



Transport Edinburgh

Edinburgh Trams

Lothian Buses

Tram Project Board Report on Period 1 Papers for meeting 7th May 2008

09:00am – 11:00am

Distribution:

Attendees

David Mackay (Chair)
Willie Gallagher
Bill Campbell
Stewart McGarrity
Gill Lindsay
Cllr Ricky Henderson
Cllr Allan Jackson
Kenneth Hogg

Neil Renilson
Dave Anderson
Steven Bell
Graeme Bissett
Cllr Gordon Mackenzie
Cllr Tom Buchanan
Peter Strachan

Donald McGougan
Cllr Phil Wheeler
Alastair Richards
Marshall Poulton
Brian Cox
Neil Scales
Elliot Scott (minutes)

In addition

Susan Clark
Norman Strachan
Iain Coupar
Keith Rimmer

Neil Wood
Duncan Fraser
Rebecca Andrew
Alan Coyle

Geoff Gilbert
Dennis Murray
Jim McEwan
Tony Glazebrook

TRAM PROJECT BOARD

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Agenda Tram Project Board
Brunel Suite – Citypoint II, 2nd Floor
7th May 2008 – 9.00am to 11.00am

Attendees:

| | | |
|----------------------|-----------------------|------------------------|
| David Mackay (Chair) | Neil Renilson | Donald McGougan |
| Willie Gallagher | Dave Anderson | Cllr Phil Wheeler |
| Bill Campbell | Steven Bell | Alastair Richards |
| Gill Lindsay | Graeme Bissett | Marshall Poulton |
| Cllr Ricky Henderson | Cllr Gordon Mackenzie | Brian Cox |
| Cllr Allan Jackson | Cllr Tom Buchanan | Neil Scales |
| Kenneth Hogg | Peter Strachan | Elliot Scott (minutes) |

Apologies: Stewart McGarrity

- 1 Review of previous minutes and matters arising
- 2 Presentation
- 3 Project Director's progress report for Period 1
- 4 Council contributions
- 5 Health and safety – update
- 6 Change requests – update
- 7 Risk
- 8 Date of next meeting
- 9 AOB

Edinburgh Tram Network Minutes

Joint Tram Project Board / TEL Board

9th April 2008

tie offices – Citypoint II, Brunel Suite

| | | | |
|-------------------------|------|---------------------------------|------|
| Members: | | | |
| David Mackay (Chair) | DJM | Bill Campbell | WWC |
| Willie Gallagher | WG | Donald McGougan | DMcG |
| Cllr G Mackenzie | GM | Neil Renilson | NR |
| Cllr Phil Wheeler | PW | Cllr Ricky Henderson | RH |
| Brian Cox | BC | Peter Strachan | PS |
| Cllr Alan Jackson | AJ | Norman Strachan | NS |
| Cllr Tom Buchanan | TB | | |
| In Attendance: | | | |
| Steven Bell | SB | Gill Lindsay | GL |
| Stewart McGarrity | SMcG | Marshall Poulton | MP |
| Neil Wood | NW | Graeme Bissett | GB |
| Miriam Thorne (minutes) | MT | James Papps (for James Stewart) | JP |
| Jim Grieve | JG | Iain Coupar | IC |

Apologies: David Anderson, Neil Scales, James Stewart

| | | |
|------------|--|----|
| 1.0 | REVIEW OF PREVIOUS MINUTES | |
| 1.1 | The previous minutes were taken as read and the outstanding actions from previous meetings were agreed as complete. | |
| 2.0 | MATTERS ARISING | |
| 2.1 | MUDFA - Safety matter: SB briefed the boards of the safety incident which had occurred at the beginning of the current period. He explained that it related to a RIDDOR reportable incident which resulted in hospital treatment and time off work for an AMIS operative. He also explained that the accident was neither a result of machine intervention or any other obvious trigger. | |
| 2.2 | In response to questions, SB stated that the incident was not a result of any obvious safety mis-management or lack of resource supervision. Further, AMIS previous record was good with no reportable accidents in 07/08. | |
| 2.3 | He further explained that the location and the level of service congestion had provided a complex worksite which may have a bearing on the incident. | |
| 2.4 | SB confirmed that the incident was being dealt with in compliance with all relevant procedures and results of “lessons learned” were being actioned. HSE had already been approached with details of the incident. Full evidence of close out would be provided to the TPB. | SB |
| | | |

| | | |
|------------|---|--|
| 3.0 | MUDFA – production programme | |
| 3.1 | SB presented the agreed plan and phasing for the next stages of the MUDFA works. He confirmed that despite an anticipated slippage of approximately five weeks, the alignment with the Infraco programme was maintained. | |
| 3.2 | Reasons for the delays in certain areas were identified as: - Greater congested services than anticipated; - SUC's issue of locating own assets; and - AMIS resource level below the Rev 06 programme. | |
| 3.3 | All these points were actively being addressed by senior tie management with AMIS and overall contract management controls were closely being monitored. | |
| 3.4 | Currently nearly 30% of expected works were completed and these have been draw down on risk allowance to date. | |
| 3.5 | SB expressed confidence that the programme would allow meeting the summer embargo, particularly as there were options to "tweak" the workflow in the Forth Ports area and greater efficiencies will be targeted from longer day-light working hours. | |
| 3.6 | NR provided an update on the successful implementation of bus diversions which had not raised any major issues. | |
| | | |
| 4.0 | Infraco / Tramco | |
| 4.1 | The Boards received updates on the progress in relation to the Infraco and Tramco negotiations on pricing, programme, scope, risk profile, TMA, and both novations (SDS / Tramco). | |
| 4.2 | PRICING: SMcG briefed the Boards on the changes in the underlying contract prices as outlined on page 4 of the Close Report. | |
| 4.3 | PROGRAMM: SB highlighted the key programme dates as per the Close Report (page 5), confirming that these dates took cognisance of the Code of Construction Practices, relevant embargos, design and approvals timeframes and recovery of the MUDFA programme. | |
| 4.4 | SCOPE OF WORKS: Based on page 7 of the Close Report, SB outlined the key aspects of the Employer's Requirements in relation to the BBS proposals and SDS design. | |
| 4.5 | RISK of procurement challenge: WG informed the Boards that briefings of the unsuccessful bidders (other than Bombardier) had taken place. | |
| 4.6 | TRAMCO: SB stated that the details of bringing CAF into the consortium were being worked through and no issues were anticipated. | |
| 4.7 | SDS Novation: SB confirmed that some details were outstanding and were being negotiated robustly. | |
| | | |
| 5.0 | Funding | |
| 5.1 | SMcG reconfirmed the status of the project funding arrangements. | |
| | | |
| 6.0 | 3rd Party Agreements | |
| 6.1 | SB confirmed that agreements were achieved with Network Rail on the - APA; | |

