

Tram Project Board

9th April 2008

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Overview (1)

- Negotiations on Infraco were substantially completed in support of the issue of Notification of Award letters on 18th March ; BUT
- Old habits die hard – since then, BBS have tested the envelope in a number of ways, but no material points have been conceded.
- Negotiations with BBS and SDS are targeted to complete by Friday 11 April. Substantial due diligence on the legal documentation has already commenced and it is planned to conclude this next week.
- Debriefs were held with Tramlines / Alstom on 4th April, no residual concerns ; Bombardier due at end-May but showing no concerns or urgency.

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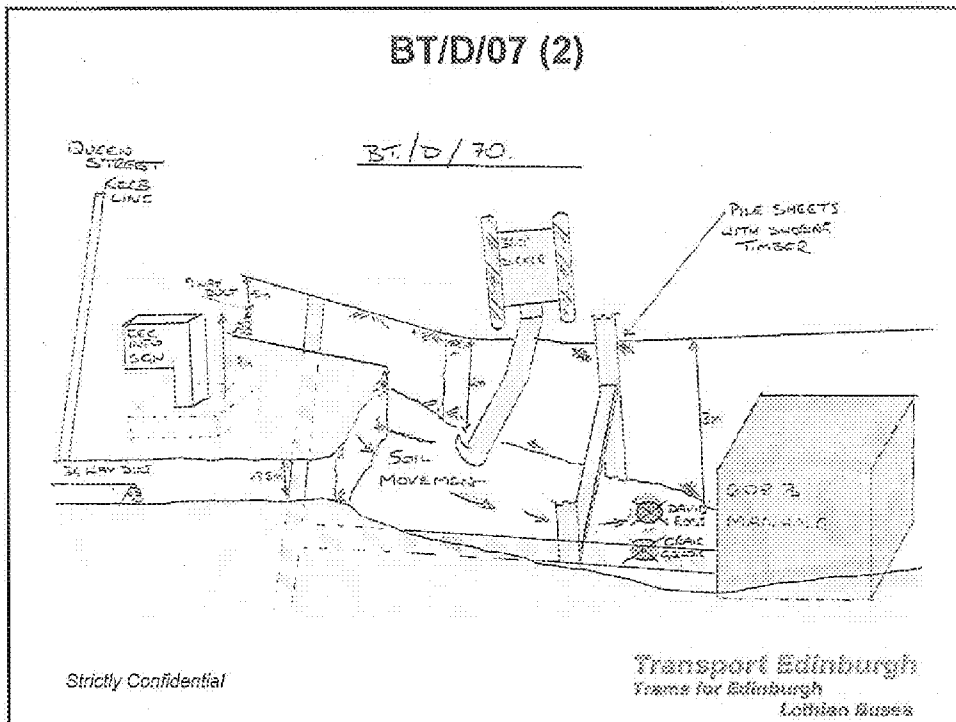
Overview (2)

- The Presentation will cover the following areas :
 - Description of key terms of the Infraco Contract Suite and conduct of negotiations
 - Funding arrangements
 - Third Party Agreements
 - Approvals process and tie / DLA QC process
 - tie & TEL Operating Agreements
 - External communications around Close and Council Report
 - Readiness for post-Close engagement
- First matter to address is an important safety incident which arose from MUDFA works and a report on MUDFA progress.

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BT/D/07 (2)



Learning and Necessary actions

Learning

- Required assessment of additional training and competency for all excavations.
- Consideration for construction interface activities.

