



4 Week Period Reporting Pack

Project Title:
Edinburgh Tram Project

Reporting Period:
Period 10 2007/2008

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Report produced by: **tie** Limited

Signature:.....

Date:.....

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1 Executive summary

1.1 Previous period update

1.1.1 Commercial and procurement

Infraco / Tramco

The negotiations with the preferred bidders for Infraco and Tramco continued during the period to finalise the contracts and achieve Financial Close in January 08. The discussion with BBS resulted in the signing of the "Agreement for Contract Price for Phase 1a" on the 21st December, essentially fixing the Infraco contract price based on a number of conditions. Key points of the agreement are:

- Effective transfer of design development risk excluding scope changes to BBS;
- Construction programme to commence operations in Q1, 2011; and
- Certain exclusion from the fixed price of items outside the scope of the tram project, all of which are well understood and either separately funded or adequately provided for in the overall Tram project estimate.

Efforts in the period focussed on resolving any remaining price and contractual issues with a focus on contract alignment between Infraco and Tramco, value engineering, provisional items and third party agreements.

An agreement was signed with CAF to fix the exchange rate of the Tramco contract and minimise any further risk of adverse exchange rate fluctuations prior to Contract Award.

In order to maintain the overall completion date for Phase 1a of Q1, 2011, advance mobilisation agreements were signed on 20th December with Infraco and Tramco as previously advised.

MUDFA

The agreement on the impact of delayed commencement of AMIS MUDFA utility diversion works was settled during the period within previously advised parameters.

Further work was undertaken to define the scope and timing of utility diversionary works to be performed by Infraco where it provides advantages in terms of traffic management / construction sequencing. Details will be agreed with Infraco prior to contract signature.

A potential issue relating to access routes to Statutory Utility (SU) apparatus which will have to remain within the DKE of the tram continues to be progressed with input from the SU's, TEL and CEC. DLA were commissioned to draft a legal agreement addressing this potential issue.

SDS

The SDS novation plan is being followed to ensure that this can take place according to programme. Much of this work requires positions already notionally agreed to be formally recorded, or for information to be provided to enable confirmation of an agreed position. The most significant outstanding issue is finalisation of the Employer's Requirement and establishing the degree of alignment with the work already undertaken by SDS.

1.1.2 Approvals / governance / funding

Governance

The detailed governance structure for the tram project during the construction phase, including committee structures and relationship with CEC, was approved by the TPB and CEC during the period.

The draft of the **tie** operating agreement with CEC was approved in principle by CEC and authority to sign the finalised agreement was delegated to the Council Solicitor. Only very minor adjustments are outstanding and it is anticipated that the agreement will be signed in Period 11.

A draft for the TEL – CEC operating agreement was provided to CEC for review.

Final Business Case

The FBC was approved by CEC on 20th December.

Funding

The final Grant Award Letter was approved by Transport Scotland during the period and the signed version is expected early in Period 11.

1.1.3 Design and engineering

The V24 programme indicates that, although there are potential conflicts with some elements of the BBS proposed construction programme, these are manageable and containable against a schedule of activity agreed for the purpose.

Because of project slippage to date, and of the need to contain the end-date for approved designs, the amount of time available for formal approvals for CEC is compressed and attention will need to be given to ensure that adequate time remains for them to undertake this task and they are adequately resourced to achieve this.

Roads Technical Approvals are the most critical of the approvals elements as:

1. They have more complex technical integration; and

2. They require submissions which are complete in context – it is difficult for CEC to start work on a ‘part’ submission’.

Although no Roads Technical Approvals are ready for transmission a number are substantially populated and the first is due in the w/c 14th January.

The IDC (interdisciplinary design check) process needs to be complete for each package to enable transmission and for this to be possible all aspects of design must be complete, including the Road Safety Audits. It is this requirement for absolute completeness which has caused delay through a relatively small number of outstanding items such as Balgreen Road, SRU, and Park and Ride. There are a number of further issues which require resolution to enable final delivery. Approximately a quarter are the responsibility of **tie**, with most requiring SDS action. These are being progressed and managed.

1.1.4 MUDFA

		Period 10 07.12.07 to 03.01.08			Overall Performance to Date		
		PLANNED	ACTUAL	Variance	PLANNED	ACTUAL	Variance
TOTAL	Metres	1302	872	-430	6121	5621	-500
	Chambers	2	4	2	23	28	5
BT / Comm	Metres	613	281	-332	1412	1415	3
SGN	Metres	20	0	-20	161	128	-33
Scot W	Metres	542	578	36	2331	1924	-407
Scot P	Metres	127	13	-114	488	442	-46
Forth Ports	Metres	0	0	0	314	297	-17
Gogar Comm	Metres	0	0	0	683	683	0
Gogar Scot P	Metres	0	0	0	115	115	0
Gogar Scot W	Metres	0	0	0	617	617	0

Overall progress has slipped, largely due to the close proximity of a 450mm diameter sewer below the existing BT chamber in Jane Street. Remedial action has been taken with AMIS to address this and Jane Street is on target to re-open in the w/c 14 January, as planned originally.

Section 1A

Trial holes to inform construction commenced 4 December 2007. Of the 68 trial holes planned, 35 were completed pre Christmas, with the remaining 33 planned for completion in January 2008.

The approval of works to proceed during the Christmas embargo period was negotiated with Forth Ports, comprising works to transfer three water connections and Forth Ports supply onto new water main installed as part of pre-embargo MUDFA works.