| | | |
|-------------|---|--|
| | <ul style="list-style-type: none"> - Station Change; - Depot Change; and - The Framework Agreement <p>Further, good progress had been made on agreeing the mechanism for the car-park compensation.</p> | |
| 6.2 | <p>GB updated the Boards on the progress of the other 3rd party agreements as follows:</p> <ul style="list-style-type: none"> - BAA lease and licences had been signed; - Discussions with FP on scope were finalised, including acceptance by FP of tie's cost forecasts; - Only minor items were outstanding on car-parking / traffic management issues for the agreement with the SRU; and - No issues were foreseen regarding the agreement with RBS. | |
| | | |
| 7.0 | Approvals Process and tie / DLA Quality Control Process | |
| 7.1 | GB presented the planned quality control process and the key participants | |
| 7.2 | WG informed the Boards that the anticipated date of 15 th April for signing the Infracore contracts was under threat due to BBS's internal quality control processes. However, he expressed confidence that contract signing would take place between the 15 th and 22 nd of April. (<i>Now anticipated as early May</i>) | |
| | | |
| 8.0 | Communications | |
| 8.1 | WG affirmed that, post contract signing, external communications would be focused on what will practically happen on Edinburgh's streets. It had been brought to his attention that the future lay-out of Constitution Street, for example, was not yet clear to the public. This would be addressed as part of the wider communications strategy and done in full alignment with the bidders and CEC. | |
| | | |
| 9.0 | TEL / tie operating agreements | |
| 9.1 | GB confirmed that the tie / CEC operating agreement included contract specific delegation details, and that both, the TEL and tie operating agreements would be base-lined compared to the FBC parameters. | |
| | | |
| 10.0 | Design management after Close | |
| 10.1 | SB presented the slide outlining with the process post-Close. He confirmed that the novation payment was outstanding but it was anticipated to conclude final account discussions by week ending 11 April. | |
| 10.2 | He further explained that from novation onwards, the contractual relationship with SDS moves to BBS. However, tie and CEC would continue to support and manage BBS in this regard. | |
| | | |
| 11.0 | Readiness for Post-close Engagement | |
| 11.1 | SB presented the position on the key areas ensuring the project was ready for post-close engagement and commencement of construction. | |
| | | |
| 12.0 | Progress Report | |

| | | |
|------------------------------------|---|----|
| 12.1 | The report was taken as read. | |
| 12.2 | WG confirmed that the emphasis of the reporting will change once contracts are signed to provider greater milestone focus. | |
| 13.0 Phase 1b | | |
| 13.1 | WG presented the outline paper on Phase 1b. The Boards noted the paper and contents regarding the interfaces and costs for the utility diversions. It was agreed that a comprehensive strategy regarding Phase 1b should be developed over the term of the summer. The Boards agreed that a realistic timescale for a decision on Phase 1b utility diversions would be autumn 2008. | |
| 13.2 | Meanwhile, the TPB gave approval for the commencement of weed killing along the Phase 1b route as well as obtaining licences for badger removal. | |
| 13.3 | DJM highlighted the importance of reviewing and updating the assumptions and inputs not just for Phase 1b but also for Phase 1a in the TEL business plan. He highlighted the importance of comprehensive public transport provision to the development of Granton and re-affirmed that TEL's strategy was for an integrated bus / tram system, not just one tramline. | |
| 13.4 | DJM also queried whether the attendees were aware of an alleged investigation into a guided bus-way (or similar) commissioned by Waterfront Edinburgh Limited (WEL). NR confirmed he would be seeking further information with WEL at a planned meeting. | NR |
| 14.0 Small business support | | |
| 14.1 | The Boards approved the proposal to enhance the support given to small businesses affected by the tramworks from within the existing budget. | |
| 15.0 AOB | | |
| 15.1 | DJM advised that a review of the composition and attendance of the TPB would take place following contract signing, in line with due governance and delegated authorities. | |
| 15.2 | DJM confirmed that PUK would cease as attendees and members of the TPB and thanked James Stewart and James Papps for their invaluable and independent wise counsel. | |
| 15.3 | PW requested information on the future plans for the taxi rank at Haymarket. NR stated a meeting was planned on this matter for the 10 April and he would report back to the Board. | NR |
| 15.4 | Finally the Board gave a unanimous personal tribute to Miriam Thorne and wished her every possible success in the future. | |
| 15.5 | Date of the next TPB and TEL meeting – 7 May 08. | |

Prepared by Miriam Thorne, 16th April 2008

Edinburgh Tram – Bus and taxi arrangements at Haymarket

Following the TPB Meeting on 9/4/08 (Minute 15.3) at Citypoint, a meeting was held on 10/4/08 attended by Councillor Wheeler, Dave Anderson, Neil Renilson et al to progress the matter, the relevant points are summarised below.

During the construction phase

- Both bus stops, i.e. outside Ryries and adjacent to the Station forecourt, will have to be re-located;
- The taxi rank will have to be re-located;
- It is entirely possible that the temporary bus stops will have to “move around” as demolition of the Caley Ale House and construction of the viaduct over the Station car park on which Haymarket tramstop sits, progresses;
- Location of suitable temporary bus stops will be dealt with nearer the time;
- As regards temporary taxi ranks, the proposal is replacement of existing rank with:
 - Approximately six space rank in Rosebery Crescent, which is physically the nearest available location to the Station forecourt, and which is visible from the Station forecourt if the rank is on the West side of Rosebery Crescent;
 - Expansion of the existing two? space taxi rank in Grosvenor Street to six spaces;
 - Possibility of a four space rank, either at the West end of Morrison Street adjacent to Ignite / carpet shop / Grove Bedding and / or at the West end of West Maitland Street in the current loading bay (this would be an either / or – depending on the progress of the works, might move from Morrison Street to West Maitland Street and back again as construction progresses);
- The “workability” and effectiveness of the temporary taxi rank arrangements will give a valuable pointer to potential long term post tram solutions.