Immediate Actions Undertaken

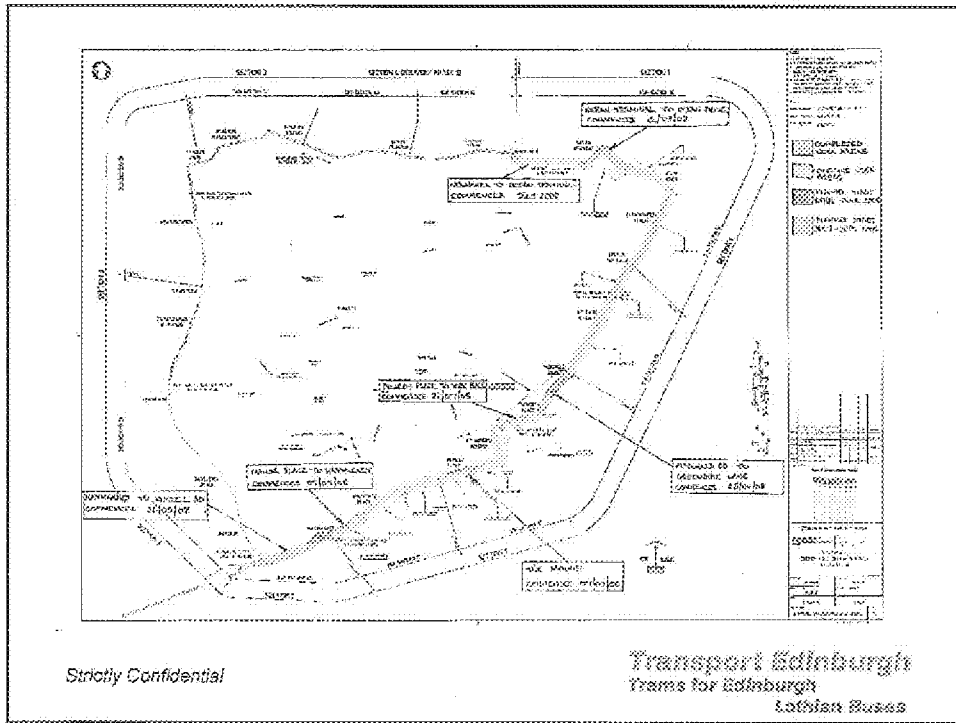
- All Excavation inspection carried out jointly by tie/AMIS, 3rd April 2008
- Briefing of all site personnel by FLM's on support systems 4th April 2008.
- Increased awareness of potential risks/hazards associated with excavations following Job specific Risk Assessments.

Next Steps Underway

- Identify suitable additional training solutions to improve excavation assessment process.
- Develop additional documentation to assist operational personnel in the identification and management of excavations and support systems.
- Project Wide Safety Standown. Communicate the factual information relating to the incident. Possibly involving the team leader and injured party.
- Implementation of revised Work Place Risk Assessment (WPRA)
- Pro-active engagement with HSE

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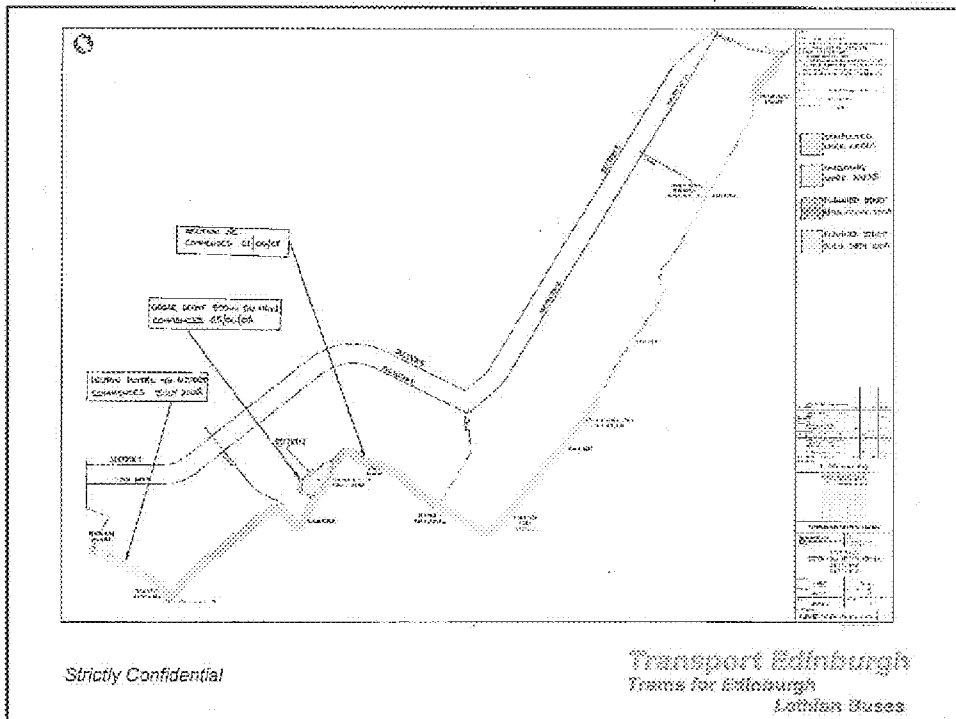
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Production Programme Solutions

