



tie Board Meeting

20th June 2005



Agenda for tie Board Meeting
 @ tie offices, Verity House, Edinburgh
 @ 10.00 hrs – 12.00 hrs on Monday 20th June 2005

Item No.	tie Board Meeting Agenda Item	Resp	Timing
1.	Minutes of Meeting of 25th May 2005 for approval and signing – a) Approve and signing of full version of minutes	EB	10.00 hrs
2.	Matters arising	EB	
3.	Chief Executive Report – a) Chief Executive Board Report *	MH	
4.	Heavy Rail - a) EARL - Project Progress Report * b) SAK - Project Progress Report *	SC MH	
5.	Risk - a) Risk Report *	MB	
6.	Finance – a) Board Finance Review * b) Financial Performance Report (Appendix 1)* c) Executive Summary (Appendix 2)*	SMcG	
7.	Other Projects – a) Other Projects Progress Report * b) Business Development	AM AM	
8.	Tram a) IOBC and 2005/6 Funding Status b) Procurement – SDS/TSS/JRC Update * c) Order Issues/Parliamentary Business * d) Transport Edinburgh Limited e) Ticketing	MH IK BC NR AM	
9.	Communications - a) Communications Progress report *	MH	
10.	AOB –	EB	
11.	End		12.00 hrs
12.	Date of next meeting – Monday 25th July 2005 @ 10.00 hrs. Venue: tie office, Verity House, Edinburgh		

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Item 1

Minutes of the Meeting

held on 25th May 2005

- a) Approve full version of minutes



tie limited

Minutes of tie BOARD MEETING

In the tie Boardroom, Verity House, 19 Haymarket Yards
@ 10.00 hrs – 12.00 hrs on Tuesday 24th May 2005

Board Members: Ewan Brown
Andrew Burns
Jim Brown
Gavin Gemmell
John Richards
Bill Cunningham

In attendance: Michael Howell, tie Chief Executive
Alex Macaulay, tie Projects Director
Stewart McGarrity, tie Tram Project Finance Director
Paul Prescott, tie Heavy Rail Director
Barry Cross, tie Project Development Director
Ian Kendall, tie Procurement Director
Keith Rimmer, CEC, CDD, Head of Transport
Neil Renilson, Lothian Buses, Chief Executive
James Papps, PUK

Apologies: Maureen Child
Graeme Bissett, tie Finance Director
Damian Sharp, Scottish Executive, Head of PTMIT
Andrew Holmes, CEC, City Development Director

Circulation: as above

Action
By

EB
AB
JB
GG
JR
BC

MH
AM
SMcG
PP
BC
IK
KR
NR
JP

Note: The Board papers are issued for the purpose of the meeting only. Observers are required to return all the papers to tie at the end of the meeting. Those in receipt of papers and who did not attend the meeting are required to confirm their copies have been destroyed or returned to tie.

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and The Act)
(C) = minute exempt under Section 5b of tie's publication scheme and The Act.

ItemAction
By**1. MINUTES OF THE MEETING OF 19th APRIL FOR APPROVAL AND SIGNING**

The minutes were approved.

EB advised that in the absence of a representative from the Scottish Executive at **tie** Board meetings, EB & MH will seek an early meeting with SE to brief them and discuss any outstanding issues.

MH

2. MATTERS ARISING

None

3. CHIEF EXECUTIVE'S REPORT *

The report was discussed.

It was noted that an early decision was required by the Scottish Executive on the £21 million of funding to maintain the integrity and value for money approach to construction of the Tramlines, however they are phased.

4. HEAVY RAILa) EARL – Project Progress Report *

The project progress report was presented.

SC informed that it was now likely that SE would not wish **tie** to submit the EARL Bill before October although the project program continues on schedule. The board agreed that **tie** should ensure that the submission of the EARL Bill closely interfaces with the outputs from hearings on the TL2 Bill.

SC

EB requested that **tie** ensure written approvals from required parties are in place before any formal commitment is made by **tie** as the promoter of EARL.

PP

b) SAK – Project Progress & Financial Report *

The project progress report was presented. It was noted that postponement of approvals for start of work beyond June 10th could lead to further cost escalation.

<u>Action By</u>

5. TRAM

a) Procurement – SDS/TSS/JRC Update *

IK advised that the evaluation of the tenders for SDS and TSS is underway and a report and recommendations will be submitted at the next Board meeting.

IK

b) Order Issues/Parliamentary Process *

BC advised that the Private Bills for TL1 & TL2 have started the Consideration stage and meetings with the respective Committees commence in June and should complete by October.

tie have made good progress with preparing witness statements and there is positive progress with many of the objectors.

BC reported that the draft Tram Design Manual has been issued to City Development for review and it will be considered by CEC at the Planning Committee meeting on 2nd June 2005.

c) Tram Line 3 *

Final viability test will be completed by 31st May prior to the project being handed back to CEC.

AM

d) IOBC Status

SMcG advised that an updated IOBC document will be presented to CEC officers and then SE by 31st May. SE have undertaken to provide early feedback on the updated material, and to give consideration to the approval of funding for 05/06 tram implementation and parliamentary activities, by Friday 17th June.

DS

e) Advanced Traffic Survey Options *

The **tie** Board approved the proposal to undertake Advanced Traffic Survey Options for the transport model prior to the appointment of consultants.

AM

<u>Action</u> <u>By</u>

6. RISK

a) Risk Report *

The monthly Risk report was presented and discussed.

7. FINANCE

a) Board Financial Review *

The monthly report was noted.

b) Financial Performance Report *

The monthly Financial Performance Report was noted.

c) tie Business Plan 05/06 – Approval Status

The tie Business Plan 05/06 has been finalised and will be presented to City of Edinburgh Council for approval on 2nd June.

SMcG

8. OTHER PROJECTS

a) Fastlink *

A work program is underway by Balfour Beatty to remedy concrete work on certain sections of the Busway. Temporary closure of the Busway will be required during this work due to the time required for concrete curing.

b) Ingliston Park & Ride *

Work at the Park & Ride continues satisfactorily towards the opening date of 14th July 2005.

c) Business Development *

The Business Development Opportunity Planner was noted.

Action
By

d) One-Ticket *

A Year End report was presented and noted.

9. COMMUNICATIONS

a) Communications Progress Report *

The report was noted.

10.AOB

None

11.Date of Next Meeting

Thursday 23rd June 2005 in **tie** offices from 10:00 hrs – 1200 hrs

Signed and approved on behalf of the Board of **tie** Limited by:

Ewan Brown (Chairman).....

Date.....

Declaration:

*Agenda Items marked * indicate that a report or relevant paper on this subject was attached and will be made available under FOI(S)A but will be subject to review under Section 5b of **tie's** publication scheme and The FOI (Scotland) Act 2002. The contents of these minutes will be reviewed by **tie** and items marked with a **(C)** will be made exempt as required under The FOI (Scotland) Act 2002 prior to release.*



Agenda Item 2

Matters Arising



Agenda Item 3

Chief Executive Report

- a) **Chief Executive Board Report ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie BOARD MEETING – 20TH JUNE 2005

Please note that this report takes account of the provisions of FOI (Scotland) Act.

Chief Executive's Report

A. General

- Malcolm Reed, Director General of Strathclyde PTE, has been named the Chief Executive of the Scottish Transport Agency reporting directly to the Minister for Transport. He will assume his new post later in the summer. We understand that:
 - Kenneth Hogg and his rail team, including Damian Sharp and his major projects team, will be transferring organisationally to the Scottish Transport Agency later in the year, reporting to Malcolm Reed in his new role.
 - John Ewing will remain, among other transport matters, responsible for policy and practice for buses, ferries, airports and ticketing.
- There has been a crisis in Liverpool with the DfT refusing to increase the £170 million allocated to the Merseytram project. Efforts are underway to find other sources to keep the project going, since financial close was only weeks away.
- The EARL and tram teams undertook a joint two day visit to Andalusia to understand their transport plans and their very low tunnelling costs. They are building four separate light rail schemes in four cities. We visited Seville where the tram is being built underground through the centre of the city. An impressive cut and cover trench has been dug down one of the main avenues and a tunnel boring machine is about to start work under the river. We were very warmly received and all the information we sought was provided (in English too!).
- The physical expansion of tie continues with the recent move into our offices of additional office furniture to bring the total capacity to 70. This is to accommodate contract staff who will support us under the Technical Support Services contract, when it is awarded.
- There has been unexpected delay on approvals for all funding from the Scottish Executive – trams, EARL and SAK. In each case, there is a potential adverse cost and schedule implication.



B. Tram

- There has been intensive discussion with the Scottish Executive concerning 2005/6 funding for tram design (£21.9 million). The issues have concerned the quantum and source of the funds, the sections of the line that will have priority, and the financial numbers for capital cost and revenue associated with each.
- The £21.9 million is contained in **tie's** business plan, and has been clearly signalled for many months.
- A letter is also still awaited from the Scottish Executive to confirm the award of £3.6 million required for the parliamentary hearings. This sum would be higher if the funds for the detailed design work were for any reason to be significantly delayed.
- At this stage, it seems inevitable that no final determination on the award of this sum will be made until the end of July. This is because of such diverse matters as the contest for the leadership of the Liberal Democrats and the G8 summit. As a result, contract finalisation will be postponed.
- The Parliamentary Committee hearings have resumed. The most significant area of contention has been the Roseburn corridor and the routing of the tram in the neighbourhood of the Western General Hospital. Getting our message across will remain the key challenge.
- A private meeting was held with François Perin, Executive Director of Transdev, to discuss the relationship of Transdev with TEL. He has agreed to consider our request that Transdev not nominate a director to the TEL board, in view of inbuilt conflicts of interest. He will attend the tram section of the **tie** board agenda, and stay to discuss matters with Andrew Burns after the TEL board which follows the **tie** board.
- Four candidates for the non-executive director positions of TEL have been identified. In view of the length of the recruitment process, we are hoping that they will be interviewed by politicians and selected very shortly.
- Recommended bidders for the System Design Services and Technical Support Services contracts are to be presented.
- Bids for the Joint Revenue Committee are expected for late June. The Board will be asked to approve delegated powers, subject to funding.
- The Parliamentary tram committee hearings resumed on 14th June.
- Objections from Royal Mail and Scottish Water have been withdrawn.

