



Transport Edinburgh
Trams for Edinburgh
Lothian Buses

Tram Project Board
Report on Period 5
Papers for meeting 5th September 2007

09:00am – 12:00pm

Distribution:-

David Mackay (Chair)
Willie Gallagher
Neil Renilson
Bill Campbell
Andrew Holmes
Matthew Crosse

Donald McGougan
Graeme Bissett
James Stewart
Alastair Richards
Jim McEwan
Jim Harries
Miriam Thorne (minutes)

TRAM PROJECT BOARD

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Agenda Tram Project Board

Brunel Suite – Citypoint II, 2nd Floor

5th September 2007 – 9.00am to 12.00pm

Attendees:

David Mackay (Chair)	Graeme Bissett
Willie Gallagher	James Stewart
Neil Renilson	Alastair Richards
Bill Campbell	Jim McEwan
Duncan Fraser (for Andrew Holmes)	Jim Harries
Matthew Crosse	Miriam Thorne
Donald McGougan	Steven Bell

Apologies:

- 1 Review of previous minutes
- 2 Matters arising
- 3 Presentation:
 - Progress and issues
 - Governance, funding, financial close programme and FBC – update
 - Design, procurement and negotiations – update
 - Value engineering – update
 - MUDFA / Safety – update
 - Programme – update
- 4 Project Director's progress report for Period 5
Papers:
 - SDS update including claims resolution
 - TEL policy for bus and tram integration with cyclists
- 5 Legal affairs committee – update
- 6 Sign off criteria – update
- 7 CEC contribution
- 8 Wide area impacts – update
- 9 AOB

Edinburgh Tram Network Minutes

Tram Project Board

09 August 2007

tie offices – Citypoint II, Brunel Suite

Principals		Participants:	
David Mackay	DJM (chair)	Graeme Bissett	GB
Willie Gallagher	WG	Steven Bell	SB
Neil Renilson	NR	Bill Campbell	WWC
James Stewart	JS	Jim Harries	JH
Andrew Holmes	AH	Susan Clark (for Matthew Crosse)	SC
		Jim McEwan	JMcE
		Alastair Richards	AR
		David Crawley (part)	DCr
		Miriam Thorne (minutes)	MT

Apologies: Bill Reeve, Donald McGougan, Stewart McGarrity

1.0	REVIEW OF PREVIOUS MEETING	Action
1.1	The previous minutes were taken as read.	
2.0	Other matters arising	
2.1	DJM advised the board that TS would not attend the meeting. A letter to that effect had been sent to Tom Aitchison to advise CEC and the TPB of their intention to resign from the Board in anticipation of the finalisation of the new governance arrangements for the Tram project.	
2.2	WG requested that the TPB considered the critical issue of Network Rail immunisation – see section 6.0 below.	
3.0	Financial Close Delivery Programme	
3.1	GB provided a presentation, together with a detailed background paper, on the proposed approach and programme to Financial Close, covering governance, risk, funding and approvals issues. The ensuing questions and discussions are outlined below.	
3.2	DJM requested that a copy of the presentation and supporting paper was sent to Tom Aitchison.	GB
3.3	<u>Funding</u>	
3.3.1	DJM queried if the announced funding of £500m for Phase 1 was now confirmed, i.e. no longer subject to further indexation calculations. GB confirmed this was the information received from TS, subject to written confirmation, which would follow.	DS / GB
3.3.2	WG confirmed that feedback from TS was that the project did not need to accommodate any “future proofing” against EARL or similar projects in terms of design or operational planning.	

3.3.3	JS questioned whether the bidders were fully aware of the changed funding arrangements and whether they still requested a letter of comfort. He explained that, in his experience, matters relating to covenants, timing of approvals and authorities to approve, often delay progress at the last minute, despite previous indications that they were resolved.	
3.3.4	WG proposed that he would write to the bidders, outlining the current funding position and obtain feedback about whether this is sufficient.	WG
3.3.5	GB stated that the assumed split of funding is approximately 90%TS – 10% CEC funding, with matched timing of contributions. The detail of the funding drawdown is in the process of being resolved and no significant issues are expected to arise. A draft New Award Letter was expected by the 14 th August.	
3.3.6	JS questioned the impact on affordability of further delays to the project. He expressed concern that the current time pressures may lead to a less than optimal deal being struck. WG confirmed that the project team was evaluating the impact of any delay in bidder selection against the costs and programme at each stage of the negotiations.	
3.3.7	GB noted the impact of any delays in the procurement programme on the approvals processes. Therefore sufficient alternative dates for approvals and a certain amount of flexibility by members and stakeholders were required to support the project.	
3.3.8	WG confirmed that the deadlines were deliberately kept tight but the TPB recognised that the programme would change if significant opportunities to strike a better deal arose. WG explained that the project was still a number of weeks away from being clear on whether a programme shift should be recommended – greater clarity would be available to the TPB on the 5 th Sept.	MC
3.4	<u>Contingencies</u>	
3.4.1	The Board discussed in detail the feedback received from TS on the matter of contingencies, as provided in the detailed paper. Key issues and discussions are outlined below.	
3.4.2	TS position is that £500m is the maximum grant provision and that it would not accept liabilities arising from political actions which impacted on programme or costs. The only exception would be where TS reneged on any of the conditions set out in a grant letter. This could potentially pose a significant risk for CEC, depending on the timing of the action. AH stated that a discussion was required at higher political level to address this matter. Further, additional allowances should be made for such risks via the risk register.	AH / GB
3.4.3	NR queried what would happen to the cash contributions collected by CEC under s.75. AH explained that these could be generally used for public transport provisions. However, the risk of a challenge to CEC depended on the timing of any decision about Tram termination.	
3.4.4	GB explained that TS will not underwrite the risk that Network Rail may frustrate project progress. However, TS will use their best endeavour to support the project in its interface with Network rails (see section 6.0 below).	
3.4.5	AH questioned what risks in relation to BAA were foreseen in relation to project – SC to provide details on the range of risks and options for mitigation	SC

3.4.6	NR explained that the risks to CEC / TEL from Government actions impacting Tram is twofold: a) Actions impacting on business revenues: these are seen as business as usual and will be addressed through operational adjustments, b) Actions impacting on operational performance, e.g. through the introduction of a heavy rail link to the airport: this is considered low risk as a materially different scheme to EARL would require parliamentary powers.	
3.5	<u>Funding pre-Financial close</u>	
3.5.1	GB outlined the requirement for additional funding prior to financial close to permit the project to proceed with its approved programme. The level of funding for commitments is estimated to be a net maximum £12m, which included allowances for risk, advance works and limited mobilisation of the preferred bidders to ensure the construction programme can be met.	
3.5.2	He explained that even without these elements, the project is likely to run out of sufficient funding prior to financial close, as the grant of £60m had been based on a forecast to Oct 07. Further, neither the current grant, nor the estimated £12m, included allowances for settlement of the SDS claim or programme delays. The project was therefore seeking Board approval to obtain commitment for additional working capital funding from TS to ensure it had appropriate resources available to fund commitments and contingencies.	
3.5.3	The Board agreed that an informal approach should be taken initially: based on further detailed scrutiny of the requirements and discussion at the Procurement Board Sub-committee, GB is to discuss the matter with DS on 15 th August.	GB
3.5.4	If absolutely necessary WG / DJM stated they would support a direct approach to Malcolm Reid / John Swinney.	WG/ DJM
3.6	<u>Governance</u>	
3.6.1	GB confirmed that the planned OGC 3 gateway review, to be arranged for late Sept / early Oct would be commissioned on behalf of CEC, not TS. However, it would require to confirm that any hold issues from previous OGC reviews were now resolved. The Board approved this approach.	GB – confirmed all previous issues resolved
3.6.2	The Board discussed whether the approvals sought in Sept / Oct should be for 1a only or 1a and 1b combined but on a phased basis. It was recognised that sufficient funding headroom will be required in either case in the final analysis.	
3.6.3	WG highlighted that the Infraco bidders both offered attractive discounts for concurrent construction of Phases 1a and b, whereas any phasing was likely to incur additional premia as efficiencies are lost. The option to commission Phase 1b would remain open in the bids until spring 2009.	
3.6.4	AR highlighted that the costs for Phase 1b will increase on a progressive basis, depending on the timing of any decision. This means that an early decision to proceed is likely to be cheaper than delaying the decision until Spring 2009.	
3.6.5	The Board again agreed that the application of available funding would focus on phased delivery. Any funding gap to achieve delivery of Phase 1b was a matter for CEC to resolve. However, AH confirmed that there is	

