



4 Week Period Reporting Pack

Project Title:
Edinburgh Tram Project

Reporting Period:
Period 3 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 Delivery

MUDFA

Preparatory work has continued to allow MUDFA diversion works to commence on 9th July. This included preparation of licences, design and traffic management. Discussions have also been held with Forth Ports with a view to working within the embargo period set in the Forth Ports agreement – these discussions have been fruitful. Approval to proceed with MUDFA works has now been received.

Works have continued on planning CCTV surveys and additional GPR surveys to check the earlier surveys carried out by Adien. These additional surveys were complete and now work is ongoing to determine locations for slit trenches to validate results.

Advance works

Depot

Work continues to progress well with progress running ahead of target. 5,616 loads of spoil were removed against a target of 5,300 loads. However, this good performance was marred by a cable strike on site by AMIS. A full investigation has been carried out into the circumstances, root cause and the recovery of the incident and **tie** are now reviewing the outputs from this report.

An electronic survey to detect any unexploded munitions was carried out during the period prior to the level of the depot being reduced. This is as a result of a desk top survey indicating a risk, albeit low, of such hazards in the area. The full report of the survey is expected in the next period.

A paper on Phase 2 of the depot advance works was submitted to TPB. Following this, discussions are being held with AMIS to reduce their rates to achieve savings on the budget allowance.

Invasive species

Contract was formally awarded to TCM on 4th June and works commenced to plan on 18th June. Additional areas of invasive species were found on Network Rail land and an area in New Edinburgh. These are being quantified at

present. Visits are scheduled every six weeks until September to re-apply treatment.

Badgers

The only activity during the period has been monitoring of the new setts. The next main activity will be destruction of the old sett in autumn once the otter has successfully been re-housed.

Land and property

Tranche 2 GVD has been on hold pending a decision on the future of the project, but can now proceed.

Discussions have been ongoing with NR on lease terms.

Discussions were carried out with CEC regarding the lease to BAA land. The aim was to obtain the lease at the same time as the EARL lease and coordinate the negotiations with the EARL team. However, following the political decision on EARL, this is no longer a viable option, therefore, Tram will now enter into separate discussions with BAA using the EARL lease as a template.

Work has been proceeding to secure licences for MUDFA and invasive species works. Protocols are in place to allow licenses to be obtained according to programme requirements.

The Asset Management Plan from CEC for land now in their ownership has to be finalised. The land assembly team is working to the original objective of having all land and title available to Infracore by appointment of the successful bidder. Discussions are ongoing with CEC to establish the most appropriate mechanism to hand over land to Infracore. This could be done under a single license arrangement or as a series of land drawdowns on an 'as required' basis.

IPR temporary car park

Bids have been received and evaluated but award of the contract is on hold pending an agreement from Transport Scotland to proceed.

IPR 2

Bids were received just before period end and are being evaluated. Since then, CEC have approved additional funding to allow areas C, D1 and D2 to be constructed. The work to area E will be included in the Infraco contract as an option, providing a price in the event that additional funding is obtained.

1.1.2 Traffic management

The TPB approved a report on the St Andrews Square sequencing of work activities and the early implementation of permanent traffic management works to the west side of the square to facilitate MUDFA (commencing May 2008) and Infraco. Design work is underway (SDS) and procurement options are currently being considered (**tie**).

The final approval of the base traffic model calibration is imminent. Coding of the PD1/2 design features is well advanced and a full run of the model suite will occur in early July. This will inform the next stages of the route and wider area design.