C. EARL

- EARL work continues toward the expected publication of the bill in July and its introduction in October. A race may be on with GARL which appears to be seeking to pre-empt the next slot in the Parliamentary legislative schedule. This will be subject to Scottish Executive influence.



- Now that the original bill introduction date is passed, we await confirmation of additional grant funding from the Scottish Executive. The application for funding for the next 2 years was made at the end of May.
- Publication of the bill is scheduled for late June. At that time the position of tie as promoter must be confirmed.

D. SAK

- No decision has been made regarding the grant of funding for the scheme.
- The firm tenders from contractors expired on 10th June, and the potential implications of this were signalled well in advance to the Scottish Executive.

E. Ingliston Park & Ride and FastLink

- Work at the Park + Ride continues satisfactorily towards the opening date of July 14.
- The busway was closed for one week-end for trials to be undertaken on the process for rectifying the vertical alignment. Once an analysis has been done, a firm programme for rectification works will be drawn up. Further closures will be necessary later in the year.

F. Finance and Risk

- The Finance and Risk reports are attached.
- It is to be noted that tram expense now being incurred is funded from £1.2 million for parliamentary work and £2.4 million for design - previous awards carried forward from 2004/5. This has been via verbal approval only.
- Written approval from the Scottish Executive is still awaited, both for this and for the offset of expense between Line 1 and Line 2 parliamentary expenditure.
- We also await confirmation of the 2005/6 tram budgets in total - amounting to £25.5 million, including the above £3.6 million.
- The Executive Summary of the tram interim Outline Business Case (IOBC) is an appendix to the report.
- Similarly, we await a letter confirming our ability to carry forward funds for EARL from last year, and a letter confirming new funds for 2005/6.

G. Business Development

- tie's ability to secure other work is subject to a clearer understanding about what CEC believes, as shareholder, we should undertake.



H. Communications

- The report is attached.

Michael Howell

15th June 2005



Agenda Item 4

Heavy Rail

- a) EARL – Project Progress Report*
- b) SAK - Project Progress Report*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 4a

Heavy Rail

a) EARL- Project Progress Report*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Paper to: tie Board, 20th June 2005
Commercial & in Confidence

Subject: Edinburgh Airport Rail Link
(Project Manager - Susan Clark)

From: Paul Prescott

Date: 10th June 2005

Bill Submission

Following a meeting with the Private Bills Unit, we have agreed that the EARL Bill will be introduced at the end of October. GARL have also indicated that they are to follow the same timescales and this presents PBU with a conflict which they have asked tie along with SE and the GARL team to resolve. We have written to SE to see how they wish to resolve this.

In the meantime we are aiming to "publish" the draft Bill over the summer to kick start the objection process. This will run in parallel with a review of the Bill by the PBU.

Project Governance

CEC have approved the Operating agreement with tie. This is required to give tie the authority to act as Promoter for EARL. We now await feedback on the draft operating Agreement between tie & SE. Until this is finalised it cannot be presented to this board for approval.

A funding application has been submitted to SE for the next 2 years. We await feedback.

Finally, we have started to think about the governance structure for the EARL Project as we move from this phase into the Parliamentary Phase of the project. In outline this envisages a Project Board with the key stakeholders – NR, BAA & SE represented along with tie and PUK.

3rd Parties

Work with Network Rail continues well. Once the Tram protective provisions are agreed these will be used as the basis for EARL.

BAA continue to be non-committal about full support for the project. We continue to work with them on all the technical issues raised, but the real issue appears to be protective provisions in the Bill and the content of these. It is understood that BAA are looking for commercial protection within the Bill.

This is a problem for GARL too and so a meeting with BAA, SE, GARL & EARL is being arranged to try and resolve.

The Cat Stane is the only scheduled ancient monument affected by EARL. This is within the airport boundary and so is effectively owned by BAA. Historic Scotland is very concerned about the condition of the stone and would be willing to see it removed and the burial site surrounding it excavated. We are currently discussing this with all parties, including the SE who may be able to provide early funding to facilitate this.

Ministerial discussions are ongoing about the impact of EARL on the new SASA HQ. The EARL alignment crosses and severs some SASA land and makes their current crop testing operation less viable. We have allowed for replacement land and an accommodation crossing in the Bill as mitigation and continue to discuss this with them.

SC/PGP 10.06.05



Agenda Item 4b

Heavy Rail

b) SAK - Project Progress Report*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Paper to: tie Board
20th June 2005
Commercial & in Confidence

Subject: Heavy Rail Update

From: Paul Prescott

Date: 13th June 2005

Stirling-Alloa-Kincardine (Project Manager - Richard Hudson)

Asset Protection Agreement

The terms of the APA were agreed with Network Rail on 4th May 2005 which allowed authorisation to be granted at NR's Investment Panel on the 6th May and final approval at NR's Investment Board on the 20th May. However the APA has not yet been signed, as NR require a letter of ministerial approval of the cost before they will do so.

Programme

Ministerial approval of the project cost was not received at the beginning of June as expected and is now not expected until early July. Meanwhile design works are continuing to be progressed and it is still hoped that the Project Cost and Programme can be maintained through a re-scheduling of activities. However, the further delay in the authorisation of funding will clearly impose some additional risks even if this can be achieved,

If these issues can be overcome, the programme for opening of the line will remain at April 2007.

Project Cost

The Project Cost for ministerial approval has been presented to the Executive as follows:

- | | |
|--------------------------|--------|
| • Exclusive of Risk | £56.5m |
| • Inclusive of All Risks | £65.9m |
| • Most Likely Outturn | £62.0m |

Several papers to support this cost analysis have been provided to the Executive over the past month. These have included:

- Detailed history and explanation of the cost changes.
- Review of the Project Business Case.
- Advantages and Disadvantages of re-tendering.
- How the management of risk and change will be dealt with.
- Review of the Procurement Strategy.
- Recommendations for a Third Party Review and Lessons Learned.

Land Acquisition

The notices to landowners have been issued by Clackmannanshire Council, allowing access to all third party land by the 1st July 2005. Access to Network Rail owned land will be available after the APA is signed.

Site Progress

Devegetation works and removal of remaining tree stumps was completed by the end of March prior to the nesting season.

Network Rail are presently taking back a large proportion of the route to recover old rail. The route will be handed back to us when the APA is signed.

RH/PP

Stirling - Alloa - Kincardine Rail Project

Current Estimate of Project Cost

	Estimate of Expense Feb-03 (prepared Nov 02)	Updated for RPI and Industry Costs	Expected Outturn Cost	Cost to Date
Parliamentary Phase				
Babtie	1,000,000	1,000,000	1,379,578	1,379,578
Clackmannanshire Council			43,517	43,517
Scott Wilson Railways			718,933	718,933
FES	50,000	50,000	89,286	89,286
The Big Partnership			16,391	16,391
John Kennedy & Partners			169,179	169,179
Land Aspects			11,966	11,966
Anderson Strathearn			141,424	141,424
Roy Martin QC			26,508	26,508
Sub Total	1,050,000	1,050,000	2,596,782	2,596,782
Implementation - Phase 1				
Jacobs Babtie			668,507	516,586
Scott Wilson Railways			12,231	12,231
Site Investigation Works	150,000	150,000	303,526	287,741
FNJV Phase1 Costs			1,824,220	1,749,039
Brodies			160,000	106,115
Biggart Baillie			52,000	37,060
ie			164,937	119,294
Railsys Study			13,434	13,434
Devegetation Works	50,000	50,000	260,000	65,645
Sub Total	200,000	200,000	3,458,855	2,907,144
TOTAL DEVELOPMENT COSTS	1,250,000	1,250,000	6,055,637	5,503,926
Implementation - Phase 2				
Land Acquisition Costs	350,000	386,680	350,000	
Accommodation Works	350,000	396,550	206,000	
Compensation Costs	-	-	3,600,000	DV Evaluation - Independent Opinion is £750K
Public Utility Diversions	1,300,000	1,439,425	1,516,091	
Jacobs Babtie	700,000	721,000	1,060,000	Under Discussion
ie	-	-	423,147	
Network Rail	-	-	836,715	
Sub Total	2,700,000	2,943,655	7,991,953	
FNJV Costs				
Railway Works				
Permanent Way	5,000,000	5,611,955	6,206,828	
Permanent Way Materials	3,000,000	3,367,173	5,986,932	Under discussion - Possible saving of £300K
Earthworks	580,000	657,140	1,787,568	
Stations, Bridges and Buildings	4,423,000	5,272,336	7,492,465	Includes Alloa Station @ circa £1.5m
Electrical & other Equipment	1,000,000	1,107,250	2,081,729	
Signalling Systems	6,250,000	7,126,956	7,367,979	
Civil & Other Works	1,847,000	2,092,651	3,691,592	
Surveying, drilling and soil sampling			370,581	
Sub Total	22,100,000	25,235,462	34,985,674	
Road Works				
Earthworks	840,000	951,720	1,588,827	(Including geogrid)
Structures	600,000	679,800	646,768	
Electrical & Other Equipment	85,000	94,116	216,802	
Civils & Other Works	975,000	1,104,675	4,221,932	
Sub Total	2,500,000	2,830,311	6,674,328	
Other Costs				
Public Utility Diversions	300,000	332,175	405,099	
Environmental Mitigation Measures	1,400,000	1,586,200	354,340	
Sub Total	1,700,000	1,918,375	759,439	
Total Contractor's Cost (Excluding Risk)	26,300,000	29,984,148	42,419,441	
IMPLEMENTATION COST	29,000,000	32,927,803	50,411,393	-
	29,000,000	32,927,803	50,411,393	
TOTAL PROJECT COST (Excluding Risk)	30,250,000	34,177,803	56,467,030	5,503,926
Contingency Costs				
Mine Working Remediation	2,400,000	2,719,200	4,370,177	* Provisional Sum (includes £271k for AELR)
Contractor's Contingency	4,500,000	5,098,500	2,078,703	
Employer's Risk/Contingency	-	-	3,000,000	
TOTAL PROJECT COST (Including Risk)	37,150,000	41,995,503	65,915,909	5,503,926
Plus/Minus 15%	42,722,500	48,294,828		
Additional Works from Separate Funding				
Clackmannanshire Road Bridges			103,468	
Kincardine Upgrade (to be carried out by Network Rail)			198,374	