Section 1B

The Jane Street road closure commenced 15 October 2007 for twelve weeks to accommodate a major exchange BT chamber. These works are being delayed due to the close proximity of an existing 450mm diameter sewer (directly below the existing BT chamber position). The team have raised a concern over the rate of progress here, as there are early indications that the programme is exhibiting signs of slippage. Remedial action has been taken with AMIS to address this and Jane Street is on target to re-open in the w/c 14 January, as planned originally.

Section 1C

Five utility road crossings in Princes Street at the junctions of Frederick Street and Castle Street were completed in the w/c 26 November 2007. The remaining six will be carried out following the Christmas embargo.

The high level programme for city centre (St Andrews Sq – Haymarket) was signed off by Stakeholders with enabling works to commence 7 January 2008. Communications notices were issued Monday 10 December 2007 in line with the four week notice period. Further detail of the communications strategy continues to be developed to support the MUDFA works in the city centre.

All works within the city centre were stopped earlier than planned (30 November 2007 as opposed to the revised 7 December 2007 as agreed with CEC), to manage key business stakeholders.

Section 1D

The high level programme for the city centre (St Andrews Sq – Haymarket) was signed off by Stakeholders. Enabling works commenced 7 January 2008 on Princes Street, Frederick Street, George Street, Charlotte Square, Hope Street, Queensferry Street, Melville Street and Manor Place. Comms notices were issued on Monday 10 December 2007 in line with four week notice period.

Section 5A, 5B and 5C

Section 5B plates 6-13 were issued as IFC on 19 October 2007. A total of ten areas were identified and all have been transferred to Infraco mainly for the installation of ducting due to the change of track levels.

5C IFC utility drawings are awaited for review by **tie**. The majority of the works in this section will be adjacent to the Gyle Roundabout. A number of private diversions required are for apparatus owned by Edinburgh Park, including CCTV ducts and mast and bollard mounted footpath lighting. Discussions are progressing well with key parties to develop diversionary routes / design.

Section 6 (Utilities)

The 250mm water main diversion is 90% complete under RATs (risk and trade off). Final acceptance of the method statement is awaited from Scottish Water for testing and commissioning of the main.

The 800mm water main diversion final levels are under design following the relocation to the depot access road with a reduced minimum cover of 900mm, agreed with Scottish Water. To the west side of the depot, the pipe will be located off the access road but at the foot of the embankment.

These works will be carried out under a RATs proposal – discussions continue with SW to this effect with commencement now anticipated in January 2008.

Section 6 (Gogar)

Gogar depot earthworks have been completed as far as practicably possible. The site was made safe and secure and transferred back to **tie** on 13 November 2007.

Section 7A & 7B

The 7A RATs are approximately 50% complete on site. A number of water pipes have not been located despite significant trial holes and it is anticipated that Infraco will install insurance ducts in the anticipated location to account for any future diversions.

Traffic Management

The detailed Traffic Management required to undertake the works starting in the city centre in January 2008 was further refined. The diversion routes required to allow progression of the MUDFA works are in the final stage of

modeling, due for completion by 18th January 08. The earlier exercises have confirmed that the preferred routing of the traffic will operate sufficiently, subject to rephasing of the traffic signaling at key junctions. This information will be available in the w/c 21st January 08. This information is vital to allow the relevant changes to occur and the subsequent commencement of Phase I in February.

1.1.5 Delivery

The badger sett exclusion and completion report was delivered as per programme.

GVD6, the final tranche was issued on 14th December, for title in January 2008.

BAA agreements are in agreed form and will be executed by Financial Close. NR have confirmed that access to the remainder of NR lease land (excluding those plots affected by depot and station change) will be available to Infracore under the agreed terms of the APA. The documentation required for the change processes in relation to the depot and station was submitted to Network Rail on 21st December with an aim to fast-track conclusion by Financial Close. The depot change is expected to be approved by Financial Close and a letter of comfort is being sought from the train operating companies confirming that the station change proposal is in order. This is expected to enable sign-off of the APA.

The emerging results of modelling the wide area impacts suggest that changes in traffic patterns are likely to be localised around the tram corridor / catchment areas, and do not spread over a wide section of the city. Input has been received from the key stakeholders which required some tweaking of the traffic signal optimisation. CEC sign-off is anticipated on 18th January.

The modelling support to inform the design process is proceeding well. Work continues on the layout of a small number of key junctions, the most significant of which is Picardy Place.

1.1.6 Health, safety, environment and quality

There were no accidents reported in the period and the accident frequency rate remains at 0.00. There was one incident that was referred to the police – a member of the public confronted one of the contractors' staff from the kerb side at Leith Walk, producing a knife and had an exchange of words. The person was apprehended by the police and this requires no further action from **tie**. There was also one near miss in the period.

1.1.7 Stakeholder and communications

Preparation was delivered in advance of the MUDFA enabling works which were scheduled to commence on the 7th January in the city centre. Customer information packs including 'Special Needs Cards' were hand delivered to all residents and businesses in the area of the works. The period has seen a significant increase in return of these cards following the recent round of notifications to the city centre and the new areas of Leith Walk including identified needs such as loading / unloading, parking, noise and disability access.

Steps were taken to adequately inform businesses and residents of all arrangements that would be in place during the holiday period.