1.1.3 Engineering, approvals and assurance

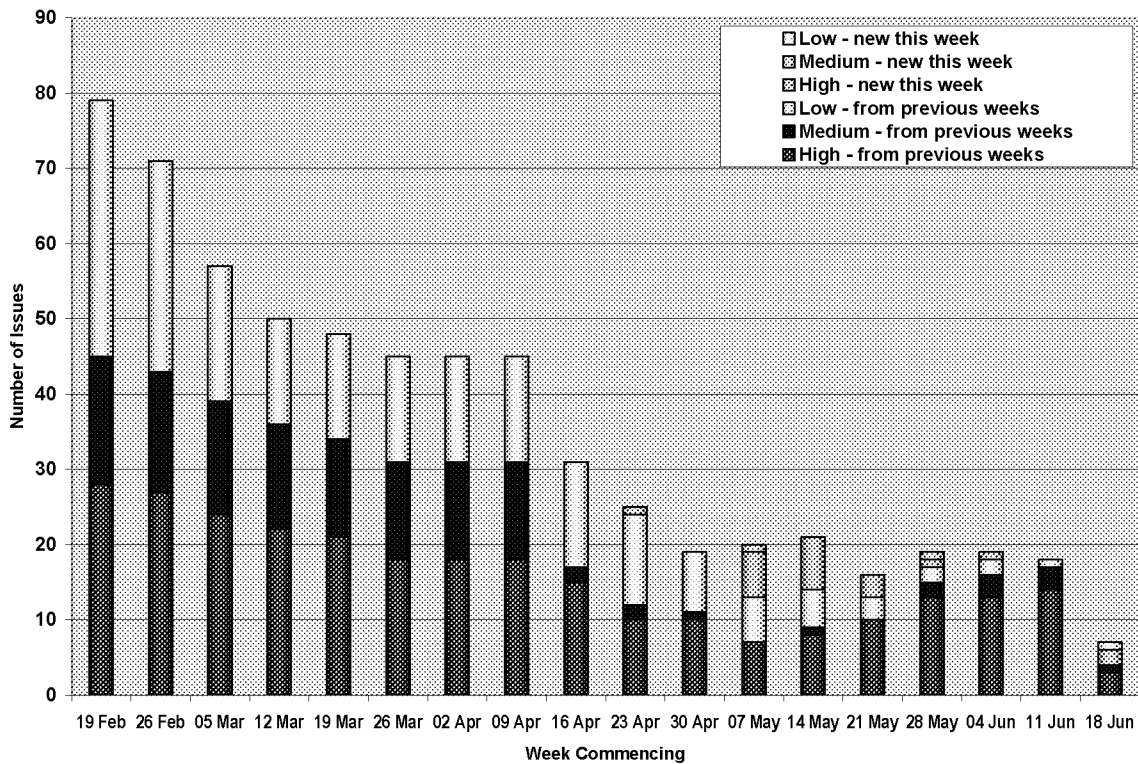
Critical issues resolution

The 'critical issues' are items which are preventing SDS from achieving their programme. These have been the subject of concerted effort over the last few weeks. There are now only five high, one medium and one low status items remaining. For each of those a way forward has been found which will facilitate final closure.

The chart below shows the progress over time in reducing the total number of issues. The critical issues meeting held on 21st June succeeded in agreeing a way forward for 18 items and as such has essentially removed any blockages to progress from **tie** and stakeholder decision making processes.

Before the critical issues resolution, further progress had been made in arresting delay and the rate of slippage since last period has been reduced by 35% (V15 to V16 compared with V14 to V15).

On the basis of this and the resolution of most of the critical issues, confidence is high that further slippage can now be arrested and that next periods report should reflect this.



Design assurance

Packages of designs will be supplied, section by section, in a form which is self-consistent, complete (or if not, with defined status), with interdependencies already reviewed and with associated approvals. Each package will also contain associated TRO information.

Comments were passed to SDS on a trial design assurance package summary for Section 5C to reduce the risk of differing expectations of packages being submitted.

There will be 18 design-assured packages in total, most sections being broken down into the route sub-sections.

There are a number of additional system-wide documents and drawings dealing with such things as power distribution and traffic modelling. Many of these will be provided with the first formal submission. A definitive list is being compiled, but the first issue will not include the final wide-area traffic modelling, as this is not due to be completed until September 2007.

1.1.4 Commercial and procurement Procurement programme

The review of procurement programme has been concluded during this period. The main conclusions are as follows:-

- A recommendation to award Infraco and Tramco contracts will be presented to a special Tram Project Board on or around 25th September 2007. This is subject to completion of due diligence on design, confirmation of the Phase 1b option price and negotiation of remaining Infraco, Tramco and SDS alignment issues to facilitate novation.
- Issue the Contract Award Notification for the Infraco and Tramco contracts on 11th January 2008.
- 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.

A detailed paper is being presented to the DPD which fully explains the revised procurement programme. This will subsequently be presented to the Tram Project Board for approval.

Infraco

The evaluation is progressing but is has been delayed due to an element of bidder disengagement whilst the future of the Project was in question. However, this has been recovered in part by the updated procurement programme.

Both bidders are now committed to the process and the revised programmes have been shared with them.

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

Tramco

The evaluation is reaching the final stages. Negotiations on contract terms has been concluded with one bidder, Douglas, with one unresolved aspect, this being ownership of Project IPR. However, it is believed that this can be overcome to **tie**'s satisfaction. Both bidders accept novation to Infraco, subject to certain protections on access to commercially sensitive IPR. Douglas's stance on this is more accommodating than that of James.

MUDFA

Negotiations on the revised incentivisation arrangements and valuation of time related preliminaries costs have been successfully concluded.