Still to be finalised



Agenda Item 5

Risk

- a) Risk Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk – FETA Road User Charging Order	RAG	Mitigation	Due Date	%age Complete	Owner
1.	If there is a successful challenge to the legal standing of FETA then tie's client may disappear.		Legal opinion from D&W has been sought. Further legal advice regarding potential set-up to protect revenue. FETA to obtain SE letter of undertaking to proceed with primary legislation and cover costs in the event that FETA falls. Support FETA as necessary.	June 2005	100%	FETA/ SE
2.	If there are delays to completing a contractual agreement then there could be ambiguity in our service position		Draft agreement prepared utilising SAK Agreement as base documentation. Roles and responsibilities defined. Invoices being paid. Work closely with FETA Legal to accelerate ongoing review due to be complete by end of month.	June 2005	90%	FETA/ tie (PM)
3.	If the timetable for the publication of guidance from the SE is unclear then the overall programme may be compromised.		Develop project programme to highlight dependences and float. Hold regular liaison meetings with SE to ensure programme assumptions are clear and timescale is achievable. Develop resource schedule for delivery.	July 2005	30%	SE

Ref	Risk - Edinburgh Airport Rail Link	RAG	Mitigation	Due Date	%age Complete	Owner
4.	If the results of the current 3 rd party STAG review uncover significant deficiencies requiring significant development then there could be a need to delay the programme to ensure documentation is sufficiently robust		Incorporate requirements raised by Scottish Executive and their advisors. Finalise Design/Development STAG Appraisal in conjunction with auditors. Develop and agree programme for review to allow early remedial activity where necessary. Ensure ongoing quality checks on demand modelling, economic test and sensitivity testing. Conduct peer review to ensure author/auditor do not reach impasse.	June 2005	80%	SE/SWH
5.	If we fail to prepare a robust Operating Agreement for our role as Promoter then there may be an ambiguous approvals		Finalise Operating Agreement and develop internal governance arrangements. Liaise with SE regarding funding application	July 2005	80%	SE / tie (PD)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Edinburgh Airport Rail Link	RAG	Mitigation	Due Date	%age Complete	Owner
	process or delays could be incurred prior to lodging Bill in Parliament.					
6.	If the Private Bills Unit can only deal with 3No. Bills (4No. currently lodged) then there may be delays to existing Bills or EARL Bill and additional costs incurred.		Discuss timetable concerns with Private Bills Unit. Liaise with Tram schemes regarding potential interaction between Bills. Work on assumption Bill introduced after summer and highlight delay costs to SE. Use time to advantage in objector management and consider advance publication of 'draft' Bill for sounding. Seek Funding for development activities including technical advisor services, 'Form A' design and ground and archaeological surveys. Utilise time for objection avoidance including utilities agreements.	Sept 2005	40%	PBU / tie (PD)
7.	If we don't enter into Heads of Terms of agreements with BAA and NR before lodging the bill then they may formally object to it.		Assurance protocol and way forward agreed. Meet regularly with BAA and NR and develop Heads of Terms agreements in conjunction with advisors. Seek verification that there will be no objection from BAA and NR. Carry out 'Form A' design for NR. Consider advance design and review of construction strategy for SE Pier and Transport Hub. Review lessons from Tram schemes. Adopt a united approach with SE and GARL.	Sept 2005	45%	DLA / tie (PD)
8.	If the technical consultant has expended his budget too early then we may be provided with deliverables of reduced quality which may not stand parliamentary scrutiny.		Closely manage the advisors expectation of our requirements. Monitor the quality of deliverables. Ensure adequate internal checking is undertaken. Comment on all deliverables that are being produced including independent and cross-advisor review. Closely expenditure on parliamentary support budget.	Sept 2005	50%	tie (PD)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Tram Line 1	RAG	Mitigation	Due Date	%age Complete	Owner
9.	If there is insufficient funding delivered through the Annual Business Plan to implementation of procurement strategy and allow land acquisition and utility diversions from the Scottish Executive then we will fail to meet operational service delivery date in 2009.		Develop a robust Plan that clarifies the expenditure for planning, negotiating, placing and acting on agreements to relocate services and acquire land. Develop a robust Annual Business Plan and Interim Outline Business Case. Support CEC in dialogue with the Executive regarding procurement strategy and immediate funding requirements.	June 2005	90%	SE
10	If CEC employees are not empowered then there may be delays to the placing of agreements (removal of objections) and/or contract procurements		Develop a governance model that includes CEC in approval chain. Seek clarification of delegated authorities of CEC liaison team. Ensure that empowered individuals are responsible for review.	July 2005	60%	CEC / tie (PD)
11	If public concern and MSP influence the Committee to require us to consider Bill amendment to re-route for Western General Infirmary then there may be new objections, consultations and Bill amendments necessary		Review basis of CEC/SE approvals for current Roseburn Corridor routing including consultation findings. Review options for Telford Road and Craighleith to link to rear/front of WGI to confirm financial implications from current position. Discuss bus feeder services from tram stop to WGI with LB. Discuss access issues with WGI. Locate stop to minimise walking distance on existing route. Improve contacts with MSPs to lobby for existing route. Defend existing option at Committee hearings.	Nov 2005	35%	MM/ tie (PM)
12	If the reservations of the Committee are not addressed then the scheme may be delayed.		Develop plan for Parliamentary and Implementation Team inputs to ensure resolution of all outstanding Committee Observations. Liaise with objectors to ensure removal of objections. Prepare evidence to counter objections. Review the outcome of other schemes including MerseyTram.	Dec 2005	25%	tie (DD)
13	If the development of alternative routing plans at Haymarket Yards requires to be implemented then there may be new		Develop alternative routing plans with clear understanding of capital, operating and revenue implications.	Dec 2005	40%	MM/ tie (PM)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Tram Line 1	RAG	Mitigation	Due Date	%age Complete	Owner
	objections, consultations and Bill amendments necessary					
14	If there is a lack of resources for implementation of procurement and detailed Parliamentary stage there will be a delay to scheme implementation.		Develop a forward resource plan with job descriptions and programme for advertising. Review options for short-term secondments from advisors. Seek forward plans from all advisors including process for next 6-months of parliamentary process. Report specialist programme resource to bear to conduct critical path analysis. Commence designer and technical advisor procurements.	Dec 2005	35%	tie (PD)

Ref	Risk - Tram Line 2	RAG	Mitigation	Due Date	%age Complete	Owner
15	If the design of Line 2 is delayed as a later downstream phase then there may be loss of economies in designer re-mobilisation.		Review the outcome of SDS and TSS tender submissions. Review the financial advantage of progressing earlier phases of the design of Line 2 within the planned commission.	July 2005	60%	tie (PrD)
16	If the fare strategy for EARL emerges as a non-premium fare then there could be significant effect on the viability of the Line 2 tram scheme		Review the sensitivity of Line 2 in the EARL Preliminary Financial Case with detailed examination of the fare options. Inform the committee and their advisors, as necessary. Undertake additional transport modelling analysis to further justify fare/patronage for EARL/Tram 2.	Aug 2005	60%	tie (PrD)
17	If we are unable to negotiate away the objections in detail by BAA, Network Rail, ScotRail, SRU, Meadowfield, NIL and the Gyle then undesirable obligations could potentially be placed into the Bill.		Hold regular meetings to seek routes to withdraw objections. Establish the scope of precedent to suit our case elsewhere in the UK. Implement additional specialist resourcing. If alternative routing plans are necessary review all capital, operating and revenue implications.	Nov 2005	70%	tie (PM)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Tram Line 2	RAG	Mitigation	Due Date	%age Complete	Owner
			Network Rail are close to removal of objection. Apply change control for proposed alternative routing to Gyle area. Establish timetable, scope of potential concessions and areas requiring robust defence. Develop and implement a 'mini-bill' for Gyle routing.			
18	If the reservations of the Committee are not addressed then the scheme may be delayed.		Develop plan for Parliamentary and Implementation Team inputs to ensure resolution of all outstanding Committee Observations. Liaise with objectors to ensure removal of objections. Prepare evidence to counter objections. Review the outcome of other schemes including MerseyTram.	Dec 2005	25%	tie (DD)
19	If there is a funding shortfall for the scheme then Newbridge section may require support from additional funding by the Council.		Discuss funding options with the Council and Scottish Executive with regard to a phased system.	June 2006	20%	CEC/SE/ tie (Tram FD)

Ref	Risk - Tram Line 3	RAG	Mitigation	Due Date	%age Complete	Owner
20	If the project recommences there will be a need to significantly re-do modelling and re-write elements of the STAG assessments.		Implementing project close down for 31 May 2005 and archiving of all prepared information (partially complete and complete) from advisors.	May 2005	100%	FM / tie (PM)
21	If funding is not found for the scheme, then the development may be shelved for a considerable period.		Transfer to the Council on 1 June 2005. Review options for alternative funding on an annual basis in conjunction with the Council and Scottish Executive, if required.	June 2006	100%	CEC

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Congestion Charging	RAG	Mitigation	Due Date	%age Complete	Owner
22	If there is sufficient alternative options there may be a need to make some of the team redundant		Review resource allocations per project to apply congestion charging skills across tie Portfolio.	Aug 2005	60%	tie (PD)
23	If there is an inadequate review of options there could be a lost opportunity in the technologies which have been developed		Prepare necessary marketing material and plan. Meet with TfL, Scottish Executive and the Council to discuss direct and indirect uses of the technology.	Dec 2005	25%	tie (PD)

Ref	Risk - Stirling-Alloa-Kincardine Railway	RAG	Mitigation	Due Date	%age Complete	Owner
24	If there is inappropriate allocation of risk and the bidders offer may not offer value for money or project affordability then the scheme may not proceed.		Reconcile costs to original estimates completed. Review the overall contractual risk allocation with the client and contractor. Develop breakdown of contingencies and risk management regime for implementation phase. Liaise with Scottish Executive and Clackmannanshire Council for approval to proceed against predicted total project costs.	June 2005	50%	SE
25	If there is delay in Ministerial approval then then the target price may be invalid, work may be proceeding in an inefficient manner, programme may be unachievable or new risks may be imported.		Prepare supporting papers necessary including justification of costs, business case review, procurement strategy, proposed change and risk management and advantages and disadvantages of re-tendering works. Review robustness of funding from Clacks for tie services. Develop 'realistic' detailed programme following release of funding and confirm float. Proceed with de-risking elements including GI and design. Review adequacy of project contingencies.	July 2005	50%	tie (PM)/ SE
26	If compensation and access arrangements have yet to be resolved then there may be delays to implementation of the scheme or inflated compensation arrangements.		District Valuer advice on compensation has been sought. Make adequate allowance in budget. Seek a detailed project programme including milestones for land access and completion of negotiations from FirstNuttall. Hold	July 2005	70%	Jacobs

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Stirling-Alloa-Kincardine Railway	RAG	Mitigation	Due Date	%age Complete	Owner
			ongoing dialogue with Diageo regarding timing and compensation for project commencement at beginning of July 2005.			