	no level of uncertainty around CEC's contribution of £45m. (see 13.0)	
3.7	<u>Approvals</u>	
3.7.1	JS questioned if the approval of the FBC version 1 by CEC and TS in Oct 07 would effectively represent approval of contract award and final funding. GB confirmed this was not the case: the documents for approval in Sept / Oct 07 will be based on substantially completed information and support the recommendation for the preferred bidders. However, these would not constitute legally binding documents and, therefore, not prejudice the final FBC and contract award approvals.	
3.7.2	GB outlined the requirements by TS to support the programme to financial close and contract award and the FBC as follows: <ul style="list-style-type: none"> - Satisfaction that the Leith to Airport tramline will be delivered - Confirmation that the BCR for this tramline remains above 1 - Confirmation that no government subsidies will be required for the integrated bus and tram operations. 	
3.8	<u>FBC</u>	
3.8.1	The proposal for preparation of the FBC was accepted as presented.	
3.8.2	DJM confirmed that progress was being made on the assumptions that concessionary fares would be available to trams at the same level as for buses.	
3.8.3	GB confirmed that a "road – map" of changes from the DFBC to the FBC would be presented to the TPB prior to approval.	GB / MT
3.9	<u>Governance and Reporting</u>	
3.9.1	GB confirmed that under the changed governance arrangements, all engagement from TS would be directly with CEC, not tie or TEL. This engagement would consist of continued 4-weekly reporting in the current format, 4-weekly meetings between TS (likely Bill Reeve / Jerry Morrissey) and CEC (AH / DMcG) with tie / TEL support and quarterly high level meetings between Malcolm Reid and Tom Aitchison on a wide range of issues.	
3.9.2	The Board considered whether the decision to withdraw from the TPB may be politically motivated. However, JS pointed out that this was the same approach as applied by the DfT in England.	JS
3.9.3	All TPB members agreed that there would be no material changes prior to financial close in the structure of the TPB or interfaces between CEC and tie / TEL.	
3.9.4	WG explained that following TS' decision to withdraw from the tie board as well, and combined with the winding up of tie 's other projects, a review would be undertaken on the role of tie board members on Tram.	
3.9.5	GB stated that the FBC would address the shape of governance post financial close, which will require greater codification of the legal relationships between CEC / tie / TEL and contractors / legal advisors. GB – post meeting note: the enhanced codification is focused on the relationships between CEC and its subs effective as of now. The contracts will deal with the relationships with advisors.	
3.9.6	AH explained that no details of the 4-weekly or quarterly meetings had been clarified at the time of the TPB and that he would share these with the Board as they became apparent.	

3.9.7	DJM stressed that there would be no additional reporting in relation to these arrangements. GB confirmed last remaining concerns around any outstanding matters on reporting to TS were being addressed in a meeting on 14 th Aug.	Feedback requested from TS
3.9.8	The Board recognised that, in order to achieve the tight timescale, a fully integrated approach would be required from teams within CEC / tie / TEL. This included free flow of information between teams and no micro-management / man-marking by any side. DJM requested that any such problems should be directly escalated to the TPB.	
3.9.9	WG stated that the monthly meetings held between AH, WG, Gill Lindsay and Jim Inch supported the resolution of any issues and assisted in identifying resource and timescale requirements.	
3.9.10	DJM welcomed this approach and requested that details of how the interaction between CEC / tie / TEL would work to be reported to the TPB.	AH
3.9.11	AH went on to highlight the need for greater support from tie / TEL to provide information to the Councillors. As part of this information flow, a paper would be presented to Council on 23 rd August, advising Councillors of the changed roles of TS and impact on risk profile for CEC. DJM requested that the paper should be visible to the TPB – AH confirmed he would provide a draft as soon as possible	AH – Done
3.9.12	JS queried how approval would be achieved for continued spend. GB stated that the current profile for spend of the existing grant of £60m was subject to the detailed grant letter and thus no further approvals would be required. Additional spend will be subject to the New Award Letter, which will take account of the revised governance arrangements.	
4.0	Procurement update.	
4.1.1	WG provided feedback from the recent meeting with the Infraco bidders. He confirmed that both bidders were keen to win the business, and had identified a number of possible opportunities to shorten programme and provide discounts for concurrent construction of Phases 1a and 1b.	
4.1.2	SC presented a summary of procurement progress. She reinforced that, all things being equal, the team's focus was to achieve the deadline of August 24 th to conclude, negotiations. Further, she explained that the quality of the bid and associated prices had significantly improved for one bidder. Work is continuing to evaluate all bid information.	
5.0	SDS – claims settlement	
5.1	The proposal for settling the SDS claim was discussed as per the paper provided. The board felt that although it agreed with the approach to a commercial settlement in principle, it required much more detail to support the proposal.	
5.2	WG stated that discussions with the bidders indicated that design was in parts beyond what they would require / use, thus there was perhaps an opportunity to refocus SDS on critical items only.	
5.3	Based on this information, the board recommended that the project revisited the paper and also considered the likely impact of orderly settlement with SDS. The board agreed that this process could be initially addressed within the Procurement Board Sub-committee.	MC / GG

6.0	Network Rail (NwR) – Immunisation	
6.1	<p>WG explained that following TS decision not to manage immunisation for the project, he and SB met with NwR at director level. Key points for concern are as follows:</p> <ul style="list-style-type: none"> - Lack of a technical solution which is acceptable to all parties - Uncertainty about the split of responsibilities between tie / NwR - Lack of clarity around payment mechanisms, as the original approach to use the existing framework agreement for Airdrie-Bathgate was no longer an option. 	
6.2	The Board expressed its dissatisfaction with the lack of progress made on this issue and that no indication that these issues were outstanding had been received by TS. WG confirmed to the Board that appropriate engagement had now taken place directly between tie and NwR and resource with sufficient expertise in the field was being recruited.	
6.3	WG also requested support from PUK in discussions with NwR to ensure the matter remained high on their agenda. SB / JS to discuss	SB
6.4	WG stated that the main impact is that NwR's programme is several years behind the requirements for Tram. Immunisation is on the critical path for the project to achieve Tram energisation and thus meet its completion dates. He also explained that there are options to amend the scope of the works and that alternative solutions were being investigated.	SB
6.5	AR questioned whether the risk could be passed to Infraco. However, the Board thought this was unlikely as Infraco would also have no means of controlling the risk, therefore a high premium would be attached to such an attempt. A paper detailing the proposed way forward on all of the above, including the impact on risk for CEC and approval issues will be presented to the next TPB.	SB / WG
6.6	The board requested that the Risk Register should be amended to take account of these new risks	SB
7.0	Value Engineering	
7.1	JMcE presented an update on the current status of the VE exercise. He explained that some VE items were already contained within the bids, whereas others will be presented as below the Infraco price line, in terms of affordability analysis. He confirmed that the project monitored these items to ensure there is no double counting.	
7.2	Regarding timings, JMcE stressed that not all VE opportunities are required to be fully realised by the time of commercial close to achieve affordability.	
7.3	The TPB appreciated the progress made on VE and requested that future progress should be provided in terms of percentage achievements, with details being discussed at project level meetings.	
7.4	AH raised a concern on the impact of the tight timescales on stakeholder engagement. He stressed that some items have to be subject to planning committee approvals, which cannot be guaranteed, and therefore sufficient review time must be available. JMcE stated that these considerations are being taken into account and that any items for which approval could not be achieved would constitute a change control to the Infraco bid.	

8.0	DPD / MUDFA / SDS / Key milestone update *	
8.1	SB / SC presented a high level summary of the DPD, MUDFA sub committee and SDS progress as per the project directors progress report. No additional matters arising. <i>*a presentation of the summary was handed out at the TPB</i>	
9.0	EICC	
9.1	The paper on CEC's request for utility diversions to be undertaken under MUDFA management was considered. WG explained the team felt comfortable that this additional work would not be a distraction and it suited the timescales for utility diversions in the Haymarket area. This would be separately funded by CEC.	
9.2	SB stated that work was ongoing to ring fence resources, costs and programme for this piece of work. The TPB approved the proposal.	
10.0	Greenways	
10.1	The TBP took the paper as read and approved its recommendation.	
11.0	Sign-off criteria	
11.1	JS requested clarity on what sign-offs will be required to move to preferred bidder for Infracore and Tramco. WG to address.	WG
12.0	Wider area impacts	
12.1	WG updated the board on a meeting between tie / CEC / TEL on this matter. A number of areas had been identified as potential future hotspots. However, insufficient information is available to quantify these	
12.2	NR confirmed that although there may be hotspots, the review showed not significant "red flags" arising. Most of the impacts are therefore likely to be manageable through minor measures, such as signal timings.	
12.3	The agreed approach was that Tram will continue to input into reviews and CEC will make appropriate budget allowances	
13.0	Funding – CEC contribution	
13.1	JS questioned whether there was any risk to the project's affordability arising from uncertainties around CEC contribution of £45m	
13.2	AH affirmed that, although there were risks within CEC's technical issues of realising contributions from developers, measures are taken to mitigate these – e.g. through a review of the contribution policy and an assessment of the costs of prudential borrowing. However, overall CEC remained totally committed to its contribution of £45m. 4-weekly progress reports would be provided to the TPB henceforth as a matter of course.	AH / DMcG

14.0	AOB	
14.1	AH raised the matter that the "Open for Business" retail group had previously requested more senior management focus from tie / CEC. NR stated that Ian Coupar, Donna Reid and Mike Connelly were managing the issues with detailed options being presented to the group. No negative feedback had been received from this recent meeting.	