OCIP

A recommendation on OCIP was accepted by the last Tram Project Board. Further negotiation is required to firm up rates with the preferred bidders, contingent on certain technical information being released from the Infraco tender evaluation during July and August.

Value engineering

tie's Jim McEwan has been assigned to lead delivery of VE savings in order to increase the emphasis on this key aspect of the procurement process. Each of the significant potential savings has been assigned an owner within the Project and dates set for their delivery. This will be progressively achieved through July and August. Bidder ideas for further VE savings have been reviewed at workshops and further meetings are planned for July with the one bidder who to date has been less forthcoming with ideas.

The resolution of the trackform solutions is key to both finalisation of Infraco bid evaluations and to delivering VE savings. Given the importance of this to the Project, Steven Bell has been assigned to lead this.

SDS changes and claim

As previously reported a claim has been received from SDS in the sum of £2.2m for the period to 31 March 2007. This is being assessed and a recommendation will be put to the Tram Project Board Procurement Sub Committee prior to commencement of negotiations.

Further information has been received from SDS in respect of the historical changes. This is being reviewed with a view to resolving a clear position on these this Period.

Other procurement activities

- Preparation of a procurement plan for the advance delivery of the depot piling works.
- Plan for the early mobilisation of Infraco and Tramco
- Procurement Plan for advance work in St Andrews Square

1.2 Key Issues for forthcoming period

1.2.1 Delivery

MUDFA

- Work progress is to start on Section 1A – Ocean Drive on 9th July. This requires the IFC design to be issued (these were issued on 25th June). Following the announcement on the future of the project, this information pack can now be delivered.
- Designs are expected on 29th June to allow the next section to commence on 6th August – Croall Place). Designs are also due for section 5a – Russell Road and the depot. **tie** still have concerns about the delivery of these designs and discussions are ongoing with SDS about resource levels and competency to ensure successful delivery.
- CCTV surveys will be completed following an announcement and a decision on slit trenches to test Adien surveys will be made and arrangements made to commence works.

Advance works

Depot

- Works on Phase 1 to continue
- Rates for Phase 2 to be agreed with AMIS

Invasive species

- No further activity until August

Badgers

- Monitoring only

Land and property

- Continue discussions with BAA, Forth Ports and NR on lease.
- Issue 2nd Tranche GVD notices.
- Begin preparation for Tranche 3 GVD notices.
- Prepare to commence processing of GVD compensation claims for Tranche 1.

IPR temporary

- Award contract and start works on site.

IPR 2

- Complete tender evaluation, interviews with tenderers and submit recommendation to Steering group to allow award of contract.

1.2.2 Traffic management

- Until the PD2 design is approved, progress on the TRO work programme is currently focussing on early actions which are not detail sensitive such as the 'Statement of Case'.
- A report will be presented to the August TPB recommending a revised strategy for dealing with the Tram affected Greenways (red regulatory lines) routes to reduce regulatory risk.

1.2.3 Engineering, approvals and assurance

The first self-assured design package is due for delivery from SDS during the period.

Progress will continue with stakeholder liaison, particularly for detailed roads design arrangements

1.2.4 Commercial and procurement

Procurement programme

Approval of the revised programme for procurement by Tram Project Board and formal agreement from the Infraco and Tramco bidders.

Infraco

Key activities are:-

- Issue of further bid information updates.
- Preparation of the draft evaluation report.
- Conclusion of negotiations on contract terms.
- Preparation of detailed negotiation plan to deliver negotiated savings.
- Reviews and negotiations to resolve Infraco / Tramco interface issues (commercial, technical and programme).

Tramco

Key activities are:-

- Conclusion of contract terms negotiations.
- Obtain final offers.
- Final commercial negotiations to reduce prices.

MUDFA

Formalisation of renegotiated preliminaries valuation and incentivisation terms.

Advance works

Finalisation of the procurement strategy for advance piling works at depot and mobilisation of Infracore and Tramco prior to contract award.

OCIP

Key activities are:-

- Obtain Transport Scotland approval to place OCIP contract.
- Resolve insurance issues with bidders and MUDFA contractor AMIS.
- Prepare recommendation on professional indemnity insurance and financial loss insurance.

Value engineering

Delivery of further recommendations on VE savings.

1.2.5 Finance and Business Case

A detailed programme for the preparation of the FBC is being developed in alignment with the revised procurement programme and will be presented to the July TPB. This programme will outline the approach to address comments on the DFBC and meet OGC requirements for gateway reviews.