Permanent post-tram

Post-tram there will be substantially less space available on the Station forecourt than currently, as the tram tracks encroach into the current bus stop / drop off lane / taxi rank and there is thus, no matter what, less space available post tram.

1. The space available post tram could accommodate either two buses or four taxis, so even if the space were allocated to taxis, there would still be a need for an additional allocation of taxi rank space in either / both Rosebery Crescent / Grosvenor Street (The current taxi rank is licensed for six taxis but up to 12 use it by double parking.);
2. Recent surveys have shown the ratio of persons boarding buses at the Haymarket Station forecourt bus stop (i.e. the stop adjacent to the taxi rank and not including the Ryries stop) compared to persons boarding taxis in Haymarket Station forecourt taxi rank was 84% bus boarders, 16% taxi boarders;
3. Access to and egress from the reduced area available requires vehicles to cross both tram tracks, therefore the desire, from a safety viewpoint, is to minimise the number of vehicles making these conflicting cross tram movements, especially as on both access and egress Westbound trams will be approaching “from behind”;

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FOISA exempt

Yes

No

4. It is suggested that buses and bus drivers tend to be less “enthusiastic” in their general driving behaviour than taxi drivers, and would be less inclined to try and “nip out” in front of an approaching tram and would not undertake unauthorised ‘U’ turns across the tram tracks;
5. In the event of transgression vis-à-vis tram movement, bus drivers are far more easily traced and dealt with on a disciplinary basis by their employer than taxi drivers, especially owner drivers, over whom there is no disciplinary control other than the Cab Office.
6. There is significant bus to bus passenger transfer, and locating the bus stop on the forecourt post tram would reduce the walking distance for passengers changing buses between Corstorphine Road and Dalry Road, compared to locating the bus stop further west along Haymarket Terrace;
7. In view of the 84% / 16% usage ratio, the most beneficial use of the limited space available to maximise the benefit to public transport users would be achieved by allocating it for use as a bus bay.

Project Directors report

Progress – Infraco negotiations (as at 1st May 2008)

Negotiations with the Infraco have proven to be protracted and complex with the main difficulties surrounding the effective transfer of risk in relation to design and systems integration to the private sector in a manner which is consistent with the Business Case and which represents value for money to the public sector.

Last period (P13 0708 report) we reported that commercial negotiations were complete to all intents and purposes, we had issued notification of intent to award letters and that work was continuing by BBS, CAF and PB to complete the extensive documentation and perform quality assurance checks with a view to contract signature in mid April. Since then two things have happened:

1. A decision was taken to refer the updated cost estimate (£508m) and programmed opening date (July 2011) back to the City of Edinburgh Council meeting on 1st May with contract signature following on 2nd May. The delay from mid April to 2nd May would have no impact on the construction programme and activities would continue under the Mobilisation and Advance Works Agreement with Infraco.
2. On 30th April the Infraco bidder gave notice that following due diligence there are circumstances giving rise to a requirement to increase the previously agreed price.

At the time of writing **tie** is engaging with the Infraco bidder to determine the nature of their requirement and to rebuff any price increase. **tie**'s is to address this issue with a view to signing the Infraco contract suite during the week beginning 5th May but without material impact on the cost estimate or programme.

The payment of initial milestones under the Infraco and Tramco contracts totalling £47.2m (including £24.2m in respect of advance material purchases and other long lead items) would follow soon after Contract Award.

The remainder of this report was written anticipating contract signature on or around 2nd May and should be read assuming that item 2 above does not have any material impact on the validity of the facts and commentary made. All stakeholders will be kept full informed of progress and events as they emerge.

Progress – Design

To date, 16 Prior Approvals have been issued to CEC and 11 have been approved (v31; 21 issued and 11 approved). Twelve Technical Approvals have been issued to CEC. Three existing structures have been approved and although no new structures have completed the approval process, full approval is imminent for 6 new structures (v31; 16 issued and 4 approved). A new taskforce composed of senior representatives from **tie**, CEC and SDS has been set up to ensure the approvals are granted promptly.

Progress – MUDFA

Progress has reduced from that achieved in Period 13 with 70% of the planned diversions completed in the period. A total of 77% of the planned diversions have been achieved in total to date. The overall effect on the critical path remains at two weeks and implementation of the revised recovery programme actions is underway. Rescheduling of key areas has been carried out to address resource peak demand and to prioritise critical interface areas with Infraco.

Excavation works carried out under MUDFA unearthed skeletal remains of three bodies thought to be about 300 – 400 years old in Constitution Street. It is the opinion of the CEC archaeologist that more finds are likely. A report compiled by the archaeologist is expected mid May to allow a decision to be made on the way forward. MUDFA progress will not be impacted by this but action will be necessary to prevent Infraco works being impacted.

The following activities were undertaken:

- MUDFA works at the Lothian Road / Shandwick Place junction were complete by Friday 25 April 2008 to allow the city centre phase II traffic management arrangements to be introduced;
- Preparation for the installation of the 800mm main at the depot will commence on 28 April in accordance with the latest programme. This is a critical activity to ensure commencement of Infraco work at the beginning of June;
- It has been confirmed that the 1500mm sewer underneath the A8 underpass will need to be diverted. IFA drawings for this are expected on 29 April; and
- BAA have commenced works on relocating their fence line. These works are on programme and completion is expected by mid May.

Progress – Infraco advanced works

- Consideration is being given to netting along boundary of LOD and Gogar drain to discourage new badger sett construction;
- Invasive species treatment is ongoing;
- Contract awarded to erect hoarding at RBS; and
- Archaeological works have commenced on site 2B.