Prepared by Miriam Thorne, 21 August 2007

1 Executive Summary

1.1 Previous Period Update

1.1.1 Delivery

MUDFA

On street works are now ongoing on three fronts – sections 1A, 1B and 5A:

- **Section 1A** – Construction works along Ocean drive continued throughout the embargo period with all works being limited to ‘off-road’ activities. This will continue on for the duration of August. Completion of this work is anticipated mid-October (prior to the October embargo)
- **Section 1B** – Trial holes commenced in Leith Walk in w/c 30/7/07 to verify the location of existing services and to ascertain the available space within the footpath area. Some section works have been deferred due to the data collection exercise (trial holes) by approximately three weeks but the team expects to recover this within the programme duration for Leith Walk.
- **Section 5A** – Work commenced in section 5A on the 20/8/07 as programmed.
- **Section 6 (Gogar Depot)** – Works on Phase 2 was awarded to AMIS for the next section of the earthworks in line with TPB approval. These works are anticipated to be completed by mid October.
- **Section 6 (Utilities)** - Redesign is ongoing regarding the relocation of the depot and VE exercise to remove the twin 800mm diameter water main. Discussions are ongoing with Scottish Water regarding this matter.
- Co-location of SDS designer at MUDFA offices has been facilitated to initiate prompt response to technical issues / queries and minimise time delay. This was put in place 13 August 07.

Advance works

Depot

Phase 1 of the depot works were completed on 2nd August. 150,000m³ was removed in this phase. This was completed some three weeks ahead of schedule. Phase 2 has commenced with works undertaken by AMIS (see above).

Invasive species

The 2nd treatment cycle was completed in the period. Increased growth rates caused by wet weather conditions required this work to be done slightly ahead of schedule.

Land and property

GVD 3 notices were served during the period and preparation was completed for GVD 4.

Ongoing discussions held with BAA and NR over lease agreements.

IPR temporary

This work is currently on hold pending a decision by the Steering Group on the IPR2 scope. This is expected in this period.

IPR 2

Further design work was completed on the revised scope taking account of the EARL land.

1.1.2 Traffic management

TRO strategy

On 9 August the TPB approved a review of the TRO strategy in respect of the Greenways sections of the Tram route. It is concluded that the likely timescale for attaining the required approval of Scottish Ministers for an amended Greenways Order is now out of synchronisation with the rest of the Tram programme, including the other TROs. In addition, it is desirable to harmonise enforcement around a single regulatory regime for the Tram Route. Accordingly, the 'Greenway' red regulatory lines will be replaced with yellow lines within the draft TROs being prepared for public deposit.

Advance work for traffic management

Work commenced on 13 August on the preliminary design of the Tram route TROs. The design is concentrating on sections of the route considered to be at low risk of further change within the Tram design finalisation process.

Other traffic management activities

The traffic modelling of the route (and wider area) is continuing, incorporating the current junction designs and testing alternative scenarios to inform the final design process (including any necessary wide area measures). The most significant issues relate to the pm peak and work is being focussed on that issue.

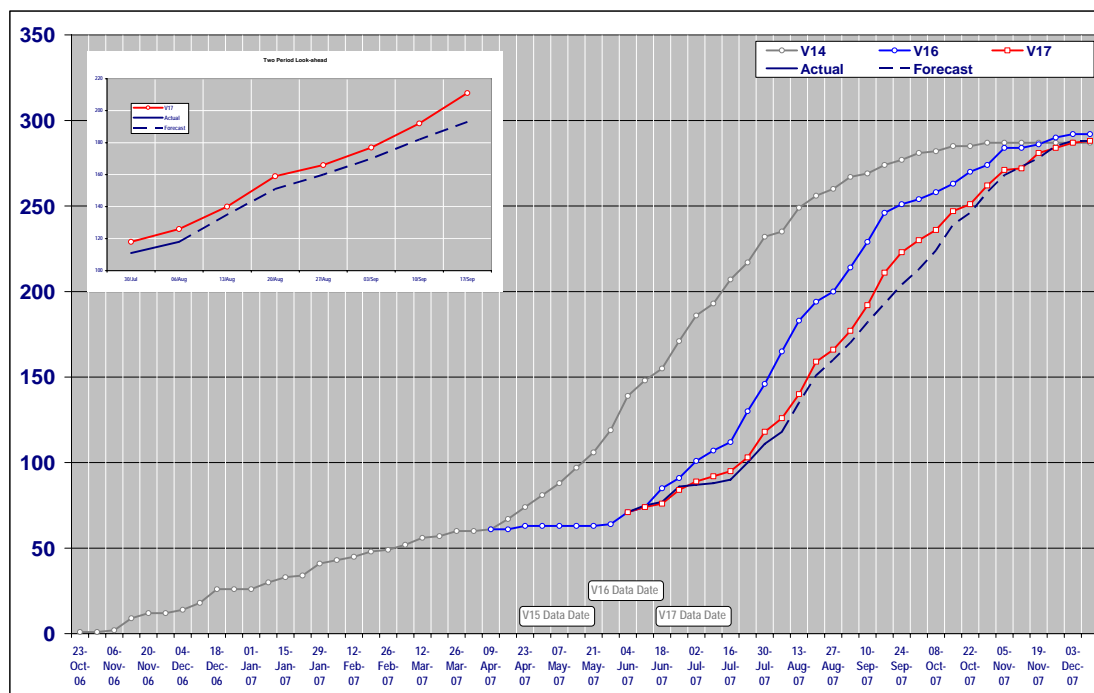
1.1.3 Engineering, approvals and assurance

Previous reports have concentrated on activity designed to remove blockages to progress, most notably the critical issues, the last of which was removed, for all practical purposes, on 28 June 2007.

This has resulted in progress on design deliverables proceeding closely to forecast and programme from this point. As there is a nil-return on critical issues these will no longer be reported. However, there are a number of issues which are the cause of potential delay and these are reported here to ensure clarity of all parties about their impact. These will become critical issues if not treated.

In terms of design progress metrics the 'dashboard' has previously been reported showing all 4000 items associated with the design deliverables. Now that delay on design deliverables has been all but arrested, this is replaced with a sub-set of the 4000 items associated with the 300 design packages covering the tram system.

This is shown below at V18 (actual and forecast)



This shows clearly little slippage for V18 with respect to V17. The slippage since V14 is not recoverable.

The slippage which has occurred is mostly due to the following issues which were reported more fully to the DPD meeting.

SRU - concluding agreement on the training pitches.

Section 1a bridges – tie / CEC agreement on funding of walkways.

Depot – design changes to deliver the VE savings.

Drainage – provision of information to SDS to allow design work to proceed.

EARL – redesign occasioned by cancellation of the project.

Balgreen Road – getting agreement from Network Rail to access arrangements.

Lindsay Road – getting agreement of ADM Milling for the new layout.

1.1.4 Commercial and procurement

Procurement programme

The Infraco and Tramco procurements are proceeding to the new programme with a view to delivering a recommendation by 25th September. It should be noted that the overall completion of the Phase 1a works has been maintained at 1st quarter 2011 through mobilisation of Infraco and Tramco in October 2007 and by undertaking advance works at the depot. Detailed proposals for the early mobilisation work and commitments required are currently being sought from Infraco bidders.

Infraco

The evaluation is progressing to programme. Over the last two weeks efforts have been concentrated on negotiating reductions in price, with much attention paid to the system integrator price as outlined in the Negotiation Plan.

The status and progress of evaluation and negotiation is reported to the Tram Project Board Procurement Sub Committee on a weekly basis.

Negotiations on contract terms are progressing to resolution and there are no major sticking points at this time.

Tramco

The negotiations and evaluation is now effectively complete. Conclusions of the evaluation will be presented to the Tram Project Board Procurement Sub Committee on Thursday 30th August.

MUDFA

Preparation of prices and programmes and their agreement with AMIS for the work packages is ongoing.

OCIP

The OCIP contract has been placed. Final alignments are being settled with the Infraco bidders.

Value engineering

Finalisation of VE is progressing and savings being realised. Effort has been concentrated this period on Trackform and structures where significant savings can be realised. Support is required from CEC in order to deliver savings in respect of structures. Both Infracore bidders have also identified that this as an area for substantial cost savings.