1.3 Cost

	COWD - Period	COWD (YTD)	COWD YTD + f/cast to year end	AFC
Phase 1a	£ 3.9m	£19.0m	£118.2m	£501.8m
Phase 1b	£ 0.1m	£ 0.8m	£ 0.9m	£ 92.0m
Phase 1a+1b	£ 4.0m	£19.8m	£119.1m	£593.8m

- The spend in the period relates primarily to the continued development of the design and ongoing Advance Works. Costs for Phase 1b related purely to finalising design works as previously agreed by the TPB.
- The forecast COWD for the year includes a total of £19.8m in relation to land costs, this reflects the latest valuation by the District Valuer.

1.4 Health, Safety, Environment and Quality

- One accident was reported in the period, this resulted in two days lost time.
- One incident was reported in the period – a telecommunications cable was damaged while excavating the earth bunds at the Gogar depot.
- Three site inspections, one safety tour and two audits were completed in the period. There were minor findings in each of these which have been addressed. There are no environmental incidents to report.

1.5 Stakeholder and Communication

The majority of the communication strategy documented in the Draft Final Business Case had been on hold, as with the majority of the construction work, until after the debate on the future of the project.

Activity has concentrated on planning for the implementation of the MUDFA programme and the ongoing communication activity that will take place. Following approval for the project and the commencement of utility work, the Stakeholder and Communication teams are ready to deliver the construction based communications and the customer interaction cycle.

1.6 Approvals / decisions / support required

Decisions / support required from TS:

- Support in streamlining the approval process for Infraco and Tramco contract award.
- Agreement to place OCIP contract approved by the Tram Project Board.
- Agreement to place commitment for Ingliston Park and Ride temporary car park works.
- Agreement to issue the second GVD notifications for CEC owned land.
- Letter of comfort for Infraco bidders.
- Confirmation of funding draw down to permit finalisation of payment arrangements with bidders.
- Clarification of funding / process to achieve funding for whole of 07 / 08.
- Resolution of TS / CEC funding and risk sharing agreements.
- Decision on extent to which EARL alignment is to be protected.

Decisions / support required from CEC:

- Resolution of TS / CEC funding and risk sharing agreements

Decisions / support required by others:

- Resolution of Ingliston Park and Ride Phase 2

2 Progress

2.1 General / overall

2.1.1 Land and property

District Valuer has completed determining land values for Line 1a - tranche 1, 2, 3 excluding tranche 4 plots, Forth Ports, BAA and NR land
Negotiations will proceed with land owners applying for compensation

Preparations continue for the issue of 2nd GVD notifications for CEC owned land only.

A number of short term leases have been offered to businesses on Roseburn Street with termination date of 31st October 2007. Rolling leases will be assessed on monthly basis following this.

The Land Assembly team are still working on the assumption that 100% of land is transferred to Infraco on award of contract (excluding leased land).

Leases with BAA and NR are still being pursued.

CEC are currently working on a lease agreement for asset management – this will be discussed with tie in coming weeks.

2.1.2 Network Rail

Discussions continue with TS and NR with regard to contract, scope and programme of network rail activities. There does not seem to have been any progress made between TS and NR in the period and this is a concern for the project.

Immunsation

Scope and programme unknown until agreement has been reached between TS and NR. Possession dates that are already booked for Dec 2008 / Jan 2009 have been shared with the Infraco bidders for information. These possessions are to finalise the testing and commissioning following completion of the NR immunisation project. This work has to be completed prior to the energisation of the Gogar Depot currently programmed for late November 2009.

Relocation of existing lineside equipment

Scope and programme unknown until agreement has been reached between TS and NR. **tie** have previously booked a possession for December 2007 to allow NR to relocate existing lineside equipment and may now incur a cost for cancellation / non-usage.

Relocation of existing diesel storage tanks at Haymarket depot

Scope and programme unclear until agreement has been reached between TA and NR. NR have verbally advised that programme will commence June 2007 and complete Dec 2007.

A series of possession requirement meetings have been held with both Infraco bidders during the period. The outcome is a matrix of possession requirements that have been agreed and submitted to NR as "1st draft". There will be ongoing discussion with NR until the final submission at a "lock-down" meeting 26 weeks prior to the possession window (mid Dec 2008 – mid Dec 2009).

A possession booking procedure is under preparation and should be concluded in the period.

Discussions continue between **tie** and NR on preparation of an asset protection agreement document.

2.1.3 OCIP (owner controlled insurance programme)

Agree programme structure and appoint lead insurer / following markets.
Agree premium payment plan.

2.2 Procurement consultant

The period saw the conclusion of the SDS re-baselined design programme which in turn informed the revised Infraco procurement programme. The Infraco and Tramco contracts are programmed to move to preferred bidder status in September 2007 and award in late January 2008.