Progress – Infraco mobilisation activities

- Tree felling has been completed in sufficient areas to allow summer works to progress;
- The application for a Building Warrant to demolish the Caledonian Ale House has been submitted and the power will be disconnected on 11th May; and
- To ensure a mutual understanding exists on constructability and interpretation of design, **tie** now chairs and facilitates an interface meeting between BBS and SDS until such times as the parties are in a contractual relationship.

Progress – Other

- Land and property – All licence holders have now vacated properties. The land that Infracore require for site clearance and demolition will be available in line with the agreed construction programme;
- The NR Framework Agreement has been executed. The outstanding agreements still to be resolved with Network Rail are Bridge Agreements and Operating Agreement, which will be pursued in Q2 2008;
- Agreement has been reached on design principles in the Forth Ports area and the agreement will be executed by the end of May;
- SRU – All major issues have been resolved and the agreement will be executed by the end of May;
- Scottish Power and Telewest agreements were signed; and
- The OCIP cover is being extended to July 2011.

Cost

- The AFC for Phase 1a of the project remains at **£508m**, including a risk allowance of **£32.3m**. Funding available remains at **£545m**. There are no significant changes pending. Cumulative expenditure to date (end of P1 0809) on Phase 1a is **£136.5m**;
- The “Budget” for FY0809 has been baselined at **£150.9m** including a risk allowance of **£10.0m** and is predicated on commencement under Infracore and Tramco in the first week of May 2008. Variance reporting in future reports in FY0809 will be against this baseline;
- In the context of a current cap on FY0809 funding from TS of £120m, CEC would need to temporarily “fund” the shortfall of between £9m and £18m until the start of the FY0910, although it is unlikely that CEC will need to find cash to meet a shortfall due to the lag between work being done and payment under the contracts. The implication of the current TS funding cap for FY 0809 will be kept under close review; and
- A project has been initiated to deliver an updated business plan and financing plan for Phase 1b for presentation to CEC in the autumn of 2008.

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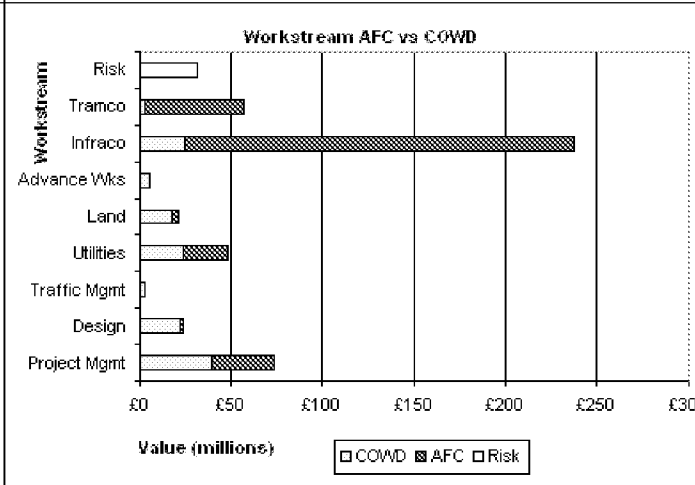
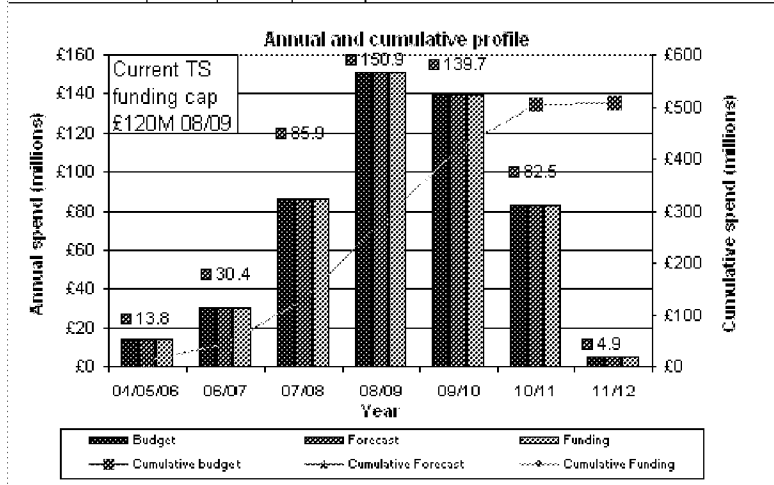
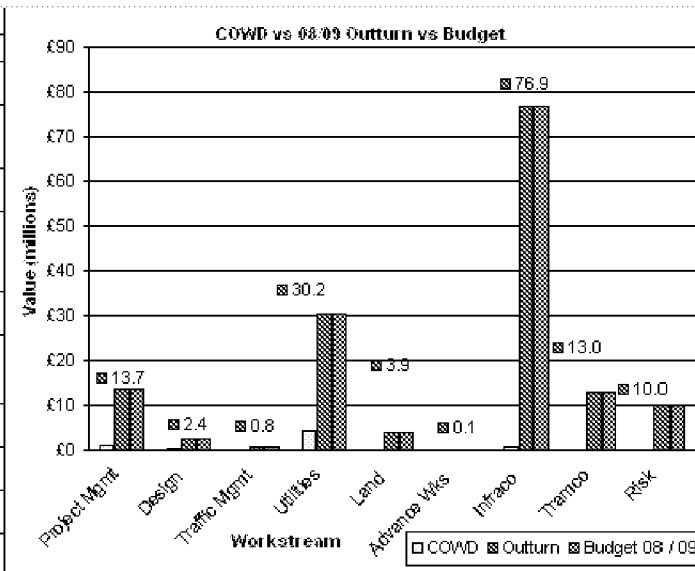
Edinburgh Trams

Lothian Buses

FOISA exempt

Yes
 No

| Period 1 - 08/09 COWD (£000s) | | | | |
|-------------------------------|---------------|--------------|----------------|---|
| Workstream | F/cast | Act | Var | Comments |
| Project Mgmt | 1,198 | 1,234 | 36 | |
| Design | 249 | 278 | 29 | |
| Traffic Mgmt | 84 | 12 | (72) | Legals over accrual |
| Utilities | 5,634 | 4,284 | (1,351) | Progress in period at 70% of planned. Key drivers are: 1/Carillion Resource Levels 2/ Increased temp diversions at Leith Walk 3/ Delay in outages from SW affecting programmed diversions. |
| Land | 2,383 | 128 | (2,254) | Hagmkt St Car Park comp. & FP land transfer both not concluded in P1. |
| Advance Wks | 19 | 16 | (4) | |
| Infraco | 4,036 | 740 | (3,296) | Re allocation of contract sum for prelims /early mobilisation |
| Tramco | 200 | (234) | (434) | Re-distribution of contract sums. Early mobilisation reallocated to 'commencement of tram works' budget line. |
| Risk | 0 | 0 | 0 | |
| Total | 13,802 | 6,457 | (7,345) | |



Health, safety, quality and environment

The AFR for the project is now 0.15.