The current status in financial terms is as follows:-

Opportunities “banked”	£ 9,299m
Opportunities to be investigated	<u>£22,836m</u>
Overall opportunities identified	£32,162m

SDS changes and claim

Negotiations have been conducted with SDS in the last period and a draft settlement has been prepared which is within budget. Although the settlement will not be finalised until the end of August, details of the draft will be presented to the next Tram Project Board.

Other procurement activities

The procurement plan for the advance delivery of the depot piling works was approved by the last Tram Project Board.

1.1.5 Finance and Business Case

The programme to deliver Financial Close in line with the master programme was presented to the last TPB. This programme combines the activities required to deliver the funding for the project, the Final Business Case (FBC) and the related areas of project governance and approvals processes.

The programme is based on a staged approval process which combines delivery of the FBC version 1, together with the recommendation for the preferred bidders and funding agreements in principle. These are due in September for TPB approval followed by CEC and TS approvals in October. The final form of these documents will be subject to approval in December, following bidder due diligence and facilitated negotiations, and including negotiations for the Phase 1b options.

All stakeholders have been involved in the dialogue to date and coordination around and support to this agreed programme of approvals is essential to avoid delay and additional costs for the project.

1.2 Key issues for forthcoming period

1.2.1 Delivery

MUDFA

- Recommence works within roadway in section 1A (following embargo period).
- Commence diversionary works within section 1B (Leith Walk).
- Continuation of diversionary works in section 5A.
- Continuation of earthworks operations at Gogar depot (phase 2).
- Review of service utility diversions requirements based on revised depth and protection. Area of review 600-1200 depth range below FRL. Potential 10% saving in measured works (approximately £1m).
- Maximise recovery of costs associated with SUC C4 estimates via specialist consultant advice / input (Berkeleys / Corduroys).
- Establish quick response team SDS, AMIS, **tie** and SUC for all technical queries to mitigate standing time on site.
- Provision of independent survey team to carry out dilapidation survey along tram route (SDS responsibility) – protect **tie**'s position from potential 3rd party claims post MUDFA and INFRACO.

Key issues for the period are:

- Issue / release of Issued for Construction drawings in line with programme requirements: further delays are being assessed for their programme and financial impact.
- Internal supply connection within premises outwith the LOD: issue raised in relation to SGN, impact assessment is underway.
- Design works are required outwith the LOD at Constitution Street
- Focus on AMIS "in-house" resource levels.

Advance works

Depot

- Works will continue on the Phase 2 works and final levels agreed will take account of the revised depot location.

Invasive species

- 3rd treatment cycle to take place. Badger / otter monitoring will continue and meetings will be held with advisors.

Land and property

- Agree terms of lease between **tie** and CEC.

- Issue GVD 4 notices.
- Prepare for GVD 5 (final plots).

IPR temporary

- Decision to be made whether this is going forward or is subsumed in the IPR2 works.

IPR 2

- Costs to be returned for revised scope
- Seek Steering Group approval for revised proposal
- Award contract

1.2.2 Traffic management

- Continue TRO design and statutory process planning.
- Close liaison with CEC to progress streetscape work, public realm works priorities and allocation of funding packages for this work.
- Finalise George Street turning movements with TEL / CEC.

1.2.3 Engineering, approvals and assurance

- Progress to conclusion of the potential critical issues:
 - **SRU** - concluding agreement on the training pitches.
 - **Section 1a bridges – tie** / CEC agreement on funding of walkways.
 - **Depot** - design changes to deliver the VE savings
 - **Drainage** – provision of information to SDS to allow design work to proceed
 - **EARL** – redesign occasioned by cancellation of the project
 - **Balgreen Road** – getting agreement from Network Rail to access arrangements.
 - **Lindsay Road** – getting agreement of ADM Milling for the new layout.

1.2.4 Commercial and procurement

Procurement programme

- Conclusion of negotiation of negotiations with Infraco and preparation of final evaluation report. This will include setting baseline programme and constraints for Infraco on street works.
- Updates on the outcome of the Infraco and Tramco final bid negotiations to the Procurement Sub-committee in line with agreed governance.

- Preparation of final evaluation and recommendation for conditional contract award for Evaluation Panel, Procurement Sub-committee and TPB approval.
- Agreement of mobilisation and advance works packages with Infraco and Tramco.
- Commence Infraco / Tramco facilitated negotiations.
- Commence bidder due diligence.

MUDFA

Proposals to resolve the issues relating to the MUDFA contract documentation have been agreed in principle and require to be re-executed – the timing and co-ordination has been agreed with AMIS.

Proposals for a negotiated commercial and contractual resolution to the delays in release of design are ongoing with AMIS.

A proposal for incentivisation of the works orders and preliminaries has been discussed and agreed in principle with AMIS. A number of scenarios related to the incentivisation proposal are being discussed to define the process and ensure the parties are in agreement on the understanding and operation of the proposal – this process will be completed by the 14th September 2007.

OCIP

- Following the selection of the preferred bidders for Infraco and Tramco, work will continue to provide adequate insurance support to these and other contracts. Specific items identified for clarification / discussion relate to:
 - Confirmation of PI insurance from bidders and potential costs
 - Contractors plan / defect period quotes
 - Marine cargo requirements

Value engineering

- Continued work to crystalise value engineering opportunities. Key areas of focus are: depot, highways, structures, supervisory and communications and trackform. Liaison is ongoing with the bidders to confirm these opportunities and deliver further recommendations on VE savings.

SDS changes and claim

Presentation of proposed claim settlement to the TPB for approval.

Other procurement activities

- We are developing the detail of the plan for the early mobilisation of Infraco and Tramco. This has been discussed in outline with Transport Scotland during the last period. It is noted that the principle to undertake

early mobilisation and advance works was agreed by the Tram Project Board in January this year.

- Develop procurement plan for advance work in St Andrews Square.
- Develop procurement plan for supply of power.

1.2.5 Finance and Business Case

- Work ongoing on the development of the FBC version 1 in conjunction with efforts to achieve agreements in principles on approvals and funding arrangements. Anticipated issue of 1st draft of FBC v1 for **tie** / TEL / CEC review on 31 August.
- Finalisation and informal approval by **tie** / TEL / CEC of FBC version 1, Recommendation for preferred bidder and draft grant award letter (the “September documents”) by 18th Sept.
- Approval of the “September documents” by the TPB – 26th Sept and formal issue to CEC Officials / TS.

1.3 Cost

	COWD - Period	COWD (YTD)	COWD YTD + f/cast to year end	AFC
Phase 1a	£ 3.8m	£32.4m	£119.7m	£501.8m
Phase 1b	£ 0.0m	£ 0.9m	£ 1.0m	£ 92.0m
Phase 1a+1b	£ 3.8m	£33.3m	£120.7m	£593.8m

- The COWD in the period relates primarily to the continued development of design, the activation of OCIP for MUDFA works, ongoing advance works and MUDFA street works.
- Costs for Phase 1b relate purely to finalising design works as previously agreed by the Board.
- The forecast COWD for the year end has increased by a net £0.1m. This increase relates to TSS costs, in line with the requirements to drive completion of the design assurance validation programme. This reflects the current programme for delivery in 2007/08 and will be off-set by reductions in later years.
- The forecast COWD for the year includes a total of £19.2m in relation to land costs, reflecting the latest valuation by the District Valuer.
- The COWD forecast for the year also includes allowances for further advance works in October, as per the assumptions underlying the Procurement Programme.

1.4 Health, Safety, Environment and Quality

No accidents were reported in the period and the accident frequency rate (AFR) for the project remains 0.00.

Four site inspections and three safety tours were completed in the period – minor findings were reported and closed out. Three system safety audits were completed in the period. The reports and findings are to be issued. One audit was undertaken as planned in the period with two observations and no non-conformances raised.

There is on-going concern due to the lack of a site Traffic Management Plan for the Gogarburn Depot. This has been subject to action with AMIS.

The residual hazard information from SDS is being presented in a new format. This is an improvement but there is still an issue with the quality of information. This is subject to discussions between SDS, **tie** and the CDM Coordinator.

1.5 Stakeholder and Communication

Stakeholder engagement continues as per the stakeholder strategy. This work has moved on significantly from “selling” the tram project to focussing on the specific demands of residents and businesses arising from commencement of the delivery phase of the project.

Work is on going in liaison with CEC on reviewing the communications plans for the next phases of the project. Feeding into this process is the feedback received from a number of relationship meetings held with community councils and groups representing local businesses and tourism.

Several briefings were also provided to MSPs, CEC councillors and the media with widespread positive feedback.

1.6 Approvals / decisions / support required

Decisions / support required from TS

- Support to implement Infraco and Tramco mobilisation and advance works contracts to avoid extending programme with attendant additional costs.
- Support to finalise draft funding agreement for Project.