2.3 Design

System Design Services (all preliminary and detailed design informing programme and costs). Parsons Brinckerhoff submitted version 16 of the design schedule on 15th June 2007 progressed to a data date of 04 June 2007. This enables the Tram master programme to be updated with achieved progress and / or slippage. This in turn drives the programme through many logic strings which results in the constant “live” scheduling of, amongst others, utilities construction, traffic management, advance works (non-depot), advance works at Gogar depot site and structures construction within the Infraco package.

The issue of design packages “for construction” to inform the Infraco procurement process has been revised between V15 and V16 as follows:

Section 1 Newhaven to Haymarket
V15 – 30Jan08 V16 – 25Feb08
Section 2 Haymarket to Roseburn Junction
V15 – 05Dec07 V16 – 04Feb08
Section 3 Roseburn Junction to Granton Square
V15 – 20Nov07 V16 – 07Jan08
Section 4 Future
Section 5 Haymarket to Gogar
V15 – 13Mar08 V16 – 23May08
Section 6 Gogar Depot
V15 – 03Dec07 V16 – 08Feb08
Section 7 Depot to Airport
V15 – 19Feb08 V16 – 05Feb08

SDS have reported movement in the design assurance package issue dates from V15 to V16 which is currently being reviewed.

2.4 Financial / funding / procurement strategy

Both JRC high and low level modelling reports have been issued and are currently under review.

2.5 Parliamentary process / approvals

This phase is now complete.

2.6 Procurement construction works

2.6.1 Negotiations and award of contracts

- The period saw the conclusion of the SDS re-baselined design programme, which in turn informed the revised Infraco procurement programme.
- Infraco contract is programmed to move to an award recommendation in September 2007 and award in late January 2008 (based on Contract Award Notifications being issued in early January 2008).
- Tramco contract is programmed to move to an award recommendation in September 2007 and award in late January 2008.
- Invasive species contract awarded and works commenced 18 June 07
- Eradication of the invasive weeds is required to enable an unhindered approach by Infraco with certain types of treatment requiring a 1,2, or 3 year cycle.
- Negotiations between TS and NR to agree a contract, workscope and programme continue to be a concern.
- To maintain the overall completion of Phase 1a in 1st quarter 2011 an Advance Works contract will need to be let for the depot piling works alongside the A8 and mobilisation agreements placed with Infraco and Tramco in October 2007.

A paper is being submitted to the Tram Project Board seeking approval to the revised programme.

2.7 Construction works

2.7.1 Utility diversions

- Trial site excavation completed.
- Due to commence main workscope from w/c 9th July 2007 at WS2 Newhaven Road – Ocean Drive.

2.7.2 Advanced work

Depot

Due to the lengthy nature of these works in constructing the Gogar Depot this is the critical area in the programme. In order to have the depot built and commissioned ready for 1st Tram deliveries in December 2009 an advance works contract has been awarded to allow for enabling works and mass excavation prior to Infraco commencement.

- Phase 1 earthworks progressing to plan.
- Preparation of scope for Phase 2 works continues

Non depot

- IPR Phase 2 tender queries and clarifications continue
- IPR Phase 2 – completion of informal consultation process for TRO's and commencement of formal consultation.
- Meetings held during the period to integrate St. Andrew Square re-alignment / re-prioritisation works with CEC Streetscape works and MUDFA. Draft programme issued for comment.

2.8 Testing and commissioning

This phase has not yet commenced.

2.9 Handing over and service operations

This phase has not yet commenced.

2.10 Network output programme interface (with Transport Scotland)

This phase has not yet commenced.

2.11 Interface with other projects

- Discussions continue with EARL, SGN and Network Rail to allow for integration of programmes particularly with regard to works within the confines of BAA land at or adjacent to the airport.
- SGN are updating verbally but it is proving difficult to receive any type of programme update.
- EARL – Clarification is required on any requirements for protecting the route for potential future development. There would be programme and cost benefits if this were not the case. A paper will be submitted to the Tram Project Board outlining the position.
- EARL – have been attempting since mid May to extract an electronic version of Jacobs Primavera programme but so far all attempts are proving fruitless.

3 Headline Cost Report

3.1 Current Financial Year

	COWD (YTD)	COWD YTD + forecast to year end	Funding TS authorised current year	COWD YTD + forecast to period covered by funding
Phase 1a	£19.8m	£119.1m	£60.7m	£53.4m (Pd7)
Phase 1b		- 1	- 1	- 1
Phase 1a+1b	£19.8m	£119.1m	£60.7m	£53.4m

Note - 1) £2.5m design costs are to be expended against Phase 1a budget as agreed by the Tram Project Board.