Ref	Risk - Ingliston Park & Ride	RAG	Mitigation	Due Date	%age Complete	Owner
27	If TROs are not in place then the scheme may need to be opened without TROs in place to prevent delay		Detailed risk assessment provided to the Council per Order Type with planned mitigation. Established detailed programme for generation of TROs. Ensure advisors and the Council apply adequate resources. Meet with objectors to resolve matters. Currently TRO workstream on programme.	July 2005	100%	HGL
28	If the performance of our advisors to end of construction deteriorates to compromise our delivery then we may need to replace them.		Confirm to Halcrow that we are not happy with the service level provided. Establish a performance measurement protocol to highlight concerns regarding level of supervision and engagement in process to resolve difficulties. Provide additional clerk of works supervision through tie. Off-set costs of tie CoW to Halcrow.	July 2005	80%	tie (PM)
29	If the advance warnings for additional costs and programme are all validated then there will be a project overspend.		Assess each of the potential 'compensation events' in conjunction with our advisors. Discount inappropriate claims. Establish a project forecast with the Contractor. Apply liquidated damages to Contractor (£1,000 per day) as recommended by Halcrow. Prepare for potential adjudication.	July 2006	25%	HGL / tie (PM)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
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**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Ref	Risk - Edinburgh Fastlink	RAG	Mitigation	Due Date	%age Complete	Owner
30	If there is lack of clarity of the outstanding Operational Agreements in place then we may fail to fulfil our obligations		Develop programme for the conclusion of all agreements (including 3 rd party audit, gritting, cleaning, CCTV and shelter repairs) by beginning of May 2005. Prioritise and resource to ensure completion.	July 2005	60%	tie (GBM) / CEC
31	If there is a need to close facility to make good on repairs (to bring in line with specification) then there will be a need to suspend operational access to Lothian Buses		Adopt a reduced speed on facility. Monitor for spalling of concrete or potential loss of guide-wheel. Develop programme with contractor to remedy defects to ensure possessions minimise disruption to operations. Review method statements and contingency to rectify works. Ensure adequate supervision of activities and monitor quality of repairs.	July 2005	30%	BB / HGL
32	If our advisors or contractors do not remedy any out-of tolerance defects or fail to demonstrate reasonable endeavours in their performance then we may have to commence a legal dispute.		<p>Review performance and reliability of scheme traffic lights including consideration of pressure mats. If not satisfied on safety grounds for operator, road traffic or pedestrians then decide to immediately close system.</p> <p>Initial Balfour Beatty survey information not of sufficient quality. Seek further detailed alignment and crack surveys. Allow access for survey works. Take strong stance that facility will be closed with consequent PR fall-out to BB unless remedial activity complete. Obtain clear report of site checks by main and sub-contractors, checks by auditors and our advisors and reasons for defect and responsibility for rectification. Agree programme for remedying defects. Consider options to recover any losses suffered by tie, the Council or Lothian Buses through Balfour Beatty.</p> <p>Seek litigation advice regarding our case and review</p>	Oct 2005	15%	BB / HGL / tie (GBM)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

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20 June 2005**

Ref	Risk - Edinburgh Fastlink	RAG	Mitigation	Due Date	%age Complete	Owner
			need for independent technical expert review (witnesses).			
33	If there is a lack of clarity in the roles, functions and responsibilities for tie's role as Guided Busway Manager then other parties may hold us to inappropriate obligations.		Seek confirmation of scope of role with CEC including development of internal/external lines of communication/reporting including exclusions for role as Manager. Seek legal confirmation of risks and responsibilities triggered by appropriate legislation and Agreements. Develop reports on scheme operational performance, incident, adverse weather response and potential emerging management issues. Update procedures with BB Operation & Maintenance Manual.	Oct 2005	70%	tie (GBM) / BB
34	If there is a lack of resources to monitor and maintain works then the operational obligations may not be met.		Review resource requirements for scheme for carrying our obligations including required support levels to Busway Manager. Review resources following receipt of BB Operation & Maintenance Manual. Provide support through remedial activities and defects period with Clerk of Works.	Nov 2005	40%	tie (PD)
35	If the Council are unable to take over operations then tie management of the operational guideway may be extended by another year.		Develop an exit strategy to allow handover of operational management to the Council. Identify personnel responsible for taking on role of Guided Busway Manager.	Nov 2005	0%	tie (PD)

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	
Moderate progress being made on risk management action with little/no evidence of the deliverable	
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	
Risk management action has been successfully completed and any associated deliverable has been provided	

**tie Limited Board Meeting
Risk Report**

**Confidential
20 June 2005**

Key

External Risk Owner	Internal Risk Owner
<p>BB – Balfour Beatty Construction Limited CEC – City of Edinburgh Council DLA – DLA (Legal Advisors) FETA – Forth Estuary Transport Authority FM – Faber Maunsell (Technical Advisors) HGL – Halcrow Group Limited (Project Managers & Technical Advisors) Jacobs – Jacobs Babbie (Project Managers & Technical Advisors) MM – Mott MacDonald (Technical Advisors) PBU – Private Bills Unit SE – Scottish Executive SWH – Scott Wilson & Halcrow (Technical Advisors)</p>	<p>tie (DD) – tie Development Director tie (GBM) – tie Guided Busway Manager tie (PD) – tie Projects Director tie (PM) – tie Project Manager tie (PrD) – tie Procurement Director tie (Tram FD) – tie Tram Finance Director</p>

Status	Colour
The risk management action cannot begin until a future specified date, therefore, it is not possible to measure progress	
No progress has been made	Red
Moderate progress being made on risk management action with little/no evidence of the deliverable	Orange
Progress is being made, commensurate with the stage of the Project, with appropriate evidence of the deliverable	Green
Risk management action has been successfully completed and any associated deliverable has been provided	Blue



Finance

- a) **Board Finance Review ***
- b) **Financial Performance Report
(Appendix 1)***
- c) **Executive Summary (Appendix 2) ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 6a

Finance

- a) **Board Finance Review ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie Limited

Board Meeting – 20 June 2005 Finance Review

Financial Performance Report

The monthly *Financial Performance Report* is attached as Appendix 1 and provides an up to date view of the financial position of all projects and for the company as a whole.

The following points are worth highlighting :

- The status of the **tie** FY06 Business Plan is described below, including the critical funding assumptions, which remain under review with the Executive
- Expenditure has been below budget for this year in most projects, but the effect is one of timing rather than absolute savings against full year budget

FY06 Business Plan

(a) Tram project - funding for year ending March 06

Approval for funding of tram activities for the year ending March 06 has not yet been granted by SE. The timetable anticipated such approval being given by 17 June to allow the award of key contracts for design and technical services by the end of June. CEC has approved the Business Plan subject to SE funding approval.

A stand alone paper describing the FY06 activities and the related budgets in detail has been submitted to SE to help in the decision making process. For reference the amounts are £21.9m for implementation activities (of which CEC has agreed to provide £1m), £1.8m for Line 1 Parliamentary and £1.6m for Line 2 Parliamentary.

In the meantime and with the verbal approval of SE, funding for current expenditure (implementation and parliamentary) is from previous funding awards carried forward from year ended 04/5. As previously reported, the Board should be aware that currently **tie** does not have the SE's written approval to carry this funding forward to 05/6. This involves :

- Rollover of remaining Line 1 and Line 2 parliamentary budget into FY06 (£0.3m) and utilisation of surplus Line 3 budget (£0.9m) for Lines 1 and 2 parliamentary and development work
- Rollover of remaining Line 1 and Line 2 business case and implementation work into FY06 (£2.4m)

We are also still awaiting written confirmation of the offset arrangements between the Line 1 and Line 2 parliamentary expenditure.

Notwithstanding the confirmation of the rollover arrangements above, the cumulative expenditure on Line 1 and 2 parliamentary activities to the end of May was £0.83m. Our forecast is that by the end of June we will have utilised the £1.2m rollover funding identified above. It is therefore imperative that **tie** receives comfort immediately with respect to funding of the Line 1 & 2 FY 06 parliamentary budgets totalling £3.4m.

(b) EARL funding

A detailed paper in support of the funding application has been submitted to the Executive for discussion and approval. The funding sought for 2005/6 is broadly in line with the **tie** Business Plan, but now allows for the effect of the slippage in Bill submission date and the VAT issue described below. This paper outlined the management processes **tie** is deploying to manage the EARL project, the detailed activities we will be performing in support of the Parliamentary process and the activities we intend to progress in advance of the main construction tender.

The Executive has confirmed that the funding will not be agreed within the next two weeks due to ministerial diaries, but have committed to providing **tie** with an interim funding letter to confirm rollover of 2004/5 funding.

Trans-European Network (TEN) funding has been sought and an application for €3.56 Million will be submitted to the DfT in the current month.

As part of the funding request, **tie** has submitted the expenditure for 2005/6 and 2006/7 based on the assumption that **tie** will not be able to recover the VAT on costs relating to parliamentary process. This risk is driven by **tie**'s proposed role as Promoter of the Bill and is under debate with the Executive and its advisors.