The only adverse publicity which the project received prior to the Christmas holidays was in relation to the Business Rates Reduction. Representatives of the small business community raised their concerns in the media that it was their view that this was inadequate. However, there were no complaints received by the stakeholder team during this period.

1.2 Key issues for forthcoming period

General

- Progress of the Preferred Bidder process – on price, programme, risk allocation, legals and contract elements;
- Progress of the novation of SDS and Tramco;
- Achievement of Infraco mobilisation milestones; and
- Continued work on Picardy Place.

MUDFA specific

- BT programme of cabling and jointing for diversions, particularly for section 1C. Development continues in order to identify and mitigate critical interface areas with Infraco;
- A significant increase in the Traffic Management and Construction works in the city centre is due to commence at the end of January 2008. This will require substantial liaison with all Key Stakeholders to ensure expectations of anticipated works are fully understood and appreciated;
- The project will continue to maximise recovery of costs associated with SUC C4 estimates via specialist consultant's advice / input. Feedback on the initial proposal is expected in the next period;
- First results from the independent dilapidation surveys along the tram route which commenced 10th Dec 07 are expected in the period;
- Settlement of the interfaces between the MUDFA / Infraco programmes to identify critical areas wherein synergies can be adopted through interface of programmes; and

- A proposal has been put to SGN regarding a 30" gas main at the Mound which is under review and discussion with SGN.

1.3 Cost

	COWD Period	COWD (YTD)	COWD YTD + forecast to year end	AFC
Phase 1a	£3.5m	£47.9m	£92.3m	£498.1m
Phase 1b	£0.0m	£ 1.1m	£ 2.0m	£ 87.3m
Phase 1a+1b	£3.5m	£49.0m	£94.3m	£585.4m

The COWD in the year to date primarily comprises continued development of design, advance works at the Gogar depot, utilities works under both MUDFA and direct works by utility companies, project management costs and land costs.

The cost of land included in the year to date totalling £16.6m (comprising both land acquired under the GVD process and land injected into the project by CEC) is included in this report for completeness. However, all payments have and will be made directly by CEC.

As previously reported, payments to be made in the current year for advance material purchases (£24.2m) will be treated as prepayments following discussion with TS. This is subject to confirmation by TS that there is a mechanism to provide cash to make these prepayments during the current year.

The new funding required during the current financial year is now **£17.2m** (£94.3m less £77.1m already authorised).

Forecast expenditure during FY 08/09 (now estimated at £163.5m on Phase1a) and subsequent years is subject to continuing finalisation of tendered costs and related cost profiles with the Infraco and Tramco bidders and the element of the risk allowance allocated to that year. Cognisance is being taken of the current £120m cap on TS funding for FY 08/09 to the extent it makes commercial sense.

Costs for Phase 1b relate purely to finalising design works, as previously agreed by the Board.

1.4 Programme

The critical path is becoming clearer as the agreed in principal construction programme, developed in conjunction with BBS and the major stakeholders, is imported to the overall project programme. Critical issues include:

- Design - Section 5a Roseburn Junction to Gogar, particularly structures such as the Balgreen Road bridge, Baird Drive retaining wall, and structures around Murrayfield:
 - Other design issues that are now directly impacting the agreed in principal Infraco construction programme are due for review w/c 7th January with actions plans to be prepared for each;
- Network Rail immunisation works are showing as near critical – the final stages are tied to pre-booked possession dates in late December 2008 and early January 2009:
 - The modelling and testing study required to define the scope and programme for this works is progressing well and is expected to be complete by the end of January 08.
- MUDFA – The signed-off revision 06 construction programme highlights the previously critical area of works at St. Andrew Square, particularly now that the impact of BT Openreach programme is better understood:
 - Reviews are continuing on ways to reduce these timescales or to offer protection where possible to existing BT cabling to allow Infraco construction to proceed;Other areas that need to be monitored closely include Picardy Place, Mound Junction (parallel working and dependencies on St. Andrew Square / Frederick Street) and Lothian Road Junction;
- Infraco – Section 1a around Forth Ports and Tower Bridge, Section 1c, Picardy Place, the depot building and access bridge, Section 5a around the structures at Murrayfield and Section 7 test track activities:
 - The final Phase of the advanced works contract is dependant on Scottish Gas Network delivering to programme. This situation is being monitored and discussions continue with SGN to complete by the end of March to allow commencement of Infraco without overall impact on the construction programme; and
 - During December 2007 agreement was reached between **tie**, BBS and major stakeholders including TEL, CEC, and Lothian and Borders Police on the Infraco construction programme with the exception of agreement on the construction sequencing and traffic management arrangements for the A8 underpass and the guided busway system.

1.5 Risk

In the period there have been no formal amendments to the project risk register.

There have been reviews conducted of various risk registers including MUDFA and SDS. The current risk profile is being monitored against the current contract negotiations with BBS. The project risk register will be updated where required as these negotiations progress however a full review of the register will be conducted at contract close at which point we will be

able to identify those risks relating to the procurement phase that can be closed.

1.6 Approvals / decisions / support required

Decisions / support required from TS

- A signed copy of the funding agreement; and
- Cash availability for advance material purchases.

Decisions / support required from CEC

- Finalisation of the **tie** – CEC and TEL – CEC Operating agreements;
- Approval for formal publication to award contract to BBS;
- Agreement on Contract Award; and
- Finalisation of Picardy Place.