There was one major injury accident, reportable under RIDDOR to the Health and Safety Executive, in the period. An interim report has been received from the MUDFA contractor. Operatives were removing material by hand in an excavation to an area where the excavator could remove it. During these works part of the excavation became dislodged and struck one of the operatives on his leg, resulting in a fractured ankle. All excavation works have been reviewed and the final investigation report with recommendations is awaited.

A near miss was reported regarding the traffic management and pedestrian arrangements on Constitution St on 25 April. An independent **tie** director will chair a panel that will formally investigate this issue and lessons learnt.

There were two minor office-based accidents. Twelve other incidents and three near misses were reported in the period. Two environmental incidents were reported in the period. Both were in relation to the discovery of human remains / graves in Constitution Street outside South Leith Parish Church (impact on progress is outlined above).

Analysis of the emerging trends from MUDFA cable strikes is showing that 80% of the strikes are for services <600mm deep, 56% are due to excavator buckets and 47% of the services affected are street lighting or LV electricity cables.

Risk

There were no significant risks added or closed during the period. The QRA has been assessed as adequately reflecting the negotiated Infraco contract suite and other risks during the construction phase of the project.

One risk on the MUDFA risk register is expected to be realised and will require a transfer from the Risk Allowance to the base cost estimate when the quantification is finalised: As stated above, the MUDFA contract team are required to divert a 1,500mm sewer in the Gogar area and will, in the coming period, calculate the cost of this additional work. Any drawdown on the Risk Allowance will be highlighted in the Period 2 report.

Period 1 - 2008/09 Full Risk Register

| ARM Risk ID | Risk Description | | | Risk Owner | Significance | Black Flag | Treatment Strategy | Previous Status | Current Status | Due Date | Action Owner |
|-------------|---|---|--|-------------|----------------|------------|--|-----------------|----------------|-----------|--------------|
| | Cause | Event | Effect | | | | | | | | |
| 286 | Infraco lack of confidence in SDS designs or delivery programme | Infraco refuses to accept or fully engage in novation of SDS. | Possible delay to award; Damage to reputation; Possible extra costs or risk transferred back to tie. | B Dawson | Medium - 14.00 | Project | Complete designs and allow due diligence to be undertaken by bidders | On Programme | On Programme | 1-Oct-08 | B Dawson |
| | | | | | | | Consult with legal on options relating to due diligence to be carried out on design and availability of consents | Complete | Complete | 28-Aug-07 | B Dawson |
| | | | | | | | Introduce and engage Infraco bidders to SDS as early as possible | Complete | Complete | 28-Feb-07 | B Dawson |
| 916 | CEC do not achieve capability to deliver | CEC are unable to honour their funding commitment | Potential showstopper to project if contribution not reached; Line 1B may depend on incremental funding from CEC | S McGarrity | NIL - 0.00 | Project | CEC has formed a multi discipline Tram Contributions Group to monitor identified sources of £45m contribution including critically developers contributions. tie are invited to that group. (see add info) | Complete | Complete | 28-Sep-07 | CEC |
| | | | | | | | CEC to deliver necessary contributions for 1a | Complete | Complete | 28-Aug-07 | CEC |
| | | | | | | | Tram Project Board to monitor progress towards gaining contributions | Ongoing | Ongoing | Ongoing | D MacKay |
| 987 | Unacceptable financial cost and/or risk | CEC do not agree to final negotiated contract | Potential cancellation of project | D Fraser | NIL - 0.00 | Project | Ongoing member engagement | On Programme | On Programme | Ongoing | W Gallagher |

| ARM Risk ID | Risk Description | | | Risk Owner | Significance | Blank Flag | Treatment Strategy | Previous Status | Current Status | Due Date | Action Owner |
|-------------|---|--|---|------------|--------------|------------|--|-----------------|----------------|-----------|--------------|
| | Cause | Event | Effect | | | | | | | | |
| 139 | Utilities diversion outline specification only from plans | Uncertainty of Utilities location and consequently required diversion work/ unforeseen utility services within LoD | Increase in MUDFA costs or delays as a result of carrying out more diversions than estimated | G Barclay | High | | Carry out GPR Adien survey | Complete | Complete | 31-Oct-07 | J Casserly |
| | | | | | | | Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales. | Complete | Complete | 23-Nov-07 | J McAloon |
| | | | | | | | In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities and inform designer | On Programme | On Programme | 31-May-08 | A Hill |
| 164 | Utilities assets uncovered during construction that were not previously accounted for; unidentified abandoned utilities assets; asbestos found in excavation for utilities diversion; unknown cellars and basements intrude into works area; other physical obstructions; other contaminated land | Unknown or abandoned assets or unforeseen/contaminated ground conditions affect scope of MUDFA work. | Re-design and delay as investigation takes place and solution implemented; Increase in Capex cost as a result of additional works. | I Clark | High | | Carry out GPR Adien survey | Complete | Complete | 31-Oct-07 | J Casserly |
| | | | | | | | Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales. | Complete | Complete | 23-Nov-07 | J McAloon |
| | | | | | | | In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities and inform designer | On Programme | On Programme | 31-May-08 | A Hill |
| 342 | Tram alignment at A8 crossing at Gogar coincides with 1500mm sewer | 1500mm sewer required to be diverted | Capex cost to cover BT data nest/cable move; additional design costs; delay while works to undertake move are carried out; additional tunnelling costs. | I Clark | High | | Confirm if diversion required | On Programme | Complete | 8-Mar-08 | G Barclay |
| | | | | | | | Confirmation of BT requirements to tie | Complete | Complete | 15-Oct-07 | I Clark |
| 352 | Increase in land values | Higher land compensation claims than anticipated | Additional uplift on compensation claims | A Sim | High | | Close out | On Programme | On Programme | 28-Mar-08 | A Sim |
| | | | | | | | Initiate early negotiations between DV and landowners | On Programme | On Programme | Ongoing | A Rintoul |
| | | | | | | | Liaise with CEC Planning | On Programme | On Programme | Ongoing | R McMaster |