VAT on the remainder of the costs in support of the project delivery has been assumed to be recoverable. Professional advice has been taken from PwC and the Executive is getting its own advice from EY. Whilst this treatment is a reasonable approach, there is a risk that the VAT on the whole project could become irrecoverable, depending on the eventual mechanism of disposal of the assets constructed to the ultimate owner. There is therefore a risk, albeit minimal, that **tie** could be exposed to a substantial VAT bill. This has been discussed with the Executive and their VAT advisors and we have indicated that this is a risk that **tie** cannot bear and that there will need to be a common sense, project wide solution that is efficient for the public purse.

(c) Overall funding

It is highly unsatisfactory to be approaching the end of the first quarter's operations without clear visibility of funding sources for the rest of the year on the two principal projects. In the absence of funding commitment, the Board would be entitled to ensure that management were taking appropriate action to curtail spending radically and to implement contractual breaks, with fundamental implications for the projects.

The funding documents submitted to the Executive are detailed and extensively supported by the draft IOBC (tram) and STAG (EARL) documentation. We are not aware of any outstanding information needed to support the funding decisions.

Accordingly, **tie** cannot emphasise strongly enough the need to have the funding approvals addressed by the Executive in an urgent manner. The effect of delay on the credibility of all stakeholders in the eyes of the market cannot be underestimated.

Looking forward and assuming that the current funding requests are approved by the Executive, **tie** is keen to have clear approval milestones for the funding of its main projects. This must include agreement between the Executive and CEC on the extent of future CEC contribution to the Tram project. It is now appropriate to have individual project funding programmes rather than to rely on the annual **tie** business planning round, which does not easily fit with project requirements. **tie** will take responsibility for facilitating this whole process but active engagement is needed from the Council and the Executive.

(d) Ingliston Park and Ride

tie was instructed by the Council to make an amendment to the previously approved plan immediately prior to submission of the plan to the full Council. The amendment involved the restriction of the outturn spend estimate for the Ingliston project to the budgeted spend level.

The May Financial Performance Report (attached) presents **tie**'s current estimate of the outturn spend on this project, including a judgemental estimate of the outcome of claims by the main contractor for work which is argued to be out of contract scope. The best estimate is for an outcome some £0.5m above budget. More detail is provided in Appendix 1. **tie** has been informed that the overrun will be met by Council funds when the final quantification of the claims is negotiated.

The plan as amended was approved by the full Council on 2 June. The **tie** Board is asked to address its approval of the plan in view of the change instructed by the Council.

Business Cases

(1) Tram project

(a) IOBC development

An updated IOBC was submitted to SE on 31 May and the Executive Summary is included as Appendix 2 to this paper. Prior to submission the document was discussed with CEC officials and endorsed by them in respect of the conclusions and recommendations made in the document subject to revisiting the preferred financing route before finalising the final OBC in early 2006.

The IOBC has been updated to include additional detail with regard to **tie**'s procurement strategy for the Trams, the risks that strategy presents for the public sector and how those risks will be managed. At the request of SE, the document now includes significant additional material charting the historical development of the project including the rationale for choosing Trams as part of an integrated transport network and the benefits of the Tram system appraised in the STAG reports.

However, the most substantial changes from the IOBC presented in March are in the areas of funding and affordability. Discussions with SE and CEC following production of the March IOBC led to the following two key funding assumptions being adopted for this updated document :

- SE will provide no more than £375m in nominal terms (ie the grant will not be increased or indexed)
- CEC does not have the financial risk bearing capacity to contribute significantly to the capital costs of the project prior to the realisation of forecast income from the tram (operating surpluses and developers contributions). CEC is not willing to borrow against these future cash flows given the level of uncertainty which surrounds them at this stage of the project's development.

These conditions were anticipated as possible outcomes when the March draft IOBC was produced earlier this year, but are now seen to be necessary assumptions. In light of this, the IOBC formulates a phased approach to development of the Tram project, with "Phase 1" being defined such that it is economically viable, practicable in the context of an integrated transport network and the capital expenditure can be comfortably provided from the SE's £375m grant. The document concludes that Line 1 in its entirety would meet all of these objectives but work is ongoing to identify alternative (and potentially more attractive) Phase 1 configurations. There is general consensus that Phase 1 will include the line from Haymarket

to Ocean Terminal via Princes Street and implementation activities in the year ending March 06 are focussed on that area.

The IOBC anticipates that final decisions on phasing will not be made until tenders have been received for the infrastructure contract currently anticipated in late 2006. A table of key dates is included in the Executive Summary. The Business Case milestones are the delivery of a Final Outline Business Case in Spring 2006 and Final Business Case following receipt of tenders in late 2006.

(b) TEL

A key implementation activity for the year ending March 2006 is the development of a Business Plan for TEL, reflecting the construction of the tram system and the combined bus and tram operation and commercial management. The TEL Business Plan will be a key element of the Final Business Case to be submitted in late 2006. A detailed process is underway to produce a statement of scope, detailed programme for delivery and resource requirements for this activity. Progress on this activity will be reported regularly and it is anticipated that a first product will be available by the end of 2005.

(c) Modelling Output EARL vs Tram

The detailed modelling work performed by Scott Wilson Halcrow, published on 18th May 2005 has been compared to the work done by Faber Maunsell for line 2 with a specific focus on the interaction of one project with the other. This work has confirmed that the models are comparable in the early years at a strategic level, however over the longer term (2026) they diverge and are not comparable.

It has been agreed that both models should be run on comparable input data and any disparities should be rationalised and corrected if necessary. This initial package of work has been scoped, priced and tasked and the results will be finalised for mid July 2005.

It is expected that once the initial package of work is complete the additional detailed work will be instructed with a view to having robust, defensible and cross project agreed output that will be submitted to the Parliamentary committee in support of line 2, in October 2005 and which will also feature in the EARL Bill submission.

(2) EARL Project Business Case

tie were advised by the Executive that it was not necessary to submit a Preliminary Financial Case with the EARL Bill supporting materials. There will require to be a statement of expenditure and the sources of funding. The capital costs are in final form as part of the STAG evaluation and remain close to original estimates, including an allowance for Optimism Bias. The vast majority of the funding will require to be met by the Executive and the means of presenting this support will require to be agreed with the Executive. A dialogue continues with BAA and the airlines aimed at agreeing a financial contribution in view of the benefit those parties will receive from the construction of EARL.

See above in relation to EARL / Tram interface.

Other matters

(1) Audit Committee

A meeting of the Audit Committee will be held immediately prior to the Board meeting and the Chairman of the Committee will report verbally to the Board. The agenda is :

1. Introduction by Chairman
2. Statutory Accounts to 31 March 2005

- a. *External auditors to provide overview on issues and any other relevant matters*
- b. *Review and comment / approval*
- 3. *Governance matters :*
 - a. *Audit Scotland report*
 - b. *Overall governance matters*
 - c. *Control of non-CEC projects*
- 4. *Risk management and internal audit*
 - a. *First Report by internal auditors (Scott Moncrieff)*
 - b. *Outline of forward plan*
- 5. *AOB*

The auditors are finalising their work this week on the statutory accounts for the year ended 31 March 2005. We have not been notified of any adjustments. The accounts will be reviewed by the Audit Committee and reported to the Board.

Information & Communications Technology (ICT)

The main matters to report relate to the upgrade work implemented over the last two weeks. The following was prepared by Seamus Healy.

Background

Upgrade to ICT systems was required to support;

- Growing number of users – expanded beyond previous designed estimates
- Additional Enterprise level Project Management application (Primavera) hosting that will be accessed both internally and externally
- Extranet requirement for document sharing and control for the Tram project.

Progress

The following are the major points from the Upgrade

- The upgrade was a success with a full companywide migration from Small Business Server to full a full Windows Server 2003 environment. The main benefits from this environment are;
 - No limit in the amount of users we can now accommodate.
 - No hard limit to e-mail storage
- Full capability to automate and control the rollout of software to users.
- Full hardware and software inventory control put in place
- Extranet capability has been enabled
- Increase in Internet bandwidth and telephony lines to allow for increased usage
- Server ready for Primavera installation
- Navision remote management configuration for secure access to application by support providers
- Ready for comprehensive data protection and archiving (Freedom of Information Act)
- Increased storage put in place
- Backup and restore capability put in place to cover all applications and increased storage space.

Issues

The major piece of work – the 'backend' - was completed without users noticing. Apart from this there were the following issues that came up on a 'user by user' basis;

- User specific issues around personal configuration (mainly of Outlook) – these settings could not be retained and were restored on a user-by-user basis

- Initial problems with remote user access, and mails to external people on a BTInternet account were resolved. These were due to changing the mail server IP address (due to the addition of a new server).
- 1 instance resulted in a user losing work that had been updated during migration weekend. This had not been foreseen as the migration weekend was to have all machines onsite for the migration.
- A network outage at the end of last week occurred. This was completely separate to the IT upgrade (Telewest specific problem), but may have been perceived as part of the upgrade as it happened shortly after its completion.

Next Steps

- Complete PABX (telephony) upgrade to put in place operator console and extra handsets for new users. This will be completed this week.
- Develop and hold a IT&T 'teach in' for users to help them understand the setup, its capabilities, and our policies and procedures. This will help users to get the most out of the new functionality and help to keep IT&T under control via the processes we have put in place
- Launch Tram Extranet

Budget

The work was executed in line with the budget reflected in **tie's** Business Plan and no material additional costs are anticipated given the effective implementation.

Graeme Bissett
14 June 2005



Agenda Item 6b

Finance

- b) **Financial Performance Report
(Appendix 1)***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

tie

Financial Performance Report

May 2005

Prepared by Stuart J Lockhart

14th June 2005

Contents:

- 1 Key Points Summary
- 2 Project Portfolio Structure
- 3 Project Financial Commentary
- 4 Overheads Commentary
- 5 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 6 Balance Sheet
- 7 Cash Flow – Year to Date and Next Month Forecast

1. Key Points summary

The outturn spend for this financial year (2005/06), at this early stage, is in line with the Business Plan.

The actual spend in aggregate for May was £1.86m compared to budget of £2.10m. The principal variations are due to:

Restriction of Tram expenditure whilst we await approval of current year spending.