Decisions / support required by others

- N/A

2 Progress

2.1 General / overall

Land and Property

- GVD 5 was signed on 20th November 2007. Title to these plots vested on 21st December 2007;
- GVD 6 was issued on 14th December 2007. This included all remaining plots – excepting Gyle, RBS and a plot at West Craigs. Construction at these sites will be under licence and with GVDs issued based on the as-built design;
- A number of short-term leases have been offered to businesses on Roseburn Street. Licences are being closely monitored by CEC and any extensions are first being discussed with the programme team to ensure that leasees are removed from properties in time for Infracore to start on site;
- The BAA agreement is to be concluded by Financial Close;
- NR Property agreements are in agreed form and we are working with NR on outstanding issues on the APA. Depot and station change proposals were submitted to NR on 21st December;
- Forth Ports agreements are progressing positively although the current understanding is that CEC will be adopting Ocean Drive imminently thus potentially reducing risk to programme in this area;
- The **tie** and CEC asset management agreement is being finalised for Financial Close.

2.1.1 Network Rail

Immunisation

- Scope and programme continues to be unconfirmed and will remain so until the modelling and testing strategy has been completed. The initial modelling has established the theoretical baseline for zone of impact between tram and rail networks for the immunisation works and some design mitigation. The modelling further recommends some verification testing of key areas identified and may further refine the model. This will then provide an agreed impact zone to include within safety document being generated as a result of meetings with NR. Resource in this area has been strengthened and the modelling and testing study is progressing well and is expected to be complete by the end of January 08.

Relocation of existing lineside equipment (lift and shift)

- NR have produced a draft scope of works for the lift and shift works and are contracting with Jarvis to provide that resource. NR confirm that they are targeting completion of the lift and shift works for the end of April 08; and
- **tie** have existing bookings for possessions of NR during March / April 08 which will be used for the lift and shift works.

Relocation of diesel storage tanks at Haymarket depot

- The relocation of the Haymarket diesel tanks is a NR contract and is still further delayed and is now programmed to start on site Jan 2008 and last until July 2008. The BBS Infracore programme has been re-scheduled to accommodate the slippage in the NR programme and the knock-on to structure S21A Roseburn viaduct.

General

- The contract negotiations between **tie** and NR with the DSA (Development Services Agreement) have now been completed and work has commenced on the lift and shift implementation works agreement.
- Discussions continue between **tie** and NR on preparation of an Asset Protection Agreement (APA) document and expected to signoff by the end of January. It should be noted that no work on NR assets can commence until after the APA has been agreed and signed-off, and additionally NR are insisting that only one contractor at a time be allowed to work within the confines of the Haymarket depot.

2.1.2 OCIP

- Activities have now been included into the programme for Operational Insurance beginning in 2010.

2.2 Critical path

The critical path is becoming clearer as the agreed in principal construction programme, developed in conjunction with BBS and the major stakeholders, is imported to the overall project programme.

Design

- Critical design activities as identified remain those in Section 5a Roseburn Junction to Gogar, particularly structures such as the Balgreen Road bridge, Baird Drive retaining wall, and structures around Murrayfield.
 - Other design issues that are now directly impacting the agreed in principal Infracore construction programme are due for review w/c 7th January with actions plans to be prepared for each.

Network Rail

- Network Rail immunisation works are showing as near critical as the final stages are tied to pre-booked possession dates in late December 2008 and early January 2009. This will remain critical until such times that the scope and programme are confirmed. This work has to be completed prior to the depot energisation in November 2009.
 - Progress on NR issues is detailed above.

MUDFA

- There is little change to MUDFA as the revision 06 construction programme has been signed-off. This highlights the previously critical area of works at St. Andrew Square, particularly now that the impact of BT Openreach programme is better understood. Reviews are continuing on ways to reduce these timescales or to offer protection where possible to existing BT cabling to allow Infraco construction to proceed.
- Other areas that are giving concern in the MUDFA programme and will have to be monitored closely remain as Picardy Place (unresolved design), Mound Junction (parallel working and dependencies on St. Andrew Square / Frederick Street), and Lothian Road Junction.

Infraco

- Infraco areas showing critical include Section 1a around Forth Ports and Tower Bridge, Section 1c, Picardy Place, the depot building and access bridge, Section 5a around the structures at Murrayfield (see critical design activities) and Section 7 test track activities.
 - The advance works contract awarded to allow for enabling works and mass excavation prior to Infraco commencement has proceeded to programme but the final Phase is dependent on Scottish Gas Network delivering to programme. This situation is being monitored and discussions continue with SGN to complete by the end of March to allow commencement of Infraco without overall impact on the construction programme.
 - During December 2007 agreement was reached between **tie**, BBS and major stakeholders including TEL, CEC, and Lothian and Borders Police on the Infraco construction programme with the exception of:
 - A8 underpass construction sequencing and refinement of associated traffic management arrangements to ensure acceptance by all parties (scheduled for 16/1/8).
 - The sequencing for the construction over the existing guided busway system to be reviewed to minimise duration between removal of guided busway service and introduction of tram or alternative bus priority scheme (scheduled for 16/1/8).
 - On the understanding that the construction sequencing, methodology and proposed traffic diversionary routes are yet to be confirmed by signed-off, "*for construction*" detailed design dimensions, proven traffic modelling and physical design of temporary traffic management measures, to the satisfaction of the Traffic Management Review Panel (scheduled for 16/1/8).