- The COWD YTD includes £8.6m in relation to land purchase, £4.6m for design development and £1.4m relating to the depot Phase 1 Advance Works.
- The forecast cost for the year remains sensitive to the extent of advance works undertaken prior to award of Infraco. Stage 1 of the depot advance works is currently ahead of programme with 59,000m³ excavated against a planned 49,000m³ to the end of Period 3. A paper for the Stage 2 works has been presented to TPB for review, however a decision has been deferred until after the Parliamentary review of the Tram Project - expected in early Period 4 (Now obtained).
- A comprehensive review of the risk register is currently being undertaken and will be concluded in Period 4. The results of which may impact the current financial year forecast and overall project AFC. Section 5 contains further details of the progress made to date.

3.2 Next Financial Year

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total FYF
Phase 1a	£23.6m	£34.2m	£24.2m	£48.8m	£130.8m
Phase 1b	£ 4.7m	£ 1.2m	£ 2.2m	£ 3.4m	£ 11.5m
Phase1a+1b	£28.3m	£35.4m	£26.4m	£52.2m	£142.3m

The forecasts for 08/09 is sensitive to the revised programme and 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 received) in 08/09 relate to Land, costs for utility diversions and risk allowances.

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

The position remains as set out in the Report for the previous Period.

Notes:-

1. Includes CEC/ s75 free issue land
2. £3.3m of CEC / s75 free issue land are included in £45m funding from CEC.
3. Includes £2.9m of design costs for Phase 1b, to be expended against Phase 1a funding.

The increase of the Phase 1a AFC to the DFBC baseline is due to two authorised change orders:

- CEC resource allocation to the Tram Project - £0.8m
- Additional JRC modelling requirement to address wide area impacts - £0.2m

Value engineering and negotiation savings are required in order to deliver Phase 1a within the £501.8m current AFC, as set out in our Infracore Initial Tender Return Project Estimate Update paper dated January 2008.

3.4 Change Control

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

	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/ potential Changes	4.6	-	4.6
Potential AFC	506.4	92.0	598.4

The position remains as set out in the report for the previous period

Certain potential changes relate to items previously discussed at the Tram Project Board and formal change notices are yet to be 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 main MUDFA works to July

However, an internal review is underway to investigate opportunities to mitigate the impact of these changes, therefore formal change notices have not yet been raised. Results of this review will be reported in Period 4.

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.

3.5 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	£405.4m	£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

4 Time Schedule Report

4.1 Report against key milestones

Provide information on key milestones and progress to date. *Agreed* meaning the milestones agreed between TS Project Manager and Promoter that will be currently tracked on this extract.

Milestones taken from DFBC:

Milestones	Date
Approval of Draft Final Business Case by CEC	21 Dec 06A ✓
Approval of Draft Final Business Case by Transport Minister – approval and funding for utility diversions	15 Feb 06 16 Mar 07A
TRO process commences	13 March 07 15 Oct 07
Tramco - complete initial evaluation/negotiation	19 Mar 07 09 Mar 07A
MUDFA - completion of pre-construction period of MUDFA contract	02 Apr 07 30 Mar 07A
MUDFA - commencement of utility diversions	02 Apr 07A
Infraco – return of stage 2 bids	05 April 07 08 May 07A
Infraco - completion of evaluation / negotiation of bid	10 May 07 10 Sep 07
Infraco and Tramco – approval of conditional contract award recommendation by Tram Project Board	10 May 07 25 Sep 07
Tramco/Infraco – Final facilitated negotiations in respect of novation complete	07 Jun 07 22 Oct 07
Infraco and Tramco – approval of conditional contract award recommendation by CEC	13/11/07
Infraco and Tramco – approval of conditional contract award recommendation by CEC	18/12/07
Tramco/Infraco – issue of Contract Award Notification (cooling off period)	19 Jul 07 11 Jan 08
Infraco - negotiation of Phase 1b complete.	30 Nov 07
Approval of Contract Award Confirmation by CEC and Transport Scotland – approval and commitment of funding for Infraco / Tramco	27 Sep 07 10 Jan 08
Tramco / Infraco - award following CEC / TS approval and cooling off period.	11 Oct 07 28 Jan 08

Infraco construction works commence on Phase 1a	07 Dec 07 26 Feb 08
TRO process complete	17 July 08 19 Jun 09
Construction commences on Phase 1b	◆29 Jun 09✓
Construction complete Phase 1a	◆08 Jul 10✓
Operations commence Phase 1a	◆Jan 11 ✓
Construction complete Phase 1b	◆Jun 11✓
Operations commence Phase 1b	◆Dec 11 ✓

◆Note that these dates will be subject to confirmation following completion of evaluation of bidders programmes.