| ARM Risk ID | Risk Description | | | Risk Owner | Significance | Blank Flag | Treatment Strategy | Previous Status | Current Status | Due Date | Action Owner |
|---------------------------|---|---|--|--------------|--------------|------------|---|-----------------|----------------|-----------|--------------|
| | Cause | Event | Effect | | | | | | | | |
| 173 | Uncertainty over extent of contaminated land on route | Tramway runs through area of previously unidentified contamination and material requires to be removed and replaced (dig and dump). | Increase in costs to remove material to special and other tip. | T Glazebrook | High | | Issue containment and gi report to Infraco bidders | Complete | Complete | 2-Mar-07 | B Dawson |
| | | | | | | | tie to obtain ground investigation and contamination reports from SDS | Complete | Complete | 30-Mar-07 | A McGregor |
| 44 | SDS contractor does not deliver the required prior approval consents before novation | Late prior approval consents | Delay to programme with additional resource costs and delay to infraco. Impact upon risk balance. | T Glazebrook | High | | Evaluation of prior approval programme | On Programme | On Programme | 31-Oct-08 | D Sharp |
| | | | | | | | Hold fortnightly Roads Design Group | On Programme | On Programme | Ongoing | T Glazebrook |
| | | | | | | | Hold weekly CEC/SDS liaison meetings | On Programme | On Programme | Ongoing | T Glazebrook |
| | | | | | | | Informal consultation prior to statutory consultation | On Programme | On Programme | 31-Jul-08 | T Glazebrook |
| | | | | | | | Integrate CEC into tie organisation/accommodation (office move) | Complete | Complete | 4-Jun-07 | T Glazebrook |
| Tram Design Working Group | On Programme | On Programme | Ongoing | G Murray | | | | | | | |
| 928 | Major single safety incident (including a dangerous occurrence) during construction | Safety incident during construction | Delay (potentially critical) due to HSE investigation and rework. PR risk to tie and stakeholders. | S Clark | High | | All Site Staff to get CSCS or equivalent | On Programme | On Programme | Ongoing | C McLauchlan |
| | | | | | | | Develop and Implement Incident Management Processes | Complete | Complete | 27-Apr-07 | T Condie |
| | | | | | | | HSQE Audits, site inspections and Management Safety Tours to be carried out | On Programme | On Programme | 31-Dec-10 | T Condie |
| | | | | | | | Safety Induction to be carried out for all site staff | On Programme | On Programme | 31-Dec-10 | T Condie |
| | | | | | | | Site Supervisors to be appointed by tie | Complete | Complete | 28-Feb-07 | S Clark |
| 931 | Utilities assets uncovered during construction that were not previously accounted for; unidentified abandoned utilities assets; known redundant utilities; unknown live utilities; unknown redundant utilities. | Unknown or abandoned assets impacts scope of Infraco work | Re-design and delay as investigation takes place and solution implemented; Increase in Capex cost as a result of additional works. | T Glazebrook | High | | GPR surveys in areas where there are likey to be services | Complete | Complete | 1-Apr-07 | T Glazebrook |
| | | | | | | | MUDFA trial holes to verify GPR surveys | On Programme | On Programme | 31-Jan-09 | P Douglas |

| ARM Risk ID | Risk Description | | | Risk Owner | Significance | Blank Flag | Treatment Strategy | Previous Status | Current Status | Due Date | Action Owner |
|-------------|--|---|--|--------------|--------------|------------|--|-----------------|----------------|-----------|--------------|
| | Cause | Event | Effect | | | | | | | | |
| 914 | Required approval/acceptance turnaround time does not reflect SUC standard practice; SUCs do not have enough resource or process capability to achieve 20 day turnaround | Statutory Utility Companies unable to meet design approval/acceptance turnaround time to meet programme | Additional period required for design approval/acceptance turnaround | T Glazebrook | High | | SDS to obtain consent for design in accordance with programme requirements - Scottish Water and all Telecoms | On Programme | On Programme | 30-Jun-08 | I Clark |
| | | | | | | | SDS to obtain consent for design in accordance with programme requirements - SGN and Scottisk Power | On Programme | On Programme | 30-Jun-08 | M Blake |
| 271 | Inadequate quality of submission of approval. Partial submission of package. Programme compression. Lack of CEC resources. | Failure to process prior approvals applications within 8 weeks | Delay and disruption to Infraco programme | T Glazebrook | High | | Agree approvals submission arrangements with CEC to align with SDS design programme and procurement programme. | On Programme | On Programme | 31-Mar-08 | T Glazebrook |
| | | | | | | | Assure the quality and timing of submissions | On Programme | On Programme | 29-Aug-08 | T Glazebrook |
| | | | | | | | Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie | Complete | Complete | 28-Feb-07 | T Craggs |
| | | | | | | | Finalise alignments and gain agreement from CEC | Complete | Complete | 29-Dec-06 | T Craggs |
| | | | | | | | Where appropriate increase case officer resource to cope with programme compression | On Programme | On Programme | 28-Aug-08 | D Fraser |

Paper to: TPB **Meeting date:** 07/05/08
Subject: Project changes to align budget with PCB
 (Financial Close)
Agenda item: Change Paper (P01 – 08/09)
Preparer: D Carnegie

Executive Summary

Introduction

The project has reached Financial Close, with the award of the Infraco (BBS) contract and the successful novation of Tramco & SDS with BBS. There is a requirement that **tie** needs to align all project budget codes to reflect the Financial Close status. This desired position, in budget terms, will establish the new Project Control Budget.