2.3 Procurement consultant

- Infraco contract Preferred Bidder was announced as Bilfinger-Berger-Siemens and procurement is currently on programme for award in January 2008.
- Tramco contract Preferred bidder was announced as CAF and programmed for award in January 2008.
- The advance mobilisation agreement for preferred bidders has been completed and will comprise such activities as:
 - Tree felling – This will be now be incorporated in the full Infraco contract. It is important that this doesn't 'slip below the radar' as any trees that are to come down need to be prior to the season for nesting birds;
 - Developing of detailed tram design programmes;
 - Initiation of negotiations for materials, equipment and fittings; and
 - Surcharging of the Gogarburn landfill.

2.4 Design

System Design Services (all Preliminary and Detailed Design informing programme and costs)

- In the period the gap between planned (V17 – baseline clear of critical issues) and actual deliverables has continued to grow with 73.2% complete, some 16.3% behind the plan of 89.5%. At 14th December only 67% of Phase 1a deliverables have been issued to **tie** (and therefore to the data room and BBS). This is resulting in a situation where it is possible that 33% of Phase 1a is currently priced and programmed on Preliminary Design data which presents a risk to both programme and cost. However, this risk has, to an extent, been mitigated by the issue of work in progress drawings for that 33% and the development by BBS of detailed construction methodology drawings.

	Project Wide	Line 1a	Line 1b	Totals
No. Deliverables	95	190	59	344
Delivered to tie	64	128	56	248
	67%	67%	95%	72%

- Parsons Brinckerhoff submitted version 24 of the design schedule on Friday 21st December 2007 progressed to a data date of 10th December 2007. There has been considerable slippage at V24 issue to a point where 18 items in the Infraco construction programme are currently impacted. Discussions have taken place between **tie** and SDS and action plans put in place to recover design programme.

- The Design Programme influences many logic strings which have a direct impact on the constant “live” scheduling of, amongst other dependencies, utilities construction, traffic management, advance works (non-depot), advance works at Gogar depot site and the full construction of the Infraco programme. Any delay in release of approved design for a single item can cause major repercussions for the construction logic.

2.5 Financial / funding / procurement strategy

Based on the expenditure review detailed in sections 1.3 and 3, the indication is that there is sufficient funding in place to cover the period to anticipated Financial Close in January 08.

To support achievement of the overall completion dates of Q1 2011 for Phase 1a, significant early mobilisation of Infraco and Tramco is required following contract award. The indicative initial expenditure is estimated at £21.3m, covering such items as:

Infraco

a) *Contract Award milestone*

Deliverables under this milestone are the signed Infraco contract, the SDS, Tramco and Tram Maintenance novation agreements, placement of insurance, retention bonds and collateral warranties.

b) *Mobilisation of staff, supply chain and planning and logistical activities*

The initial milestones will include setting up site offices, office running costs, staff costs, mobilisation of the supply chain resulting in the delivery of relevant contracts with contractors and sub-contractors, associated collateral warranties and bonds, provision of programmes, method statements, project quality plans and health and safety work.

Tramco

a) *Mobilisation of staff and planning and logistical activities*

The initial milestone includes development and delivery of agreements between Tramco and Infraco, programmes, resourcing commitments, quality and management plans.

b) *Design works*

This element of the initial milestones relates to the tram mock-up, progression of the tram preliminary design and industrial design works.

c) *Hedging of the exchange rate*

Required to fix the tram vehicle contract for delivery in sterling avoiding adverse changes in the sterling – euro exchange rate.

The scope and the values for each continue to be subject to further discussions and negotiations with BBS during the current preferred bidder phase and, in the case of the initial Infraco works milestones, until a final

confirmed milestone payment schedule for the entire project is agreed with all parties.

2.6 Parliamentary process / approvals

- This phase is now complete.

2.7 Procurement construction works

2.7.1 Negotiations and award of contracts

Board date	Milestone	Due date	Delivered date	Comment
12 th July	Conclude initial review	03/07/07	05/07/07	Complete
	Return of Update Package 3	06/07/07	07/08/07	Complete
	Initial normalisation of price	15/06/07	29/06/07	Complete
	Draft evaluation	10/07/07	14/09/07	Complete
9 th Aug	Conclude negotiation of key contract terms for Preferred Bidder recommendation	17/07/07	12/10/07	Complete
	Infracore final bid proposals	07/08/07	07/08/07	Complete
	Updated evaluation	09/08/07	12/09/07	Complete
5 th Sept	Conclude negotiations with bidders	27/08/07	14/09/07	Complete
	Presentation of evaluation to evaluation panel	02/10/07	12/10/07	Complete
	Presentation of evaluation to TPB Procurement sub committee	02/10/07	12/10/07	Complete
26 th Sept	TPB update on Procurement and FBC	26/09/07	26/09/07	Complete
	OGC 3 Gateway review – final report	05/10/07	05/10/07	Complete
15 th Oct	TPB Endorsement of preferred bidder recommendation and FBCv1	10/10/07	15/10/07	Complete
31 st Oct	Conclusion of final facilitated negotiations	25/10/07	18/01/08	
	Conclusion of negotiations for final deal and contract	25/10/07	18/01/08	
	CEC Council meeting to endorse recommendation	25/10/07	25/10/07	Complete
	Conditional Award – mobilisation	01/11/07	20/12/07	Complete
7 th Dec	Conclusion of due diligence on critical design items	19/11/07	12/12/07	Complete
	Conclusion of negotiations for Phase 1b option	27/11/07	18/01/08	

2.8 Construction works

2.8.1 Utility diversions

- Trial holes in Constitution Street commenced in the period and are programmed for completion by end of January 2008;
- Diversion works in Section 1B from McDonald Road to Balfour Street remain ongoing with actual progress 39.3% complete against a planned of 38.8%;
- Diversion works in Section 1C from The Mound to Castle Street East are underway with actual progress 44.8% complete against a planned of 52.2%;
- Diversion works in Section 1D from South Charlotte Street to Castle Street West are underway with actual progress 27% complete against a planned of 31.5%;
- No diversion works were undertaken in Section 06 Depot during the period. The Scottish Water 250mm main will be tested early January 2008; and
- Diversion works in Section 7A started on 27th November 2007 and completed in the period with actual progress 100% complete against a planned of 54.4%.