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

- Political uncertainty – programme impact through indecision on commitment to commence work packages or increased approval timescales.
- Delivery of design programme – as so many areas of the programme are dependant of timely and adequate design the programme is vulnerable to slippages in the SDS Programme and statutory approvals.
- Network Rail immunisation – as no clear contracts in place between TS and NR, no clear workscope and no programme there are real concerns that this may impact Tram programme as disruptive possessions are required to complete process.
- Network Rail Relocation of lineside equipment – see above
- Award of Infraco/Tramco contracts delayed by late design assurance – see above

4.3 12 week look ahead

Key milestones for the next 12 weeks are:-

- Recommence MUDFA Utilities diversions – 9 July 07
- Issue GVD Notice for Tranche 2 land – 11 July 07
- Commence Invasive Species eradication – 13 July 07
- Conclude contract negotiations with Infraco bidders on main issues – 18 July 07
- Conclude main VE savings recommendations – 20 July 07
- TS to place contract for NWR immunisation works
- Prepare draft Infraco Evaluation Report – 25 July 07
- Prepare detailed Infraco negotiation plan – 25 July 07
- Commence IPR temporary car park works 8 August 07
- Complete Invasive Species eradication – 8 August 07
- CEC take title of Tranche 2 land – 9 August 07
- SDS issue Design Assurance Package for Haymarket to Roseburn Junction – 13 August 07
- Issue GVD Notice for Tranche 3 land – 14 August 07
- Conclude agreement with CEC on Infraco proposed methodology for delivering on street works – 10 August 07
- Complete Depot Phase 1 works – 24 August 07
- Conclude Tramco final negotiations – 27 August 07
- Conclude Infraco/Tramco initial Facilitated Negotiations – 27 August 07
- Commence Infraco bidder due diligence on critical designs – 28 August 07
- SGN commence diversion works on site – 3 September 07
- CEC endorse JRC model audit – 5 September 07
- CEC take title of Tranche 3 land – 11 September 07
- Conclude final negotiations with Infracos - 17 September 07
- CEC approval of traffic modelling report – 24 September 07
- Conclude process for 1st set of land compensation claims – 25 September 07
- Tram Project Board Approval to Conditional Contract Award Recommendation – 25 September 07

5 Risk and opportunity

5.1 Summary

Risk workshops have been conducted for the following areas of the project:

- Construction
- Procurement
- Invasive species

During these workshops there was a review of the risks currently held on ARM. Further workshops will be held to update the existing risks with any new risks and an updated QRA run in Period 4.

A review of the ARM software is underway and training will be arranged for users once the list of those who require a license has been consolidated. Two project managers received some initial training from the Project Risk Manager in this period.

Other matters which have progressed this month are the production of a Concerns Management Procedure and further work with the MUDFA team on their risk register.

5.2 Review project risk register

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

Risks opened	13
Risks closed	19
Risks reassessed	20

5.2.1 Risks added

Of the 13 risks opened this period, the high significance risks are those pertaining to traffic regulation orders (TROs), namely:

- Failure to reach agreement with CEC on the way in which Tram Urban Traffic Control (UTC) priorities are handled at key junctions.
- Delay in achievement of permanent TROs causing delay to project.

- Failure to reach agreement with CEC on roads maintenance responsibility where Tram has been installed in CEC maintained roads and structures.

5.2.2 Risks closed

Of the 19 risks closed this period, the most significant risks on the project were:

- MUDFA contractor encounters other services / conditions that mean utility diversions cannot be constructed within the LoD.
- Failure to reach agreement with CEC on roads maintenance where trams have been installed on CEC maintained roads.
- Failure to sustain negotiating position and / or suitable interest from the market throughout the bid process.
- Business case runtime and CEC requirements change in equipment and quality specification.
- Basis of OCIP rates change.

5.2.3 Risks reassessed

Of the 20 risks reassessed, the main items are:

- Price certainty is not achieved – the probability of this risk was reduced after inspection of second stage bids confirmed no changes from first stage bid.
- Gaining access to land prior to purchase for land works – the probability reduces as this now applies only to invasive species work.
- Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged – probability reduced.
- A number of risks relating to the OCIP were reassessed with the Capex impact being reduced to zero in each of these risks, as there is a provision for these risks in the base estimate.

5.2.4 Primary risk register

See Appendix C

5.3 Opportunities

Appendix C3 value engineering report

6 Health, safety, environment, quality and resources

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

One accident was reported in the period, this resulted in two days lost time. An operative twisted their knee while moving and placing mesh in wet concrete.

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

One incident was reported in the period – a telecommunications cable was damaged while excavating the earth bunds at the Gogar depot.