What needs to be done

All financial movements in terms of tram budget since the approval of the Final Business Case (FBC) in October 2007, require to be accounted for per budget code so that the final figures at Financial Close will equate to the Project Control Budget.

To date, several approved Project Changes post FBC, have established an interim position, in terms of budget levels. The remaining piece of work necessary will move each budget code from this interim position to align with the Project Control Budget (Fig 1 below refers)

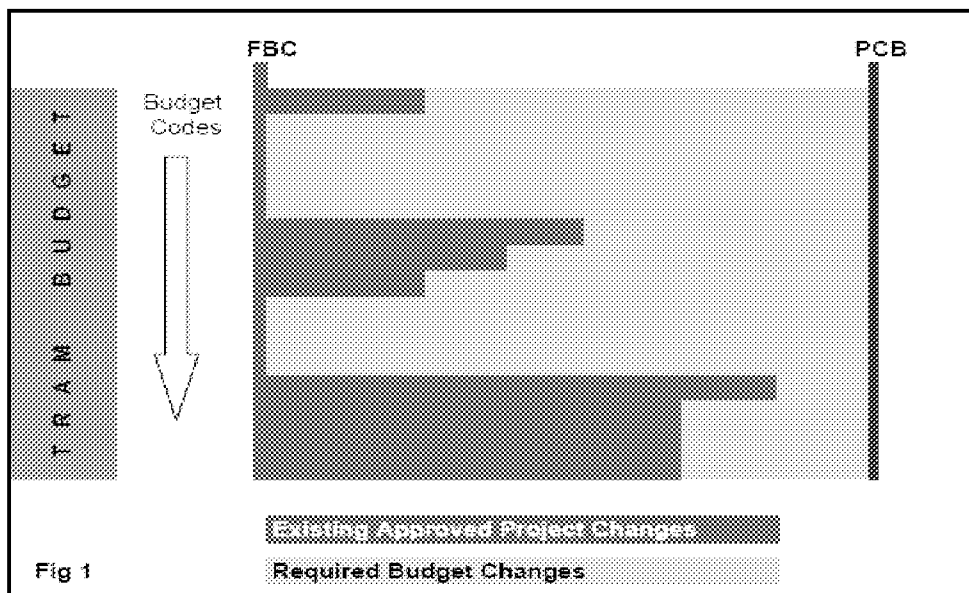


Fig 1

How will this be achieved?

The drafting and approval of Project Changes, which will reflect the movement from the current status to the Project Control Budget.

It is intended to issue for approval ten Change Orders ie:

- Project Management – **tie** figures only
- Project Management – supporting contracts
- Design – SDS
- Cost Modelling - JRC
- Land & Property
- Utilities / MUDFA
- INFRACO – excl Depot Excavation Ph1&2
- INFRACO – Depot Excavation Ph1&2 only
- TRAMCO
- Risk

The total value of the above changes is £ 9,129,122 (Appendix Global Budget Changes Summary – Ref FBC-PCB-A refers).

What about additional 3rd Party Funded works?

Additional works that require 3rd Party Funding are excluded from the exercise and are subject to their own individual Project Changes as and when required.

Why do we need to do this?

To ensure we have a recorded, auditable baseline from which to manage the budget going forward in terms of cost and change control management. Any changes from the agreed PCB will be subject to the approval of Project Changes in accordance with **tie's** change management procedures and Delegated Authority Rules.

Decision(s) / support required

To approve the aforementioned changes necessary to re-align the Tram Project Budget to reflect Infraco Contract Award.

| | | | |
|-----------------|---------------|-----------------------------------|-------|
| Proposed | Name Title | Susan Clark Programme Director | Date: |
|-----------------|---------------|-----------------------------------|-------|

| | | | |
|--------------------|---------------|---------------------------------|-------|
| Recommended | Name Title | Steven Bell Project Director | Date: |
|--------------------|---------------|---------------------------------|-------|

| | | |
|-----------------|-------|------------|
| Approved | | Date:..... |
|-----------------|-------|------------|

David Mackay on behalf of the Tram Project Board

GLOBAL BUDGET CHANGES - Summary - Ref FBC-PCB-A

| FBC-PCB | | | P01 08/09 | | | |
|-----------------------|--------------|----------------------------------|--------------------|----------------|--------------------|------------------|
| Ref | Budget Code | Description | FBC | App CO's | PCB | Change Value |
| 1 | T01.01 - 012 | tie PM Costs | 39,225,606 | 0 | 38,968,939 | -256,667 |
| 2 | T06.01-03 | TSS Resources | 9,191,775 | 0 | 9,507,939 | 316,164 |
| 2 | T06.04 | CEC Staff Costs | 953,340 | 0 | 1,168,277 | 214,937 |
| 2 | T12 | Comms & Marketing | 2,276,342 | 0 | 2,526,216 | 249,874 |
| 2 | T03 | Legals | 5,320,029 | 0 | 5,784,852 | 464,823 |
| 2 | T14 | Service Integration | 190,275 | 0 | 203,225 | 12,950 |
| 2 | T09 | 3rd Party (Legal & Tech) | 316,664 | 0 | 444,843 | 128,179 |
| 2 | T17 | Insurance | 4,507,468 | 0 | 4,507,469 | 1 |
| 3 | T04 | SDS - Design Services | 23,683,186 | 413,027 | 24,371,614 | 275,401 |
| 4 | T05.01 | Integrated Transport Model (JRC) | 2,321,902 | 415,000 | 2,629,949 | -106,953 |
| 5 | T10 | Land & Property | 20,643,290 | 0 | 20,581,175 | -62,115 |
| 6 | T18.01-03 | Total MUDFA / Utilities | 51,527,336 | 0 | 48,542,706 | -2,984,630 |
| 7 | T19.03 | Depot Excavation (Ph1&2) | 4,808,041 | 0 | 5,438,987 | 630,946 |
| 8 | T19.01-07 | INFRACO | 222,975,444 | 0 | 243,809,301 | 20,833,857 |
| | T19.03 | Depot Excav Ph1&2 - (Deduction) | -4,808,041 | 0 | -5,438,987 | -630,946 |
| 9 | T20 | Tramco | 51,370,225 | 0 | 58,039,910 | 6,669,685 |
| 10 | T44.01 | RISK | 48,974,000 | 0 | 32,347,616 | -16,626,384 |
| | Various | Static Budget Lines | 14,582,976 | 0 | 14,582,976 | 0 |
| Overall Totals | | | 498,059,858 | 828,027 | 508,017,007 | 9,129,122 |

Paper to: Tram Project Board

Meeting date: 7th May 2008

Subject: Council Contributions

Agenda item:

Preparer: Alan Coyle (CEC)

Executive summary

The report provides an update for the Tram Project Board on the progress made to date in securing the Council Contribution of £45m towards the Tram Project, and the next steps required to ensure that the opportunities to secure future contributions are maximised.

