,292,857	-1,356,667	-31,589
Liabilities > 1 Year	0	0	0	0	0	0	0	0	0	0	0
NET ASSETS	999	-371,316	-398,211	-614,029	-819,246	-996,476	-816,115	-966,393	-1,262,007	-1,326,674	1,000
Represented by:											
Share Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Reserves	0	0	0	0	0	0	0	0	0	0	0
Profit & Loss Account	0	-372,316	-399,211	-615,029	-820,246	-997,476	-817,115	-967,392	-1,263,007	-1,327,674	0
Balance as at Period End	1,000	-371,316	-398,211	-614,029	-819,246	-996,476	-816,115	-966,392	-1,262,007	-1,326,674	1,000

9 Cash Flow - Year to Date and Forecast													
Jan-04	ACTUAL										FORECAST		
	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Totals
Balance b/forward	300,244.75	-375,309.63	-333,934.75	-758,953.51	-773,792.96	460,306.78	-1,131,163.68	92,576.24	206,907.35	46,857.40	-1,873,844.70	-43,398.85	300,244.75
Income													
Sales Ledger	194,394.20	127,442.60	260,378.03	670,540.49	1,658,995.46	0.00	2,408,946.83	900,445.73	805,886.29	4,002.43	2,627,951.01	0.00	9,658,983.07
Miscellaneous	0.00	163.38	2,386.66	0.00	0.00	479.43	0.00	0.00	2,013.67	473.52	0.00	0.00	5,516.66
	194,394.20	127,605.98	262,764.69	670,540.49	1,658,995.46	479.43	2,408,946.83	900,445.73	807,899.96	4,475.95	2,627,951.01	0.00	9,664,499.73
Expenditure													
Purchase Ledger	829,163.06	46,210.69	652,482.17	617,144.43	382,651.98	1,532,352.40	1,088,180.24	720,619.52	891,299.29	1,790,614.71	720,941.16	0.00	9,271,659.65
Expenses Ledger	0.00	224.38	535.70	445.83	401.46	1,298.19	2,158.39	0.00	1,019.96	0.00	1,500.00	0.00	7,583.91
Miscellaneous	40,785.52	39,796.03	34,765.58	67,789.68	41,842.28	58,299.30	94,868.28	65,495.10	75,630.66	134,563.34	75,064.00	0.00	728,899.77
	869,948.58	86,231.10	687,783.45	685,379.94	424,895.72	1,591,949.89	1,185,206.91	786,114.62	967,949.91	1,925,178.05	797,505.16	0.00	10,008,143.33
Net Movement in Month	-675,554.38	41,374.88	-425,018.76	-14,839.45	1,234,099.74	-1,591,470.46	1,223,739.92	114,331.11	-160,049.95	-1,920,702.10	1,830,445.85	0.00	-343,643.60
Balance c/forward	-375,309.63	-333,934.75	-758,953.51	-773,792.96	460,306.78	-1,131,163.68	92,576.24	206,907.35	46,857.40	-1,873,844.70	-43,398.85	-43,398.85	-43,398.85
Budget	-281,347.00	-298,697.00	-108,086.00	-286,736.00	230,162.00	121,432.00	-382,104.00	-291,829.00	8,280.00	280,186.00	405,999.00	-1,791.00	
FORECAST: Assumptions													
Income													
Sales Ledger													
Invoices issued to CEC			No. 21 Due 28/1/04								1,756,789.79		
Invoices issued to CEC			No. 21 Due 28/2/04								870,236.31		
Invoices Issued to STTL			No. 9 Due 15/2/04								924.91		
											2,627,951.01		
Add Accrued Revenue (Accrued costs/Prepayments etc.)											1,619,041.00		
											4,246,992.01		
Expenditure													
Purchase Ledger													
Aged Creditors List @ 31/1/04											720,941.16		
Expenses Ledger													
							Contingencies				1,500.00		
Miscellaneous													
HM Customs & Excise - VAT Return to 31/3/04 (Due for payment 30/4/04)											0.00		
PAYE/NI - Due on 19/2/04											21,878.00		
February Payroll - 19 members of staff											42,000.00		
Lothian Pension Fund - Contributions Due on 19/2/04											11,016.00		
Bank Interest - Quarter ending 15/3/04											0.00		
Bank Charges for month											70.00		
Petty Cash for month											100.00		
											75,064.00		