2.8.2 Advanced work

Depot

- Depot currently closed down until removal of gas main and 800mm water main in February 2008;
- Phase 2 earthworks are complete with circa 100,000m³ of spoil removed;
- Phase 3 programme is dependant on the successful decommissioning of SGN gas main to be completed by the end of March. Phase 3 will be split into to stages:
 - Redundant 800mm water main will be removed during February allowing circa 30,000m³ to be removed and the redundant gas main in March allowing circa 20,000m³ to be excavated.

Advanced works (non-depot)

- IPR2 – construction work is moving forward with an expected car park opening date for the beginning of April 2008;
- St. Andrew Square streetscape works:
 - Integration of CEC streetscape works and MUDFA programmes has been formalised in Revision 06 of MUDFA Programme; and
 - Full TRO not available until April 2008.

Enabling Works

- Possession booked for December 2007 was cancelled at no cost to the project.

2.9 Testing and commissioning

This phase has not yet commenced

2.10 Handing over and service operations

This phase has not yet commenced

2.11 Network output programme interface (with Transport Scotland)

This phase has not yet commenced

2.12 Interface with other projects

- SGN have informed **tie** that the issues arising over land access issues have been resolved. It is now believed that the impact of this issue on their programme will be three weeks, less than was originally anticipated. SGN are due to submit a revised programme during the first week of January 2008.
- Discussions continue between **tie** and NR on preparation of an Asset Protection Agreement (APA) document with expectation that signoff will be achieved prior to Financial Close at the end of January 2008. It should be noted that no work on NR assets can commence until after the APA has been agreed and signed-off.
- BAA licence expected to be signed-off by CEC during January 2008. This will allow for integration of programmes particularly with regard to works within the confines of BAA land at or adjacent to the airport.
- Confirmation is awaited from BAA that the re-alignment of the fence will be completed in mid-March. This is to be carried out by the BAA approved contractor.

3 Headline cost report

3.1 Current financial year

	COWD (YTD)	COWD YTD + forecast to year end	Funding authorised current year	COWD YTD + forecast to period to Financial Close (end Period 11)
Phase 1a	£49.0m	£94.3m	£77.1m ²	£56.9m
Phase 1b	£ 0.0m ¹	£ 0.0m ¹	£ 0.0m ¹	£ 0.0m ¹
Phase 1a+1b	£49.0m	£94.3m	£77.1m ²	£56.9m

Notes:

1. Phase 1b design costs are to be expended against Phase 1a budget as agreed by the Tram Project Board and as previously reported;
2. This comprises £60m grant for 07/08 plus £10.6m grant carried over from 06/07 for land purchases plus £1.8m grant funding from 05/06 in respect of a single property purchase plus £4.7m free issue land which is an injection of funding by CEC rather than TS; and
3. The above estimates are predicated on achieving Financial Close by the end of period 11 (i.e. the end of January 2008).

As previously reported, following discussion with CEC and TS, it is now anticipated that milestone payments for advance material purchases to be made before the end of FY 07/08 will be classified as prepayments. The aggregate amount of these payments for advance material purchases has reduced from £26.7m to **£24.2m** as advised to CEC and TS on 11th December 2007. These prepayments will be reclassified as expenditure against funding in the periods in future years when the related materials are delivered to site and incorporated in the works. This is subject to written confirmation by TS that there is a mechanism to provide cash to make these prepayments during the current year.

New funding required for during the current financial year is now **£17.2m** (£94.3m less £77.1m already authorised).

The forecast outturn expenditure for the year has reduced from £95.0m to £94.3m. The forecast expenditure for the remainder of the year (periods 11 to 13) is summarised in the following table (NB - excludes payments for advance material purchases £24.2m, as explained above):

Nature of expenditure	P11 £m	P12 £m	P13 £m	Total £m
SDS design	0.37	0.29	2.01	2.67
MUDFA and other utilities	1.82	2.37	2.63	6.82
Infraco	4.09	17.47	6.22	27.78
Tramco	0.10	0.65	0.10	0.85
Land	-	-	0.51	0.51
Other	1.50	1.39	1.36	4.25
Risk	-	-	1.50	1.50
Phase 1a Total	7.88	22.17	14.33	44.38
Phase 1b (Design)	-	0.26	0.58	0.84
Overall Total	7.88	22.43	14.91	45.22

3.2 Next financial year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£41.4m	£37.1m	£30.0m	£55.0m	£163.5m
Phase 1b	£ 0.5m	£ 0.1m	£ 0.9m	£ 2.3m	£ 3.8m
Phase 1a+1b	£41.9m	£37.2m	£30.9m	£57.3m	£167.3m

Note: Any variance in summation of table figures is due to rounding. The profile forecast for Phase 1b assumes commencement of utility works under MUDFA in Q3, 2008/9

The forecast for FY 08/09 remains highly sensitive to:

- Commencement of Infraco works in February 08;
- Treatment of advance material purchases as prepayments (see above);
- The continued negotiation of the Infraco / Tramco expenditure profiles which will take cognisance of the current £120m cap on TS funding for FY 08/09 to the extent it makes commercial sense; and
- The proportion of the overall risk allowance allocated to the year (the estimate for FY 08/09 includes £23.6m).