It is recommended that the Tram Project Board notes the current position and endorses the approach being developed by the Council, bearing in mind that approval is required from the Planning Committee and Full Council.

Impact on programme

None.

Impact on budget

The current budget assumes total funding of £545m for the project (£45m from the Council). Additional contributions secured beyond the £45m will increase the headroom for Phase 1a and / or provide additional funding for Phase 1b.

Impact on risks and opportunities*

The financial risk associated with the outlined approach lies with the Council. If future contributions from developers and / or capital receipts fail to materialise, there could be a significant impact on Council Revenue budgets in order to meet borrowing costs.

However, if the contribution can be maximised, there is an opportunity to build additional headroom into the budget or to provide funding for Phase 1b.

Impact on scope

The scope of the project will be determined by the funding available. As above maximising developer contributions will help protect the scope of the project.

Decision(s) / support required

To note the current position and endorse the approach being developed by the Council.

1.0 Introduction

The purpose of this report is to set out for the Board, the work that is on-going in securing the Council's £45m contribution and exploring the potential of securing additional funding. It provides an update of progress already made, the next steps required and the likely timescales.

The report looks at the four main elements of funding, namely:

- Council cash;
- Council land;
- Developers contributions – Cash and land; and
- Capital receipts.

The report also sets out an assessment of the risks in relation to each funding stream.

Furthermore initial meetings have taken place between **tie** and CEC officials with a view to examining funding opportunities for Phase 1b. Details of this are highlighted in section 7 of this report.

2.0 Background

The Draft Final Business Case for the tram project was approved by the City of Edinburgh Council on 20th December 2006 on the understanding that the Council would contribute £45m towards the costs of the project.

It has always been recognised that the exact make-up of the £45m is subject to change, as more work is done on each of the elements constituting the £45m contribution.

The Council contribution to the project of £45m has been subject to independent scrutiny in late 2007. The independent assessment was conducted by DTZ Peda.

This independent assessment confirms the scale of contributions that can be expected. Their report states "*that the Council's tram funding strategy is realistic, based on sound assumptions and achievable within the timescales*". The findings were subject to a separate report within the agenda of the Planning committee on 19th December 2007.

3.0 Council cash (£2.5m)

The Council Contributed £1m to the project in 2005/06. A further £1.5m was contributed in 2007/08.

4.0 Council land (£6.2m)

£4.3m is for Phase 1a and £1.9m is for Phase 1b. If Phase 1b does not go ahead alternative funding sources will be required.

5.0 Developer contributions

Background

Contributions from developers have always been identified as a key component of the Council's financial contribution to the project. The cash element is estimated at £25.4 million.

Current position

The total of Developers Contributions banked to date is £3.04m

Potential future contributions

There has been no recent change to potential Developers Contributions beyond the amounts previously reported to the Board.

Next steps

Continual monitoring of Developers Contributions for Phase 1a is ongoing. Examination of additional Developers Contributions for Phase 1a and Phase 1b will also be undertaken.

6.0 Capital receipts (£9.7m)

There are number of Council-owned sites adjacent to the tram route that may be marketed.

The two main sites making up the contribution (Lorry Park and Leith Walk Garage) are currently being valued using the DVs estimations.

Further work will be undertaken in the coming months to further examine the value of these sites.

7.0 Other funding sources / Phase 1b

The Councils funding strategy for Phase 1a looks sounds and should provide the required level of contribution.

The current price of Phase 1b is estimated at £87m. Based on the current estimated price of £508m for Phase 1a funding of £37m could be available for Phase 1b, leaving a potential funding gap of £50m.

A project team has recently been set up made up of officials from **tie** and the Council to look at the business case for Phase 1b and potential funding.

A number of funding options will be evaluated as the project team progress the business case.

8.0 Risks

The risks for each element of the contribution are set out in the following table:

| Element | Risks | Management action |
|--------------------------|--|---|
| Council Cash and Land | <ul style="list-style-type: none"> • This is secured and there is no longer any risk associated with it | <ul style="list-style-type: none"> • None required |
| Developers Contributions | <ul style="list-style-type: none"> • Development does not take place • Development is slower than anticipated • Interest rates change • Inflation / deflation on indexed linked contributions • Planning Gain Supplement or any other changes to Planning legislation adversely affecting CEC's ability to collect contributions • Successful legal challenge to tram contributions policy • Impact of Credit Crunch on rate of Development | <ul style="list-style-type: none"> • Ensure amount borrowed is based on conservative development assumptions • Seek legal advice on all changes to tram contribution policy • Active engagement with Scottish Executive on all proposed changes to planning legislation. |
| Capital Receipts | <ul style="list-style-type: none"> • Inability to identify sufficient capital receipts to fund the tram project and the rest of the Council's capital programme • Change in local economic condition makes it difficult to sell sites within timescales and / or reduces eventual Capital Receipt • Impact of credit crunch on sale of assets | <ul style="list-style-type: none"> • Ensure tram is prioritised when decisions relating to use of capital receipts are taken. |

9.0 Conclusion

The Council is committed to provide funding of £45m towards the tram project and is monitoring the various elements making up this amount to ensure that it can be achieved.

It is recognised that there are risks associated with this funding; but that this is being managed by the Council and other funding sources are being investigated to ensure that contingencies can be put in place.