- Manhole Chamber squads increased to 6.No to recover earlier programme delays (now).
- Additional reinstatement squad to improve sub-sectional completions/minimise closure (now).
- Agreed recovery programme – Carillion/tie (1 week).
- Agreed resource level/section to align with recovery programme – Carillion/tie (1 week).
- Rescheduling of sub-section works to minimise delays/improve resource utilisation: (2 weeks)
 - Constitution Street
 - Leith Walk (North end)
 - Shandwick Place
- Increase SUC site attendance to expedite technical issues promptly (2 weeks).

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Infraco Contract Suite and Conduct of Negotiations

- Infraco
 - Pricing
 - Programme
 - Scope
 - Risk profile
- Tramco
 - Supply price / programme
 - TMA
 - Novation
- SDS Novation

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Funding Arrangements

- Grant Award letter signed & Council contribution approved in December 2007.
- Advance purchase materials and payment following Close.
- Milestone schedule.
- Risk contingency.

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Third Party Agreements

- Network Rail
 - Asset Protection
 - Station change
 - Depot change
 - Framework Agreement
- NR / FSR - Compensation for Car Park
- BAA
- Forth Ports
- SRU
- RBS

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Approvals Process and tie / DLA QC Process

- Formal documents required by BBS
- Infraco Contract Suite
- Close Report
- DLA Report
- QC programme - Infraco suite, internal reports, third party agreements.
- tie management sign-off → Letter from tie Chairman to CEC Chief Executive.
- CEC CE approval
- Approvals Committee -- WG / DM / NR
- Confirmation from DLA on BBS / SDS signing authority.
- Close

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tie & TEL Operating Agreements

- tie agreement – specific contract delegation details.
- TEL agreement – baseline Final Business Case (FBC) parameters.
- Both – confirmation of FBC baseline.

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External Communications around Financial Close

- Shared platform with CEC, tie, BBS and CAF
- Positive forward-looking messages.
- Focus on:
 - The Delivery Team: BBS, CAF and Carillion
 - What we are buying – track, infrastructure, trams.
 - Programme – integrated MUDFA and InfraCo
 - Milestones for 2008 – including line 1b and Gogar Interchange
- Disclose final principal terms – cost, revenue service and programme.

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Design Management after Close

- This has been recognised as a key risk area and a substantial contingency has been set aside.
- Cost certainty has been achieved from designs completed - and quality risk has been transferred to BBS.
- Risks relate to quality of SDS submissions, timeliness and bunching of the submissions, CEC ability to turnaround consent – all with a view on construction programme.
- The outstanding design work now requires to be managed under the novated contract but with critical input and control by tie / CEC.
- Revised team approach to address Prior and Technical Approvals
 - tie / SDS / CEC Planning / CEC Technical / BBS now being implemented
- Residual risk and relationship to contingency.

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Readiness for Post-Close Engagement

- MUDFA interface with Infracore
- Management team and key processes
 - Infracore Team mobilised
 - Commercial / Contracts focus including education re final contract
- Safety management
- Risk management and mitigation
- TTRO / TROs
- Governance model

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END

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