3.3 Total project anticipated outturn versus total project funding

	FUNDING (total project)			Total COST (To funders)
	TS	Other	Total	Promoter TOTAL AFC
Phase 1a	£500m	£ 45m	£545m	£498.1m ²
Phase 1b	£ 0m	£ 0m	£ 0m	£ 87.3m ^{1,2}
Phase 1a + 1b	£500m	£ 45m	£545m	£585.4m
Phase 1a + 1b concurrent	£500m	£ 45m	£545m	£580.4m

Total anticipated outturn is as per the Final Business Case.

Notes:

1. If Phase 1b did not proceed then £3.0m of design costs for Phase 1b would require to be expended against Phase 1a funding.
2. Estimate is valid for Phase 1b if option under Infraco contract is exercised prior to 31st March 2009 as per FBC.

Significant work remains through to Financial Close to ensure the current position is maintained include the pricing of provisional sections contained within the bid and realising the targeted savings from value engineering initiatives.

3.4 Change control

The current change control position is summarised in the table below.

£m	Phase 1a	Phase 1b	Phase 1a+1b
Project baseline (FBC)	498.1	87.3	585.4
Anticipated changes	-	-	-
Potential AFC	498.1	87.3	585.4

3.5 Summary breakdown

Latest estimate / AFC (including escalation)

	Base Cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£449.1m	£49.0m	£0	£0 ¹	£0 ²	£498.1m
Phase 1b	£ 77.7m	£ 9.6m	£0	£0 ¹	£0 ²	£ 87.3m
Phase 1a + 1b	£526.8m	£58.6m	£0	£0 ¹	£0 ²	£585.4m

Notes:

1. OB included in risk (QRA at P90 confidence level) as agreed with TS; and
2. Contingency included as part of risk at present.

4 Time schedule report

4.1 Report against Key Milestones

The agreed baseline programme reference for this project is that given in the Period 3 report.

Milestones	Date	Act / Fcst
Approval of DFBC by CEC	21 Dec 06A	21 Dec 06A
Approval of DFBC by Transport Minister – approval and funding for utility diversions	16 Mar 07A	16 Mar 07A
TRO process commences	14Dec07	
Tramco – complete initial evaluation / negotiation	09 Mar 07A	09 Mar 07A
MUDFA – completion of pre-construction period of MUDFA contract	30 Mar 07A	30 Mar 07A
MUDFA – commencement of utility diversions	02 Apr 07A	02 Apr 07A
Infraco – return of stage 2 bids	08 May 07A	08 May 07A
Tramco – appointment of Preferred Bidder	21 Sep 07	20 Sep 07A
Infraco – completion of evaluation / negotiation of bid	10 Sep 07	25 Sep 07A
Infraco – appointment of Preferred Bidder.	25 Sep 07	23 Oct 07A
Approval of FBC by TS – approval and funding for Infraco / Tramco <i>Letter approved, but not yet signed.</i>	09 Jan 08	Dec 07
Tramco / Infraco – facilitation of novation negotiation complete	22 Oct 07	18 Jan 08
Infraco – negotiation of Phase 1b complete.	30 Nov 07	18 Jan 08
Tramco / Infraco – final negotiation and appointment	11 Jan 08	18 Jan 08
Tramco / Infraco – award following CEC / TS approval and cooling off period.	28 Jan 08	28 Jan 08
Construction commences on Phase 1a	26 Feb 08	29 Feb 08
Construction commences on Phase 1b	29 Jun 09	6 Jul 09
TRO process complete	19 Jun 09	17 Nov 09
Construction complete Phase 1a	08 Jul 10	27 Jan 11
Operations commence Phase 1a	Jan 11	24 Feb 11*
Construction complete Phase 1b	Jun 11	30 Jun 11
Operations commence Phase 1b	Dec 11	5 Dec 11

*Assumes that there is not a construction embargo in Picardy Place in August 2010.

Guidance for Completion:

Legend for colouring of Act/Fcast date text

Green: Act / Forecast date is ahead or in line with baseline
Yellow: Slight slippage – readily recoverable with action.
Red: Notable / significant slippage – difficult to recover, even with action.