Decisions / support required from CEC

- Support for changes to major structures to deliver value engineering savings.
- Review and agreement of Infraco and Tramco terms and conditions by CEC legal.
- Co ordination of input from CEC to optimise constraints for on street working.

FOISA Exempt
 Yes
 No

- Support to deliver approvals to Business case to meet the Project programme.
- Resolution of Forth Ports Bridges walkways issue within Project parameters.
- Support to obtain funding from Forth Ports for revised Lindsay Road scheme.

Appendix A Procurement milestone summary

Board date	Milestone	Due date	Delivered date	Comment
12 th July	Conclude initial review Return of Update Package 3	03/07/07 06/07/07	05/07/07	Complete Iterative process, will be captured within submission of final bid proposal 07/08/07
	Initial normalisation of price Draft evaluation	15/06/07 10/07/07	29/06/07 Ongoing	Final evaluation due 17/08/07
9 th Aug	Conclude negotiation of contract terms	17/07/07		Ongoing, big ticket issues agreed in principle with bidders, completion of balance of main items by 27/08/07
	Infraco final bid proposals Updated evaluation	07/08/07 09/08/07		Received Work ongoing as part of final evaluation
5 th Sept	Conclude negotiations with bidders	27/08/07		recommendation of preferred bidder
	Presentation of evaluation to evaluation panel	03/09/07		
	Presentation of evaluation to TPB Procurement sub committee	06/09/07		
26 th Sept	TPB Endorsement of Conditional Recommendation to Award	25/09/07		
31 st Oct	Conclusion of final facilitated negotiations	01/10/07		Approval to recommendation pulled forward to Council meeting 25/10/07
	Conclusion of negotiations for final deal	22/10/07		
	CEC Council meeting to endorse recommendation	13/11/07		
28 th Nov	Conclusion of due diligence on critical design items	19/11/07		
	Conclusion of negotiations for Phase 1b option	27/11/07		
19 th Dec	Conclusion of due diligence on non critical design items	17/12/07		
	Approval of final deal by TPB sub committee	17/12/07		
	Transport Scotland approval of conditional recommendation	18/12/07		
23 rd Jan	CEC and TS approval of Final Deal	11/01/08		Full Award approval by Council 20/12/07
	Issue Of Contract Award Notice	11/01/08		

Yes
 No

20 th Feb	Financial Close	28/01/08		Award of Infraco and Tramco and effect novations
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Note: This is subject to confirmation or adjustment following clarification on the approval processes by CEC and Transport Scotland

Appendix B Headline cost report

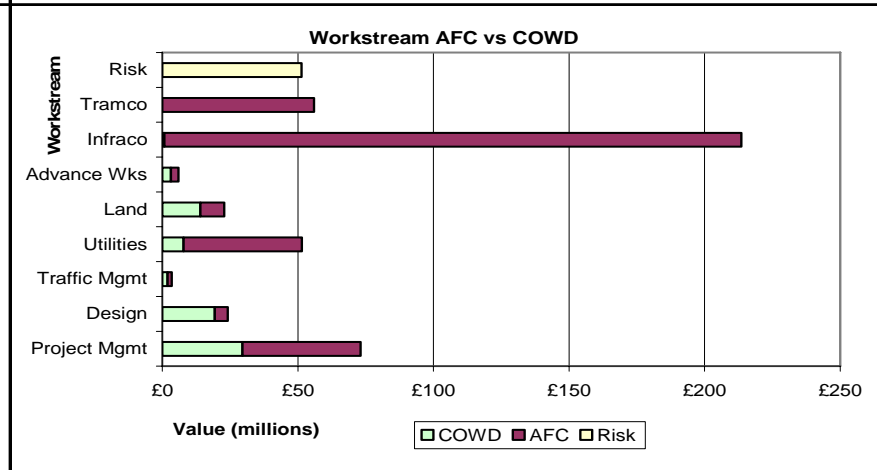
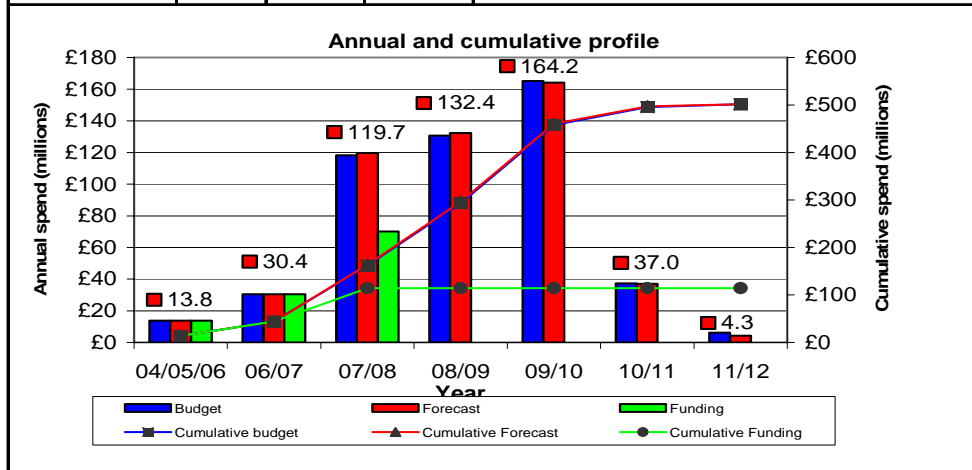
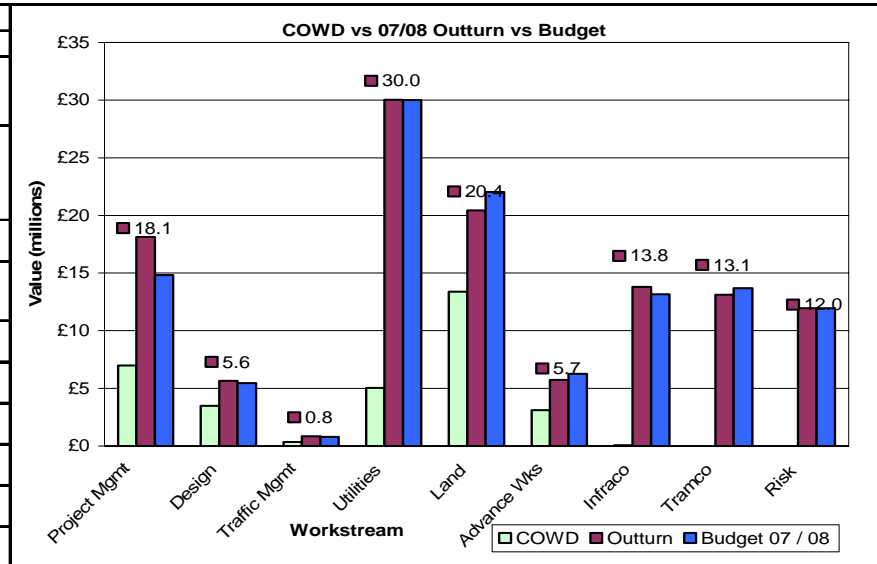
Current Financial Year

	COWD (YTD)	COWD YTD + forecast to year end	Funding TS authorised current year	COWD YTD + forecast to period 7 (covered by current grant letter)
Phase 1a	£33.3 ¹	£120.7m	£60.7m	£50.7m
Phase 1b		- ¹	- ¹	- ¹
Phase 1a+1b	£33.3m	£120.7m	£60.7m	£50.7m

Note - 1) Phase 1b design costs are to be expended against Phase 1a budget as agreed by the Tram Project Board.

- The COWD YTD includes £13.3m in relation to land purchases. This sum includes CEC, s.75 and third party land acquired under the GVD process. In addition to ongoing project management costs and the continued development of the design, further key items within the COWD YTD are:
 - depot advanced works (£3.1m)
 - MUDFA works (£5.0m).
 All are within budget.
- The forecast COWD for the year end has increased by a net £0.1m. This increase relates to TSS costs in line with the requirements to drive completion of the design assurance validation programme. This reflects the current programme for delivery in 2007/08 and will be off-set by reductions in later years
- The Phase 1 advanced works at the depot was completed ahead of programme, enabling Phase 2 to commence ahead of schedule. A works instruction for the Stage 2 works has been issued to AMIS in accordance with the Phase 2 Board paper approved in Period 4.
- The full forecast cost for the year is aligned to the assumptions underpinning the procurement programme and remains sensitive to the extent of advanced works undertaken prior to the award of Infracore.