Deferral of EARL Bill submission.

Timing of recognition of accrued costs in relation to Ingliston.

2 Project Portfolio Structure

tie's project portfolio comprises:

	Projects	Programme	Project	2005/06 Expenditure	2005/6 Expenditure		Variance	
	Director	Manager	Manager	Plan	YTD Plan	YTD Actual	YTD Delta	
				(£'000's)	(£'000's)	(£'000's)	(%)	
Tram Programme								
1	Line 1 Development & Parliamentary Process	A Macaulay	B Cross	K Murray	1,787	505	521	3%
2	Line 2 Development & Parliamentary Process	A Macaulay	B Cross	G Duke	1,578	445	309	-31%
3	Tram Implementation - DPOFA/INFRACO Execution, Procurement & Funding	A Macaulay	I Kendall	W Fraser	21,873	1,152	785	-32%
4	Line 3 Development	A Macaulay	-	W Fraser	134	134	81	-40%
Other Projects								
5	WEBS	A Macaulay	-	L Murphy	263	191	79	-59%
6	Ingliston Park & Ride	A Macaulay	-	L Murphy	1,511	991	549	-45%
7	FETA	A Macaulay	-	K MacLeod	80	13	9	-31%
8	One-Ticket	A Macaulay	-	S Lockhart	76	7	7	0%
9	Information Programme	A Macaulay	-	-	0	0	11	
Heavy Rail Projects								
10	EARL	P Prescott	-	S Clark	5,557	674	599	-11%
11	SAK	P Prescott	-	R Hudson	330	54	49	-9%
					33,189	4,166	2,999	-28%
12	Overheads	M Howell	-	S Lockhart	1,683	277	311	12%
Variance reported if +/- 5% delta on budget								

3 Project Financial Commentary

Tram Lines One & Two

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Tram 1	330,929	238,626	92,303	521,345	505,307	16,038	1,786,755	1,786,755	0
Tram 2	182,487	211,938	-29,452	309,196	445,443	-136,247	1,577,593	1,577,593	0

The cumulative expenditure on both Lines One and Two is below budget. In both cases, the expenditure by the Technical Advisers is greater than budgeted, but this is compensated by reduced expenditure on the budgets associated with legal, property and modelling. To date there has been no expenditure under the Financial or Specialist Technical Advisor Headings or against Contingencies and although there has been nominal expenditure associated with the Modelling Manager there has been no expenditure by MVA.

Tram Line 1 & 2 Implementation

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	467,188	687,811	-220,624	785,358	1,152,174	-366,815	21,872,843	21,872,843	0

The cumulative expenditure to date is below budget, as follows:

- £166k of traffic survey work has been rescheduled, but is now underway
- £80k of land agreement/approvals has been re-scheduled awaiting appointment of SDS & TSS
- £74k underspend on InfraCo and Vehicles contract awaiting funding award
- No spend against contingency.

Tram Line Three

Important financial issues have now been addressed. The costs for the project have been wound up.

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Tram 3	55,450	68,561	-13,110	81,071	134,221	-53,150	134,222	134,222	0

There has been an under-spend of £53k over 2 months as a result of savings on advisor costs.

The work is finished, although there is an element from FM that we are unhappy with. The way forward will be agreed with them on 16th June but at this stage we don't anticipate it being a cost to tie.

FastLink development*Important financial issues being addressed.*

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
WEBS	19,601	7,034	12,567	78,835	190,972	-112,137	262,945	262,945	0

The Fastlink construction was completed several months ago but quality defects have arisen and the financial consequences are currently being negotiated. The reasonable worst case costs the restitution work at c£0.5m and tie's project team, with advice from technical consultants and the Project Manager (Halcrow), are of the view that this cost is the responsibility of the main contractor, Balfour Beatty. The estimate of outturn expenditure assumes that no defects restitution cost falls to tie's account. There are other estimated individual sums within the final outturn aggregate as a range of outstanding matters are closed off. The final result from these is expected to fall close to the estimate.

ANY REQUEST UNDER FOISA FOR PUBLIC DISCLOSURE OF THIS INFORMATION SHOULD BE RESTRICTED BECAUSE OF COMMERCIAL CONFIDENTIALITY.

Ingliston Park & Ride*Important financial issues being addressed.*

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Ingliston Park & Ride	385,975	495,661	-109,687	549,135	991,323	-442,188	1,510,548	1,510,548	0

The total project estimated outturn cost is £3m, compared to original budget of £2.5m. The main contractor, Border Construction, has tabled preliminary claims amounting to c£0.6m, reflecting a long list of claimed out of scope items. Certain other costs – utilities and real-time information provision – ran ahead of original budget by c£0.1m in aggregate. As is typical in these situations, a substantial proportion of the preliminary claims is expected to be negotiated away and the outturn estimate of £3.0m reflects 60% of the sum claimed ; however tie intends to negotiate for a lower outcome. The outturn estimate does not allow for the potential claim by tie for Liquidated Damages of c£0.1m, which will be pursued in the negotiations. If none of the claims were successful and LDs were agreed, the project cost would be in line with the original budget, but this is clearly an optimistic scenario.

ANY REQUEST UNDER FOISA FOR PUBLIC DISCLOSURE OF THIS INFORMATION SHOULD BE RESTRICTED BECAUSE OF COMMERCIAL CONFIDENTIALITY

'One-Ticket'

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
One Ticket	3,068	3,119	-51	6,503	6,238	265	75,912	75,912	0

A number of meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. This is ongoing.

FETA

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
FETA	3,023	6,521	-3,498	9,222	13,041	-3,819	80,412	80,412	0

After discussions with the Scottish Executive, the Chief Executive of FETA has recommended to his Board that a base Charging Order should not be pursued. The full Charging Order in support of the Local Transport Strategy will still be promoted but revised guidance is awaited from SE. A revised programme and resource schedule will be prepared in consultation with SE officers.

EARL

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
EARL	377,647	325,008	52,638	598,896	673,852	-74,956	5,557,074	5,557,074	0

During May, additional work has been carried out by Scott Wilson on STAG due to revised fare and on remodelling & associated changes to ES. There has also been additional STAG Audit work.

Year to Date costs are down due to delay in Bill Submission date.

Stirling Alloa Rail Link

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
SAK	22,543	26,969	-4,426	49,465	53,939	-4,474	329,676	329,676	0

The main variance in the actual cost versus budget this month is down to reduced involvement during the month from the Rail Project Director.

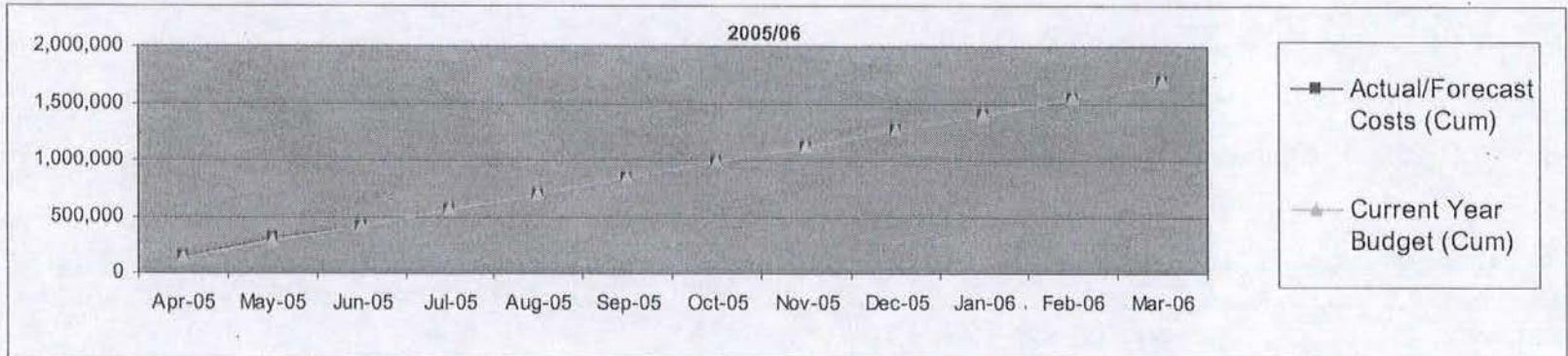
4 Overheads Commentary

Overheads are allocated, and charged to CEC on a monthly basis, to each project pro rata as per agreed business plan budget.

Some costs previously attributable to the Congestion Charge project have now been absorbed within overhead. These include an element of salary costs and legal fees associated with "marketing" the project.

Spend to date on "IT and Telephony" and "Computer Equipment" are timing issues in relation to comparisons with budget. £55.2k of the combined total cost to date of £68k relates to server upgrade and associated software costs and are directly attributable to the Tram implementation project. A re-alignment of costs, out of overheads, will take place on completion of the upgrade "project" at the end of June.

Through the re-allocation of overhead to projects, 74% is "absorbed" by the Tram project and 14% by EARL.



Bank

CEC are now issued with one invoice per month. The "book" bank balance (in funds) as at 31st May totalled £0.221m.

Relationship with CEC

tie has issued invoices to CEC to 31st May. Accrued costs and depreciation are not included in these re-charges to CEC. Invoices are also issued to Clackmannanshire Council, FETA and to One-Ticket Limited.