4.2 Key issues affecting schedule

- BT Openplan programme impact on Infraco construction programme has eased slightly in the period, although remains as a very real risk with further review and mitigation being reviewed with BT. The areas where this overlaps with Infraco construction have been reviewed and action plans developed to protect where necessary existing BT infrastructure to allow Infraco to proceed.
- Delivery of design programme.
 - Many areas of the programme are dependant of timely and adequate design; therefore the programme is vulnerable to slippages in the SDS design programme which is emerging into the Infraco construction programme. The Infraco construction programme methodology and sequencing has been agreed in principal, but is dependant primarily on maintaining design delivery as programmed at V22. There has been considerable slippage at V24 issue to a point where 18 items in the Infraco construction programme are currently impacted. Discussions have taken place between **tie** and SDS and action plans put in place to recover design programme.
 - SDS Deliverables
 - See above.
- Network Rail immunisation
 - Scope and programme continues to be unconfirmed and will remain so until the modelling and testing strategy has been completed at end of January 2008. There are real concerns that this may impact the tram programme as disruptive possessions are required to complete the process, which is required prior to energisation of the depot in November 2009.
- Network Rail relocation of lineside equipment
 - See above
- Gogarburn Landfill requires pre-loading / surcharging (if preferred option) for approximately six months prior to construction commencement. Infraco will do this early in their programme.
- Scope associated with temporary traffic management off the tram route e.g. removal of existing traffic calming measures, lopping of trees, removal of parking etc will increase programme content and associated cost.

4.3 12 week look ahead

- See separate file

5 Risk and opportunity

5.1 Summary

In the period there have been no amendments to the project risk register.

There have been reviews conducted of various risk registers including MUDFA and SDS. The current risk profile is being monitored against the current contract negotiations with BBS. The project risk register will be updated, where required, as these negotiations progress. However, a full review of the register will be conducted at Contract Close at which point we will be able to identify those risks relating to the procurement phase that can be closed.

5.2 Review project risk register

5.2.1 The principal changes in the risk position since the last period are:

No changes to the risk position have been processed as yet pending the final position at Financial Close

5.2.2 Risks added

No new risks added

5.2.3 Risks closed

No risk closed

5.2.4 Risks reassessed

No risks formally re-assessed

5.2.5 The updated primary risk register is attached separately

6 Health, safety, environment, quality and resources

6.1 Health and safety accidents and incidents, near misses, other or initiatives

There were no accidents reported in the period.

The accident frequency rate (AFR) for the project remains 0.00.

There was one incident reported in the period:

- AIIR0039 – A member of the public confronted one of the contractors' staff from the kerb side at Leith Walk, producing a knife and had an exchange of words. The police were informed and the person apprehended. This is now a police matter with no further action required.

There was one late reported near miss in the period:

- A report of an excavator arm slewing outside limit of defined work site into traffic lane was received from a CEC employee. The incident was investigated, reported to CEC and actions closed.

One inspection was undertaken in the period:

- Utility diversion site at Leith Walk / Jane Street. Two minor findings; One housekeeping and one welfare issue. Both issues to be confirmed as closed in January.

There was a HSQE Bulletin issued in the period, no. 006 Vandalism on construction sites leading to fire.

6.2 Environment

There are no environmental incidents to report.

6.3 Quality

There were two external system safety audits in the period. One minor finding was raised and action agreed.

There were no non-conformances raised in the period.

6.4 Resource management

The resource management plan as approved by the Board continues to be delivered with a focus on replacing contractual staff with permanent employees and negotiating revised rates for contractors.

7 Stakeholder and communication

7.1 Stakeholder strategy / plan

Preparation was delivered in advance of the MUDFA enabling works which were scheduled to commence on the 7th January in the city centre. Customer information packs including 'Special Needs Cards' were hand delivered to all residents and businesses in the area of the works. This met with the project's obligation in relation to our commitment of giving four weeks notice of impending works.

Steps were taken to adequately inform businesses and residents of all arrangements that would be in place during the holiday period.

The report below contains all data covering the three weeks from 17th December until 6th January:

	W/C 17/12	W/C 24/12	W/C 31/12
Inbound Contacts	19	0	6
Stakeholder Contacts	1	0	0
Tram Helper Contacts	67	0	0
Complaints	0	0	0
Total	87	0	6

Contacts

The main trend in the recent period has been a significant increase in special needs cards returns following the recent round of notifications to the city centre and the new areas of Leith Walk. During December there were 17 cards returned, more than the combined total of all cards received from previous notifications. The areas of need identified include loading / unloading, parking, noise and disability access.

Business Support

The business support scheme activity over the past three weeks has also been light, the figures are outlined below:

	W/C 17/12	W/C 24/12	W/C 31/12	CUMULATIVE
Packs Issued	1	0	0	41
Applications Received	2	0	0	19
Applications Accepted	1	0	0	14
Payments Made	0	0	0	13
Payments Value	0	0	0	£49,000

7.2 Communication strategy / plan

The Communications Plan has continued since Period 9.

7.3 Communication and stakeholder matters arising from previous period

The only adverse publicity which the project received prior to the Christmas holidays was in relation to the Business Rates Reduction which is a part of the Tram Construction Business Support Scheme. Representatives of the small business community raised their concerns in the media that in their view it was inadequate. However, the data above indicates this view may not be generally shared given that no complaints were received no complaints during the period.

A Mori survey of the tram project from an Edinburgh's Open for Business perspective has been conducted by the Edinburgh Chamber of Commerce and more information on the result of this will be provided in the next report.

7.4 Communication and stakeholder action plan for next period

We will continue to respond to media interest in a robust and positive manner. In addition preparation is well underway for supporting and communicating the businesses that will be affected by the next phase of MUDFA works.

A meeting with all key business retailers is to be held on Tuesday 8th January to sign off plans for MUDFA works due to commence in the city centre and west end of Edinburgh in February. This meeting includes an explanation of proposed traffic management arrangements. It also provided an opportunity to sense check the proposed communication and stakeholder strategy for these works.

Further to this meeting a media briefing is to be held on Wednesday 9th January to present to the media the same information and outline the strategy.