Period 5 - 07/08 COWD (£000s)				
Workstream	F/cast	Act	Var	Comments
Project Mgmt	1,636	1,453	(183)	OCIP premium based on %age of construction costs. Reduction stated from removing Statutory Utility Cost (not Mudfa) cover as this will be provided by said SU's.
Design	331	(1,162)	(1,493)	Figures adjusted down to reflect latest review of design progress data. Previous figures a result of Period 1 forecast 'held' through Periods 2-4 due to concerns over accuracy of SDS submitted data. Situation improved but requires close monitoring.
Traffic Mgmt	76	65	(11)	
Utilities	3,401	2,908	(493)	Delayed issue of IFC drawings preventing AMIS commencing construction works at Leith Walk. Disruption minimised by redistribution of resources to survey/investigative works..
Land	3,735	(115)	(3,850)	GVD Tranche Nr 4 not issued as anticipated due to strained administrative resources
Advance Wks	544	619	76	Depot Works - Completion of Phase 1 and start of Phase 2 excavation works ahead of programme.
Infraco	20	10	(10)	
Tramco	0	0	0	
Risk	0	0	0	
Total	9,744	3,779	(5,965)	



Next Financial Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£24.4m	£34.3m	£23.7m	£50.0m	£132.4m
Phase 1b	£ 4.9m	£ 1.2m	£ 2.2m	£ 3.0m	£ 11.3m
Phase1a+1b	£29.3m	£35.5m	£25.9m	£53.0m	£143.7m

The forecasts for 08 / 09 remain sensitive to the revised programme and are predicated on achieving approvals to let the Infraco contracts to meet contract award date in January 08, with subsequent commencement of Infraco physical works in February 08.

Forecasts for Phase 1b (if approval is received) in 08 / 09 relate to design, land, costs for utility diversions and risk allowances.

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 ¹	£545m	£501.8m
Phase 1b	£0m	£0 ²	£0 ²	£ 92.0m ³
Phase 1a + 1b	£500m	£45m ²	£548.3m	£ 593.8m

The recent ministerial announcement on funding confirmed the position.

Notes:

1. Includes £5.2m of CEC / s.75 free issue land, reflecting latest DV valuations.
2. £3.3m of CEC / s.75 free issue land are included in £45m CEC funding.
3. Includes £2.5m of design costs for Phase 1b, to be expended against Phase 1a funding.

The increase of the Phase 1a AFC to the DFBC baseline (£500.5m) is due to rounding in underlying values and two authorised change orders:

- CEC resource allocation to the Tram Project - £0.9m
- Additional JRC modelling requirement to address wide area impacts - £0.2m

Change Control

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

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	Phase 1a £m	Phase 1b £m	Phase 1a + 1b £m
Project Baseline (DFBC)	500.5	92.0	592.5
Authorised Changes	1.2	-	1.2
Current AFC	501.8	92.0	593.8
Anticipated Changes	4.6	-	4.6
Potential AFC	506.4	92.0	598.4

Concurrent with the programme review undertaken in previous periods, an internal review of the budget was performed to confirm the project estimate and take account of the assumptions for advance works underpinning the Procurement Programme. This review took account of the impact of organisational changes in **tie** following the ministerial announcement on **tie**'s other projects.

The result of this review has been fully incorporated in the above project estimate.

An allowance in the design contract for a commercial settlement with SDS has been included in the current AFC, however due to the commercial sensitivity regarding the final number and its components, details have not been disclosed in this report. Disclosure will follow **tie** governance procedures via the Procurement Sub-committee and Tram Project Board.

Some of the potential changes relate to items previously discussed at the Tram Project Board. However, no formal change notices have been raised. These changes include:

- Citypoint II: Fit out and costs of leasing additional office space.
- Costs of eradication of invasive species.
- Additional costs arising from the delay to commencement of the main MUDFA works to July.

As part of the internal review, opportunities have been identified to mitigate the impact of these changes. These opportunities have not yet been fully closed out; therefore the items are not removed from the potential changes list.

A number of anticipated changes relate to items excluded from the Preliminary Design Stage Project Estimate Update following a review undertaken at that time, for example the provision of a tram vehicle mock-up.

Acceptance and inclusion of these items in the scheme will, all other things being equal, result in an increase in the AFC, requiring either additional funding or increased savings through value engineering to maintain affordability.

Summary Breakdown

Original Estimate (including escalation)

	Base cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£449.1m	£51.4m	£0 ¹	£0 ²	£0 ³	£500.5m
Phase 1b	£80.5m	£11.5m	£0 ¹	£0 ²	£0 ³	£ 92.0m
Phase 1a+1b	£529.6m	£62.9m	£0 ¹	£0 ²	£0 ³	£592.5m

Latest Estimate / AFC (including escalation)

	Base cost	Risk	Opportunity	OB	(or)Contingency	Total
Phase 1a	£450.4m	£51.4m	£0 ⁴	£0 ²	£0 ³	£501.8m ⁵
Phase 1b	£ 80.5m	£11.5m	£0 ⁴	£0 ²	£0 ³	£ 92.0m
Phase 1a+1b	£530.9m	£62.9m	£0 ⁴	£0 ²	£0 ³	£593.8m ⁵

Notes:-

1. Opportunities identified at DFBC stage were taken into the DFBC estimate.
2. OB included in risk (QRA at P90 confidence level) as agreed with TS
3. Contingency included as part of risk at present
4. Opportunities in latest estimate / AFC – savings targeted through the current value engineering exercise and negotiation strategy to maintain affordability.
5. Includes authorised changes

Appendix C Risk and opportunity

Summary

Recent reviews performed in relation to:

Immunisation Works

A meeting was held with the Engineering and Procurement Director responsible for this area of work. The current risks relating to these works were updated and will continue to be closely monitored following meetings between **tie** and senior management at NR.

CEC

A number of meetings have been held with the CEC Project Manager in order to ensure any CEC risks relevant to the Tram Project are identified on ARM and have appropriate treatment plans in place.

OCIP

Meetings have been held with the OCIP Project Manager to review all risks in ARM which relate to third party claims. Where the risk will be provided for under the OCIP, then these risks were amended accordingly.

Depot works

All risks in this area of the project were reviewed and updated with the Project Manager.

MUDFA

A training session was held at the MUDFA office for the Project Managers and some members of the commercial team. This will ensure that the MUDFA team are able to update ARM and produce reports as required.

Risk register review

The primary risk register is included as Appendix D.

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

Risks opened	5
Risks closed	9

1.6.2 Risks added

Of the five risks opened in this period, the most significant ones are:

- ***CEC do not agree to final negotiated contract:***
 - If CEC feel that the cost of the final negotiated contract is too high or that there is too much risk for CEC to carry, then they may fail to approve the contract. While the issue may be resolved in the future, any delay would have a major impact upon the programme. On-going discussions and close liaison with CEC officials are being applied to address this risk.
- ***CEC failure to sign legal agreement – legal officer level:***
 - If CEC's Legal Officer feels that there is insufficient information concerning costs and risk, they could advise CEC not to sign any agreement. A separate Legal Affairs committee has been established to address this risk and ensure appropriate liaison with CEC Legal officers takes place,

1.6.3 Risks closed

Of the nine risks closed in the period the most significant risks were:

- ***Significant number of claims from 3rd parties received as a result of utility diversion activity:***
 - Both these claims were closed as the OCIP will provide cover in the event of these claims arising.
- ***Requirement for early commencement of depot works is not able to be met.***
 - This risk was closed as the treatment plans ensured the risk did not arise.

1.6.4 Risks reassessed

Of the six risks reassessed the most significant ones were:

- ***Infraco does not have detail to achieve contract close:***
 - The significance of this risk has increased as the potential likelihood and capex impact of the risk have increased.
- ***Damage to Network Rail infrastructure by contractor***
 - The significance of this risk decreased due to the installation of a barrier to protect the infrastructure.

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Lothian Buses

- ***Failure to process prior approvals applications within eight weeks***
 - Inadequate quality of submission of approval requests from SDS can result in CEC failing to approve the submissions resulting in programme delay. This would have a significant impact on the construction programme.

Review project opportunity register

There has been considerable progress made in terms of agreeing the principles for crystallising the previously opportunities. Due to the dynamic progress in this area, a fuller update of the current status will be provided at the TPB.