5 Detailed Expenditure Report for Period Ended 31st May 2005

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Staff)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0	0	0	0	0	0	0	0	0
Congestion Charging - Information Programme	10,664	0	10,664	10,664	0	10,664	10,664	0	10,664
WEBS	3,100	2,980	120	6,108	5,960	148	36,596	36,596	0
One Ticket	3,068	3,119	-51	6,503	6,238	265	75,912	75,912	0
EARL	27,586	29,676	-2,090	62,108	59,352	2,756	364,425	364,425	0
SAK	9,347	11,213	-1,866	26,825	22,426	4,399	137,699	137,699	0
Ingliston Park & Ride	4,022	1,519	2,503	12,331	3,038	9,293	18,656	18,656	0
FETA	25	3,926	-3,901	3,390	7,852	-4,462	48,210	48,210	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	164,835	99,049	65,786	251,121	183,455	67,666	1,488,795	1,488,795	0
Tram 1	8,787	8,866	-79	15,210	17,732	-2,522	120,828	120,828	0
Tram 2	8,943	8,752	191	15,521	17,504	-1,983	119,421	119,421	0
Tram 3	5,454	5,447	7	10,800	10,894	-94	10,894	10,894	0
Sub-Total	245,831	174,547	71,284	420,581	334,451	86,130	2,432,098	2,421,434	10,664
Project Costs (External Costs)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	-0	0	-0	-0	0	-0	0	0	0
Congestion Charging - Information Programme	0	0	0	0	0	0	0	0	0
WEBS	14,225	2,083	12,142	68,307	181,072	-112,764	201,905	201,905	0
One Ticket	0	0	0	0	0	0	0	0	0
EARL	327,377	275,700	51,677	492,741	575,234	-82,493	4,949,230	4,949,230	0
SAK	4,620	8,333	-3,713	5,987	16,667	-10,680	100,000	100,000	0
Ingliston Park & Ride	380,798	493,143	-112,345	534,563	986,287	-451,724	1,479,430	1,479,430	0
FETA	0	0	0	11	0	11	0	0	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	199,136	499,427	-300,291	333,812	790,048	-456,236	19,276,216	19,276,216	0
Tram 1	314,478	223,127	91,351	491,254	474,309	16,945	1,583,666	1,583,666	0
Tram 2	165,966	196,628	-30,662	278,962	414,823	-135,862	1,376,851	1,376,851	0
Tram 3	45,834	59,511	-13,677	62,189	116,122	-53,933	116,122	116,122	0
Sub-Total	1,452,434	1,757,953	-305,519	2,267,825	3,554,562	-1,286,737	29,083,421	29,083,421	0
Project Costs (Total)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	-0	0	-0	-0	0	-0	0	0	0
Congestion Charging - Information Programme	10,664	0	10,664	10,664	0	10,664	10,664	0	10,664
WEBS	17,325	5,063	12,261	74,415	187,032	-112,617	238,501	238,501	0
One Ticket	3,068	3,119	-51	6,503	6,238	265	75,912	75,912	0
EARL	354,963	305,376	49,587	554,849	634,586	-79,737	5,313,655	5,313,655	0
SAK	13,967	19,546	-5,580	32,811	39,093	-6,281	237,699	237,699	0
Ingliston Park & Ride	384,820	494,662	-109,842	546,894	989,325	-442,431	1,498,086	1,498,086	0
FETA	25	3,926	-3,901	3,401	7,852	-4,451	48,210	48,210	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	363,971	598,476	-234,505	584,934	973,503	-388,569	20,765,011	20,765,011	0
Tram 1	323,266	231,993	91,273	506,464	492,041	14,422	1,704,494	1,704,494	0
Tram 2	174,910	205,380	-30,471	294,483	432,327	-137,844	1,496,272	1,496,272	0
Tram 3	51,288	64,958	-13,670	72,989	127,016	-54,027	127,016	127,016	0
Sub-Total	1,698,266	1,932,500	-234,234	2,688,406	3,889,013	-1,200,607	31,515,519	31,504,855	10,664

	Current Month (May'05)			Year to Date (2 mths to 31/5/05)			Year End (12 mths ending 31/3/06)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Overheads									
Administration Salaries	47,705	73,444	-25,739	128,960	146,888	-17,928	899,475	899,475	0
Recruitment & Other Staff Costs	10,434	9,167	1,267	16,101	18,333	-2,232	110,000	110,000	0
Occupancy & Property Costs	16,345	17,966	-1,621	40,969	35,932	5,036	215,594	215,594	0
IT & Telephony	26,410	5,953	20,457	34,000	11,907	22,094	71,440	71,440	0
Promotional Expenses	0	1,667	-1,667	3,000	3,333	-333	20,000	20,000	0
Legal & Financial	3,469	8,400	-4,931	9,429	16,800	-7,371	100,800	100,800	0
Insurances	10,834	11,352	-518	21,667	22,703	-1,037	136,220	136,220	0
Telecoms	777	583	194	1,483	1,166	317	6,995	6,995	0
Travel & Subsistence	1,753	100	1,653	6,485	200	6,285	1,200	1,200	0
Print, Post & Stationery	5,777	2,567	3,211	9,990	5,133	4,857	30,800	30,800	0
Other Overheads	552	-883	1,435	1,435	-1,767	3,201	-10,600	-10,600	0
Finance, Taxation & Dividends	1,328	3,433	-2,106	2,842	6,867	-4,025	41,200	41,200	0
Capital Expenditure:									
Land & Buildings	0	0	0	0	0	0	0	0	0
Furniture & Fittings	0	1,667	-1,667	0	3,333	-3,333	20,000	20,000	0
Motor Vehicles	0	0	0	0	0	0	0	0	0
Computer Equipment	33,552	3,333	30,219	33,552	6,667	26,886	40,000	40,000	0
Other Assets & Improvements	1,370	0	1,370	1,370	0	1,370	0	0	0
Sub-Total	160,308	138,748	21,560	311,283	277,497	33,787	1,683,124	1,683,124	0
Overheads (Allocated by Project)									
Congestion Charging - Development	0.00%	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	0.00%	0	0	0	0	0	0	0	0
Congestion Charging - Information Campaign	0.00%	0	0	0	0	0	0	0	0
WEBS	1.42%	2,276	1,970	306	4,420	3,940	24,444	24,444	0
One Ticket	0.00%	0	0	0	0	0	0	0	0
EARL	14.15%	22,684	19,633	3,051	44,047	39,266	4,781	243,419	243,419
SAK	5.35%	8,576	7,423	1,153	16,654	14,846	1,808	91,977	91,977
Ingliston Park & Ride	0.72%	1,154	999	155	2,241	1,998	243	12,462	12,462
FETA	1.87%	2,998	2,595	403	5,821	5,189	632	32,202	32,202
Trams - DPOF	0.00%	0	0	0	0	0	0	0	0
Trams - INFRACO	64.39%	103,217	89,335	13,881	200,425	178,671	21,754	1,107,832	1,107,832
Tram 1	4.78%	7,664	6,633	1,031	14,881	13,266	1,615	82,261	82,261
Tram 2	4.73%	7,577	6,558	1,019	14,713	13,116	1,597	81,321	81,321
Tram 3	2.60%	4,162	3,603	560	8,082	7,205	877	7,206	7,206
Sub-Total	100.00%	160,308	138,748	21,560	311,284	277,497	33,787	1,683,124	1,683,124
Project Costs (Total incl. OH)									
Congestion Charging - Development	0	0	0	0	0	0	0	0	0
Congestion Charging - Procurement	-0	0	-0	-0	0	-0	0	0	0
Congestion Charging - Information Programme	10,664	0	10,664	10,664	0	10,664	10,664	0	10,664
WEBS	19,601	7,034	12,567	78,835	190,972	-112,137	262,945	262,945	0
One Ticket	3,068	3,119	-51	6,503	6,238	265	75,912	75,912	0
EARL	377,647	325,008	52,638	598,896	673,852	-74,956	5,557,074	5,557,074	0
SAK	22,543	26,969	-4,426	49,465	53,939	-4,474	329,676	329,676	0
Ingliston Park & Ride	385,975	495,661	-109,687	549,135	991,323	-442,188	1,510,548	1,510,548	0
FETA	3,023	6,521	-3,498	9,222	13,041	-3,819	80,412	80,412	0
Trams - DPOF	0	0	0	0	0	0	0	0	0
Trams - INFRACO	467,188	687,811	-220,624	785,358	1,152,174	-366,815	21,872,843	21,872,843	0
Tram 1	330,929	238,626	92,303	521,345	505,307	16,038	1,786,755	1,786,755	0
Tram 2	182,487	211,938	-29,452	309,196	445,443	-136,247	1,577,593	1,577,593	0
Tram 3	55,450	68,661	-13,110	81,071	134,221	-53,150	134,222	134,222	0
Sub-Total	1,858,574	2,071,248	-212,675	2,999,689	4,166,509	-1,166,820	33,198,643	33,187,979	10,664

6 Balance Sheet

	Year Ended	1 Month Ended	2 Months Ended
	31/03/2005	30/04/2005	31/05/2005
FIXED ASSETS	100,649	97,692	129,658
	100,649	97,692	129,658
CURRENT ASSETS			
Trade Debtors	2,135,669	3,870,363	3,193,728
Other Debtors	0	2,852	1,000
Prepayments & Accrued Income	2,330,438	1,971,574	2,301,621
Petty Cash	55	55	85
	4,466,162	5,844,844	5,496,434
CURRENT LIABILITIES			
Trade Creditors	491,230	1,896,855	3,280,969
Employee Creditor	-124	2,589	4,185
Bank Account	1,495,301	1,874,920	-220,532
Payroll Creditors	49,798	56,572	56,890
Capital Grants	100,649	97,693	129,658
Accruals	2,330,438	1,971,574	2,301,621
VAT Payable/(Refundable)	98,517	41,333	72,300
Other Creditors	0	0	0
	4,565,811	5,941,536	5,625,092
NET CURRENT ASSETS/(LIABILITIES)	-99,649	-96,692	-128,658
Liabilities > 1 Year	0	0	0
NET ASSETS	1,000	1,000	1,000
Represented by:			
Share Capital	1,000	1,000	1,000
Reserves	0	0	0
Profit & Loss Account	0	0	0
Balance as at Period End	1,000	1,000	1,000