Three site inspections were completed in the period – one at the Gogar depot and two at the Citypoint office. Minor issues regarding site signage, lighting, notices and staff induction issues were raised and addressed.

One safety tour was completed – no serious findings were raised.

6.2 Environment

There are no environmental incidents to report.

6.3 Quality

Two audits were undertaken in the period, both covering the MUUDFA Casino Square trial site. One was undertaken on AMIS activities (Ref; TQA/07/01) with six minor findings recorded. The other covered the **tie** activities (Ref; TQA/07/02) with seven minor findings recorded. Close out plans for all findings are agreed.

6.4 Resource management

The resource management plan as approved by the TPB 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

The majority of the communication strategy documented in the Draft Final Business Case had been on hold, as with the majority of the construction work, until after the debate on the future of the project.

Stakeholder workshops have been held with the stakeholder team over the last four weeks. The plan and outcomes of these workshops are being developed and will be delivered shortly.

The stakeholder team has developed a new database which is currently being trialled.

Work has also commenced at pulling together all 3rd Party Agreements into one location.

The stakeholder relations have continued to develop and foster relationships with businesses and the wider community. This has included:

- Meeting the business managers at the Ocean Terminal Shopping Centre and the Gyle Shopping Centre
- Other individual businesses likely to be affected by the tram construction
- Visited local business owners in preparation for frontager and wider community meetings
- Attended The Small Business Club and Chamber of Commerce networking events
- Attended Ox Craig Street design consultation
- Attended Local residents association meetings
- Meetings with local community groups including Corstorphine Community Council (20th June)
- 13th June – Scottish Freight Transport Authority
- 15th June – Edinburgh City Region Conference
- 19th June – SCA Packaging (Gogar)
- 20th June – Spokes (Edinburgh Cycling Forum)
- 20th June – Leith Neighbourhood Partnership Workshop

Advertising, information packs, Councillor and MSP communications, media briefings and the customer interaction cycle are poised ready to start if approval is received and if appropriate.

7.2 Communication strategy / plan

Following the election, work had slowed on delivery of the communication strategy due to political uncertainty. Following the decision to progress with the project, the communication strategy documented in the draft Final Business Case will be delivered.

Day to day activity concentrates on planning for the implementation of the MUDFA programme and the ongoing communication activity that will take place. Following approval for the project and the commencement of utility work, the Stakeholder and Communication teams are ready to deliver the construction based communications and the customer interaction cycle.

If appropriate the communications strategy will be reviewed in July.

7.3 Communication and stakeholder matters arising from previous period

7.3.1 Helpline and stakeholder meetings

A maximum of five calls a week are being received and responded to at the moment. Processes are in place should this workload rise.

Four frontager meetings have been held in the city centre and Leith areas since 18th June. Two wider community meetings are to be held on 26 and 28 June in the Leith and Haymarket areas.

Frontager meetings

18th June – McDonald Road to the Foot of the walk
19th June – St Andrew's Square to York Place
21st June – Shandwick Place to St Andrew's Square
25th June – York Road to McDonald Road

Wider Community meetings

26th June – Leith wider community
28th June – New Town wider community

Turnout at the frontager meetings has been low and focussed on feedback on the Preliminary Design. A minimal approach will be taken to these events, again with feedback and questions focussing on the Preliminary Design.

No concerns or questions have been raised by the public, on the need or timing of these meetings.

Following an invite from Corstophine Community Council the stakeholder steam attended their recent meeting to discuss trams. A lively discussion was had; Phil Wheeler attended with the team to discuss the political aspect of the project.

7.3.2 Media

Tram continued to be the hot topic across the print and broadcast media, with speculation on the future of the project. Much support had been received from within the business sector and local politicians.

7.4 *Communication and stakeholder action plan for next period*

Specifics include:

7.4.1 MUDFA site specific communications

In preparation for a decision on the future of the tram project we have continued to work with AMIS's communications, to inform residents and businesses of the start of on street works.

7.4.2 Site information

Plans are currently being developed for hoarding around the Gogar site. The placement and size of the site lends itself well to more meaningful and slick signage which will inform residents and commuters.

7.4.3 Launch of programme and customer information

Following clarity on the future of the project it is necessary to launch both the MUDFA programme and the customer communication initiatives for the project. It is expected that the work for the first sites (1a) will follow, if appropriate, our post debate response although these sites are still subject to design output being ready.

Appendix 'A' Detailed cost report

See separate file

Appendix 'B' change control register

(Other information as volunteered / requested from promoter)

See separate file

Appendix 'C' Risk

See separate file

Appendix 'D' Opportunity

Value Engineering
See separate file