Appendix D Primary risk register

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
870	SDS Designs are late and do not provide detail Infraco requires	Infraco does not have detail to achieve contract close	Delay to due diligence and start on site and need to appoint additional design consultants	T Glazebrook	25	Project	Review AIPs for Structural Information	Complete	Complete	02-Feb-07	S Clark
							Obtain Design Progress Dashboard from SDS	Complete	Complete	15-May-07	T Glazebrook
							Monitor design progress and quality	On Programme	On Programme	10-Jan-08	T Glazebrook
268	Final Business Case is not approved or is approved subject to the gaining of additional funding	Funding not secured/agreements not finalised for total aggregate funding from TS and CEC including grant/indexation at FBC; risk sharing between parties; cashflow profile; financial covenant; public sector risk allocation.	Possible showstopper; Delays and increase in out-turn cost may affect affordability. Event: also decision on line 1B.	S McGarrity	0	Project	tie are facilitating interaction between TS ANd CEC in the delivery of a funding agreement which will cover all funding matters including decision making on Phase 1b. This process requires each party to facilitate decision making within. Target resoluti	On Programme - Target Date mid August 2007	On Programme - Target Date mid August 2007	28-Sep-07	G Bissett
							Tram Project Board to monitor progress towards conclusion of agreement.	On Programme	On Programme	28-Sep-07	D MacKay
915	Policy or operational decision	Transport Scotland and CEC do not provide indemnities on payment	Bidders will not commit to contract without this assurance; Delay in bid process; Possible bidder withdrawal from negotiations and bid process.	G Gilbert	0	Project	Ensure Transport Scotland understand implication of not providing indemnities and obtain buy-in from them	On Programme	On Programme	15-Aug-07	G Gilbert

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ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
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	25		In conjunction with MUDFA, undertake trial excavations to confirm locations of Utilities	On Programme	On Programme	31-Aug-07	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.	G Barclay	25		Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales.	On Programme	On Programme	31-Aug-07	G Barclay
							Carry out GPR Adien survey	On Programme	On Programme	31-Oct-07	J Casserly
							Investigations in advance of work	On Programme	On Programme	30-Nov-07	J Casserly
279		Third party consents including Network Rail, CEC Planning, CEC Roads Department, Historic Scotland, Building Fixing Owner consent is denied or delayed	Delay to programme; Risk transfer response by bidders is to return risk to tie; Increased out-turn cost if transferred an also as a result of any delay due to inflation.	T Glazebrook	25		CEC Planning - mock application by SDS	On Programme	On Programme	31-Dec-07	T Glazebrook
							Engagement with third parties to discussed and obtain prior approvals to plans	On Programme	On Programme	31-Aug-07	T Glazebrook

Transport Edinburgh
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Lothian Buses

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Identify fallback options	On Programme	On Programme	31-Aug-07	T Glazebrook
							Obtain critical consents prior to financial close	On Programme	On Programme	10-Jan-08	T Glazebrook
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. procurement. Impact upon risk balance.	T Glazebrook	23		Integrate CEC into tie organisation/accomodation (office move)	Complete	Complete	04-Jun-07	T Glazebrook
							Hold weekly CEC/SDS liaison meetings	On Programme	On Programme	31-Dec-07	T Glazebrook
							Hold fortnightly Roads Design Group	On Programme	On Programme	31-Dec-07	T Glazebrook
47	Poor design and review processes; cumbersome approvals process; reiterative design/approvals process.	Completion of MUDFA works is delayed (due to late design/approvals) - late utility diversions in advance of Infraco works.	Increase in price and time delay in the Infraco contract; Infraco could end up delay to commencement or with utility diversion and would have to price for or have to carry out unplanned re-sequencing; Claims from MUDFA as a result of being unable to proceed with works.	G Barclay	23		Review design timescales	Complete	Complete	30-Apr-07	J McAloon
							Micro management of design	On Programme	On Programme	31-Aug-07	J McAloon
							Revise design process	On Programme	On Programme	31-Aug-07	J Casserley

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ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Review tie design review	On Programme	On Programme	31-Aug-07	J Casserley
							Incentivisation of SDS	On Programme	On Programme	28-Sep-07	M Crosse
917	Transport Scotland and CEC have not agreed funding and risk allocation required from Tram budget for Tram elements of work; Immunisation Works on critical path and it is essential they are complete by October 2009.	Source and level of funding and risk allocation for Network Rail Immunisation Works has not been established	Immunisation works unable to proceed due to lack of funding or works are delayed having a critical effect on programme	S Bell	23		Undertake Immunisation Works Risk Workshop to produce key risks register	Complete	Complete	16-Mar-07	
							Establish risks retained by each party for liability	Complete	Complete	30-Mar-07	D Sharp
							Issue instruction to Network Rail to undertake works	Behind Programme	Behind Programme	30-Apr-07	D Sharp
							Agree Immunisation Project Milestones	Behind Programme	Behind Programme	30-Apr-07	S Bell
							Establish funding contributions and respective budgets from TS/NR/CEC/Other Projects	Complete	Complete	31-May-07	D Sharp

Transport Edinburgh

Trams for Edinburgh

Lothian Buses

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
980	Transport Minister unsympathetic to case put forward for change / SNP hostility towards project. Legal challenge of proposal.	Proposed Scottish Exec amendment of Traffic Regs for Tram core measures is unsuccessful thereby triggering public hearings	Delay to date by which TROs can be made increasing difficulty of managing the gap period between Infraco commencement and the date of the TROs being made. Impact (yet to be assessed) on project costs.	K Rimmer	23		Encourage and assist SE as much as possible in order to promote change to regulations	On Programme	On Programme	31-Jul-08	K Rimmer
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	18		SUC Liason	On Programme	On Programme		G Barclay
942	Decision making process, relating to funding and works, not undertaken during purdah period	Network Rail do not commence works at required time	Acceleration of works required to reduce duration; Additional costs; Works not completed by drop dead date of October 2009	S Bell	18		Develop strategy and lock down agreement between Transport Scotland and Network Rail	Behind Programme	Behind Programme	30-Mar-07	S Bell
							Clarify lines of communication and governance for Development Phase within Transport Scotland	Behind Programme	Behind Programme	30-Apr-07	D Sharp
							Establish and monitor agreement between TS and NR for start of Immunisation Works	Behind Programme	Behind Programme	31-May-07	S Bell

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

ARM Risk ID	Risk Description			Risk Owner*	Significance	Black Flag	Treatment Strategy	Treatment Status		Date Due	Action Owner
	Cause	Event	Effect					Previous	Current		
							Ensure that contractual arrangement between Network Rail and contractor for D&B works is established and understood	Behind Programme	Behind Programme	29-Jun-07	D Sharp

Paper to: DPD **Meeting Date:** 30 Aug 2007
Subject: SDS Update – P5
Agenda Item:
Preparer: D Crawley / T Glazebrook

FOR INFORMATION ONLY

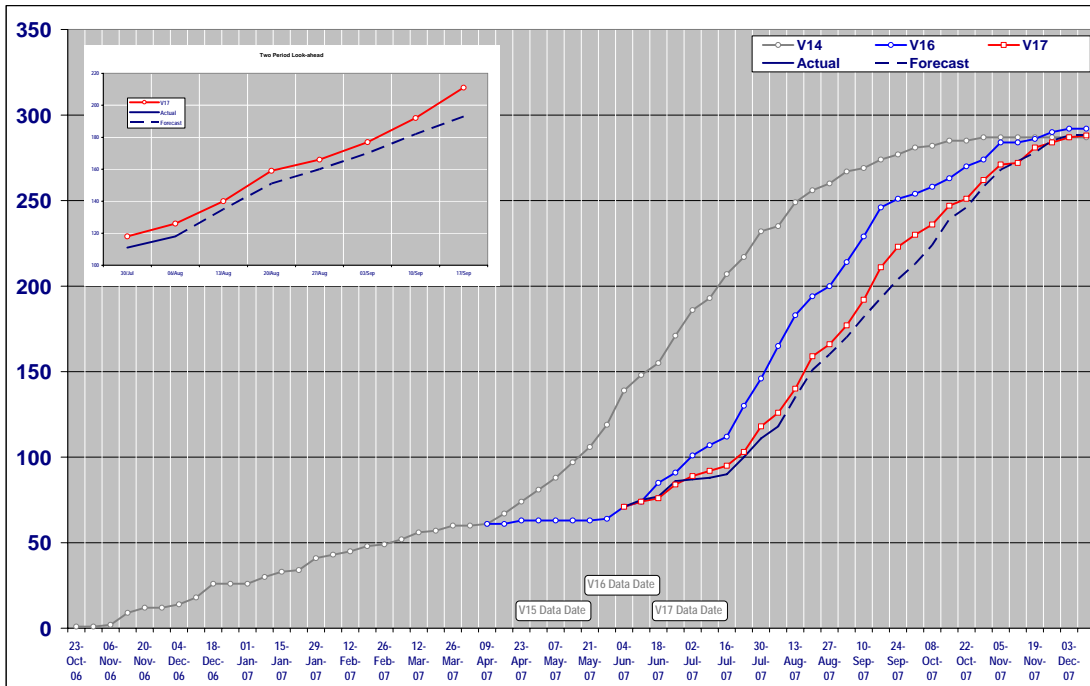
1.0 Summary

Previous reports have concentrated on activity designed to remove blockages to progress, most notably the critical issues the last of which was removed, for all practical purposes, on 28 June 2007.

This has resulted in progress on design deliverables proceeding closely to forecast and programme from this point. As there is a nil-return on critical issues, these will no longer be reported. However, there are a number of issues which are the cause of potential delay and these are reported here to ensure clarity for all parties about their impact. These will become critical issues if not treated.

In terms of design progress metrics, the ‘dashboard’ has previously been reported showing all 4,000 items associated with the design deliverables. Now that delay on design deliverables has now been all but arrested, this is replaced with a sub-set of the 4,000 items associated with the 300 design packages covering the tram system.

This is shown below at V18 (actual and forecast)



This shows clearly little slippage for V18 with respect to V17. The slippage since V14 is not recoverable. These items comprise the design packages which group into the 18 Design Assurance Deliverables by Tram sub-section as shown below at V17 (V18 dates are largely unchanged).

Activity Name	V17 to tie	Section	Sub-Section
Produce Section Wide Design Assurance Statement	12-Nov-07	Section 2	2
Produce Design Assurance Statement	13-Nov-07	Section 3	3B
Produce Design Assurance Statement	15-Nov-07	Section 3	3C
Produce Section Wide Design Assurance Statement	06-Dec-07	Section 7	7
Produce Section Wide Design Assurance Statement	06-Dec-07	Section 6	6
Produce Design Assurance Statement	07-Dec-07	Section 3	3A
Produce Design Assurance Statement	11-Dec-07	Section 1	1D
Produce Design Assurance Statement	18-Dec-07	Section 1	1B
Produce Section Wide Design Assurance Statement	21-Dec-07	Section 3	3
Produce Design Assurance Statement	04-Jan-08	Section 5	5C
Produce Design Assurance Statement	07-Jan-08	Section 1	1C
Produce Design Assurance Statement	29-Feb-08	Section 5	5A
Produce Design Assurance Statement	04-Apr-08	Section 1	1A
Produce Design Assurance Statement	08-Apr-08	Section 5	5B
Produce Section Wide Design Assurance Statement	18-Apr-08	Section 1	1
Detailed Design Verification and Validation Report	22-Apr-08	Project wide	
Produce Section Wide Design Assurance Statement	22-Apr-08	Section 5	5
System Detail Design Review	06-May-08	Project wide	

However, it should be noted that some slippage has occurred and this is mostly due to the issues below. The procurement and construction programmes are not compromised.

2.0 Issues

These issues are provided mostly for information to ensure that all parties understand the impact they cause, but some are shown as requiring additional action. Where this is so, a proposed course of action is shown and will be followed in the absence of advice to the contrary.

SRU

Further action required

The alignment of the tram route and reconfiguration of the training pitches was determined some time ago, but the completion of the Prior Approvals process is on hold until the issue of SRU agreement is completed including confirmation of the parties responsible for paying for the pitch move. It was notionally agreed between **tie** and CEC on 22 June that an acceptable arrangement of staged reconfiguration of the pitches and flood alleviation work could be undertaken and a paper summarising all the issues was produced. This has now been reviewed by CEC and can go the SRU for their agreement. A minimum of three weeks delay has been introduced to the programme as a result so far with a meeting with SRU scheduled for 29 Aug to progress matters

- The action required is for **tie** to ensure that SRU have the relevant information to enable their agreement, noting that it is for SRU to apply for planning permission. Further senior level approaches may be necessary.

Section 1a bridges

Further action required

The two bridges in question (Tower Place and Victoria Dock) are proposed not to have walkways provided. This has been logged previously as a VE opportunity (£2.5m) but, viewed from the perspective of the structures as they exist, this is more properly logged as not carrying out betterment at the cost of the project. It remains to resolve the issue of the future provision of walkways between CEC and **tie**, noting that an adjacent development would be the obvious vehicle to use to carry out this betterment. This issue is a programme and cost risk.

- The action required is for **tie** to cause SDS to produce a design which meets the requirements of CEC noting that the project is not in a position to take the financial risk.

Depot

Information only

The recent VE exercise and the cessation of activity on EARL have given rise to opportunities for moving the depot to realise savings. This involves moving the depot northwards by a few meters, simplifying the alignment of connecting roads and services and saving costs on piling. This will have an impact on the design deliverables programme, as it represents a late change. A change order is being issued to confirm the details and to enable SDS to progress with the new design. A further issue arising is the need for **tie** and Scottish Water to agree on the design principles for the adjacent 800mm main. SDS will be instructed to design for a single pipe but in a corridor capable of accommodating two in an attempt to 'future proof' this issue.

Drainage

Information only

Information on drainage provision, which is required to complete designs, has not been fully available to SDS, with some significant gaps existing. This information is now being provided through the MUDFA AMIS contract and a programme for its provision has been produced. It has not yet been confirmed that this programme will deliver all the required information. This late provision will have an impact on the design deliverables programme, particularly roads, drainage and cross section design. Action is being taken to minimise impact which will be quantified in the next programme issue (V19).

EARL

Information only

The effective cancellation of EARL requires some redesign to ensure that in the absence of some structures, the tram alignment and design are self-consistent. SDS now have the detail they require, but there will be some impact of the design deliverables as a result, which will be quantified in the next issue of the programme. SDS are compiling a change request. It should be noted that vertical alignment changes are not likely to be significant because of drainage needs and this will limit the capital saving resulting.

Balgreen Road

Information only

Network Rail need to give their agreement to the access arrangements provided for them resulting from the details of the design we are proposing. Network Rail agree that this is the only arrangement possible and agree that its provisions are workable. They have written to **tie** summarising their position as (1) agreeing that the alignment chosen is the best possible, (2) agreeing that re-opening of discussions with Baird Drive residents is now possible, (3) asking for all their additional costs arising from their operational changes to be borne by the project (not yet quantified), (4) asking for confirmation that we are prepared to proceed on this basis. A reply is being prepared to allow progress to be made in terms of resident consultation. Further discussions will be had over their possible operational cost increases.

Lindsay Road

Information only

Forth Ports have provided a scheme which has now been processed by SDS and found to be workable. It remains to gain the agreement of ADM Milling who would be affected. A first meeting with ADM Milling have taken place who are not yet content with the plans because of the restricted access for their vehicles which results. The whole issue of Ocean Terminal has already introduced significant delay into Section 1 design and now that the principal issues have been resolved it remains to complete this consultation for agreement. This will require Forth Ports to take an active role in discussions with ADM Milling.

Roseburn Corridor maintenance strategy

Information only

This is with CEC for comment and agreement. At this stage it is necessary only to consider the activities identified rather than who the future duty holder(s) will be. SDS are proceeding with their designs on the assumption that this strategy will prove acceptable in order to continue to make progress.

speed with which this can be achieved is crucial to the success of the service.

- 2.6 CEC policy cycle 9 is not therefore applicable on any of TEL services: *'The Council supports the carriage of bicycles on rail services and medium to long distance bus services.'*
- 2.7 TEL has specified the largest capacity trams possible with maximum number of doors and seating, in line with experience and continued practice with Lothian Buses to procure the largest capacity replacement buses that can be accommodated on the Capitals streets. The use of high capacity vehicles supports the policy of efficient transport provision charging low fares.
- 2.8 Since 1999, the proportion of all trips made by residents in the City of Edinburgh by bicycle has risen by an eighth, while accidents involving cyclists have reduced. However, cycle trips, still account for less than 2% of all trips made, although the percentage of trips to work made by bicycle are up from 1.8% to 3.1%.

3.0 Risk / benefit analysis

- 3.1 In formulating the TEL policy, research has been undertaken on experience to date in other cities within the UK and continental Europe as to how best to achieve integration with cyclists in the context of the City of Edinburgh. Details of which are contained in a separate appendix if required.
- 3.2 A hazard identification and risk assessment exercise has been undertaken and supplemented by a series of practical tests. The proposed TEL policy, applied by the operational staff, forms a part of the mitigation of these hazards.

4.0 Proposed TEL policy

- 4.1 To permit the carriage of folding bicycles, fully enclosed within a bag, at the discretion of the bus driver or tram inspector when sufficient space exists.
- 4.2 To prohibit the carriage of all other bicycles on the TEL bus and tram integrated network.
- 4.3 To have available cycle parking facilities where possible at tram stops west of Haymarket and north of Picardy Place.
- 4.4 To provide information through the internet, on information panels at bus and tram stops and to make leaflets available through the TEL travel shops, relating to opportunities for onward travel by bus and tram for cyclists.

5.0 Recommendation

5.1 The Board is requested to note the basis upon which the proposed policy has been formulated and to approve the proposed TEL policy for integration between bus, tram and cycles.

Proposed: Alastair Richards Date: 23 August 2007
TEL Tram Director

Recommended: Neil Renilson Date: 23 August 2007
TEL Chief Executive

Approved: Date:
David Mackay on behalf of the TEL Board