7 Cash Flow - Year to Date and Next Month Forecast													
May-05													
	ACTUAL					FORECAST							
	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Totals
Balance b/forward	-1,495,301.49	-1,674,919.68	220,531.58	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	-1,495,301.49
Income													
Sales Ledger	30,696.12	2,468,565.32	3,193,728.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,692,989.65
Miscellaneous	0.00	2,116.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,116.03
	30,696.12	2,470,681.35	3,193,728.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,695,105.68
Expenditure													
Purchase Ledger	191,227.99	244,379.23	3,280,969.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,716,576.59
Expenses Ledger	1,005.16	0.00	4,184.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,190.15
Miscellaneous	218,081.18	130,850.86	123,904.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	472,836.77
	410,314.31	375,230.09	3,409,059.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,194,603.51
Net Movement in Month	-379,618.19	2,095,451.26	-215,330.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500,602.17
Balance c/forward	-1,874,919.68	220,531.58	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68	5,200.68
NEXT MONTH FORECAST: Assumptions													
Income													
Sales Ledger													
Invoices issued to CEC in March			30,705.74										
Invoices issued to CEC in March			-404,819.80										
Invoices issued to CEC in April	Part-Paid 8/6/05		1,727,647.29										
Invoices issued to CEC in May			1,764,844.94										
Invoices issued to Clacks in April	Paid 1/6/05		30,798.17										
Invoices issued to Clacks in May			19,689.06										
Invoices issued to FETA in March			6,992.64										
Invoices issued to FETA in April	Paid 8/6/05		3,659.46										
Invoices issued to FETA in May			3,281.81										
Invoices issued to BAA in March			6,469.29										
Invoices issued to SMI in October			344.72										
Invoices issued to One-Ticket in May	Paid 10/0/05		4,114.99										
			3,193,728.21										
Expenditure													
Trade Creditors per Balance Sheet			3,280,969.37										
Employee Creditor per Balance Sheet			4,184.99										
Aged Creditors List @ 31/5/05			3,285,154.36										
Miscellaneous													
Pension Fund(s) - Contributions Due on 19/6/05			15,110.68										
HM C&E - VAT Return to 30/6/05 (Due for payment 31/7/05)			0.00										
PAYE/NI - Due on 19/6/05			41,779.76										
June Payroll			82,000.00										
Bank Interest - Quarter ending 15/6/05			0.00										
Bank Charges for month			100.00										
Petty Cash for month			25.00										
			123,904.75										



Agenda Item 6c

Finance

c) Executive Summary (Appendix 2) *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Executive Summary

Statement of Sponsor Support

Officials of the sponsor (CEC) have been involved in a series of discussions with **tie** during the preparation of this IOBC and the Director of City Development and the Director of Finance are prepared to endorse the conclusions and recommendations of this document; judgement is however reserved on the preferred financing route(s) and risk allocation until the submission of the final OBC in early 2006.

Background and Objectives

In September 2004, **tie** submitted Updated Preliminary Financial Cases for the proposed Tram Lines 1 and 2 in support of Private Bills before Parliament. Since that time, **tie** has analysed in detail the options for the procurement and funding of the tram system.

The purpose of this Interim Outline Business Case ("IOBC") is:

- Reconfirm the strategic case for the Tram projects and the high level needs as set out in the September 2004 PFC;
- Set out and analyse procurement options in terms of the organisational structure of the procurement and contract packaging, concluding with a preferred option to meet the project requirements and demonstrate VfM;
- Build on the options for the funding and financial structures supporting this overall procurement structure;
- Identify programme governance, project management and risk management structures to deliver the projects and implement subsequent contracts;
- To identify the steps required to confirm the requirements set out above and the further programme of work required prior to making the major contractual commitments on the project.

This document also describes:

- the strategic context and objectives of the project
- **tie** and CEC's proactive approach to transport service integration
- the extensive and rigorous project risk management procedures in place
- the results of benchmarking of key assumptions carried out by **tie**'s advisers
- the sources of funds available and methods of financing the project

tie has also assessed Audit Scotland's recently reported findings in relation to Holyrood and believes that the principal recommendations have been embedded in the procurement and project management approach to the tram project.

Economic Appraisal

The Scottish Transport Appraisal Guidance (STAG) 2 analysis is contained within a separate document prepared by **tie**'s technical advisors, namely, Mott MacDonald for Line 1 and Faber Maunsell for Line 2. The IOBC has been informed by the work undertaken by Mott MacDonald and Faber Maunsell in preparing the STAG 2 documents. The STAG 2 analysis demonstrates that the proposed lines meet the key appraisal criteria and the advisors

concluded that the introduction of the tram into Edinburgh is consistent with the objectives of CEC and will contribute well to the realisation of the Vision for Edinburgh.

Historical development of project

The following figure summarises the key dates and milestone documents which precede the preparation of this IOBC and to which reference should be made:

1998	White Paper – "Travel Choices for Scotland"
	City of Edinburgh Council Local Transport Strategy (LTS) - Inception
1999	City of Edinburgh Council Integrated Transport Initiative (ITI) - Inception
2000	City of Edinburgh Council LTS 2000 – Published
	Waterfront Edinburgh Limited (a Joint venture between City of Edinburgh Council, Scottish Enterprise Edinburgh and Lothian) commissions the Feasibility Study for a North Edinburgh Transit Solution (Anderson, Steer Davies Gleave and Mott MacDonald are appointed as advisors)
2001	Feasibility Study for a North Edinburgh Transit Solution – Published
	City of Edinburgh Council commissions the Edinburgh LRT Masterplan Feasibility Study (Ove Arup & Partners are appointed as advisors)
2002	Transport Edinburgh Limited (now tie) Incorporated
	Scottish Executive 'Approval in Principle' of the City of Edinburgh Council's ITI
	Scottish Executive funding grant awarded to support the introduction two Bills into Parliament - Tram Line 2 and Tram Line2
2003	Edinburgh LRT Masterplan Feasibility Study - Published
	Transport Minister announces £375 Million 'available in principle' for the Edinburgh Tram'.
2004	Tram Line 1 and Tram Line 2 Bill submitted to Parliament
	White Paper – "Scotland's Transport Future"
	City of Edinburgh Council LTS 2004 – Published

Procurement strategy

In developing its procurement strategy, **tie** has had to deal with certain key issues that make Edinburgh's context different from that of other promoters of light rail schemes including the effects of the project running through an historic city centre with World Heritage Status, and consequentially, significant constraints in terms of aesthetics, environmental impact and restrictions on possessions along the proposed route. The objectives of the procurement strategy are to achieve:

- Best value for money
- Timely delivery of the system
- 'Win/Win' solutions for relationships with the private sector
- Meaningful integration of light rail and bus services
- Flexibility for future expansion of the network/phasing of delivery

tie has developed a procurement strategy which learns the lessons from past tram procurement exercises and recent investigations by NAO, Audit Scotland and HM Treasury and deals with issues specific to Edinburgh. Overall the procurement strategy is well designed to serve the objectives of the project and is suitable for market testing.

The key elements of the strategy were initially developed by the Procurement Working Group (PWG) during 2004, that group comprising **tie**, Partnerships UK, **tie**'s financial adviser at the time, Grant Thornton, **tie**'s legal adviser, DLA and **tie**'s technical advisers.

Having already opted for early operator involvement, the PWG considered that an Infrastructure and Integrator Consortium Option which now forms the basis of the procurement strategy best met the objectives. The above process has involved significant involvement of CEC and SE. The key documents which have been produced throughout this process are set out in Appendices B and F.

The strategy has been further developed and tested over the last year and will be tested again during formal market sounding during the summer of 2005. **tie**'s intention is to reflect on the feedback received from the proposed market consultation and to critically review the procurement strategy in the light of the messages received.

This will require a review of the approach to the key contracts which will still need to be let at that stage namely the infrastructure and vehicle supply contracts.

In addition, **tie** will consider the views of key stakeholders, including CEC and the Executive on the procurement strategy as set out herein, and on the basis of feedback a specific strategy on the split of funding between grant and private finance (and consequential risk allocation) will be finalised.

The key distinguishing features of the preferred procurement strategy are as follows:

1. Early operator involvement

A contract was signed with Transdev to undertake this role in June 2004, and they are co-located in **tie**'s office working on a consultancy basis. This gives **tie** access to the operator's knowledge and experience during the parliamentary approval, business case, planning, bus/tram integration, design, and commissioning phases to ensure that the system will be capable of being operated effectively.

2. Separation of operations and systems delivery

When the project moves into the operations phase Transdev's will assume a portion of the risk of short term farebox and operating cost risks. However these risks will largely fall to the public sector via CEC. There are a number of methods by which CEC can mitigate this risk as detailed under "Allocation of Financial Risk between CEC and SE" below. Risk premia required by the private sector to assume these risks have been a major contributor to affordability problems on other schemes in the UK.

3. Establishment of Joint Revenue Committee

The Joint Revenue Committee (JRC) will develop a comprehensive and interdependent hierarchical public transport modelling suite to support the development of the Tram network. The JRC will be responsible to **tie** along with the design contractor on a jointly and severally liable basis. The modelling suite to be delivered to **tie** by mid 2006 will, inter-alia, consider the impact of specific system design features and of service and frequency changes on revenue predictions, analyse the effect of changes in passenger numbers on revenue, report on the integration with other public transport modes. During 2006 the output from this "Stage 2" transport modelling will facilitate the development of an integrated business plan for integration of buses and trams.

4. Early involvement of designer

This allows **tie** to advance design work for sensitive sections of the lines and following award of the design contract in June 2005 the designer will focus activities on the section of the network between Ocean Terminal and Haymarket via Princes Street. The early involvement of the designer will reduce the planning and estimating risks that bidders for the infrastructure contract are exposed to and so will contribute to eliminating the substantial risk premia they would charge. It will also facilitate the advanced works on utility diversions, another area where both programme and costs would present considerable risks and therefore premia to be paid to the private sector but which **tie** and CEC can manage without such transfer. The strategy calls for novation of the design contract to the infrastructure contract when the latter is awarded with all risks in relation to design work (as shown in the risk allocation matrices in Appendix G completed pre-novation passing to the infrastructure contractor.

tie will monitor the solutions being prepared by the design contractor with the assistance of the Technical Support Services Contractor, Transdev, and drawing on the significant experience of other schemes within **tie**. The purpose of this will be to avoid 'gold plating' of the system, and any tendency towards high risk, high cost options which do not provide the overall best value for money that **tie** is seeking. **tie** will track the cost of the system throughout the design period, so that cost overruns can be identified quickly and mitigating actions taken while there is still scope to change the solution.

5. Utilities undertaken as advanced works

A significant benefit arising from undertaking design early is that **tie** can procure utility diversions early, thereby reducing programming and cost risk pricing by the infrastructure providers, and creating the best opportunity to minimise disruption and maximise construction productivity. **tie** therefore propose to retain and manage the significant risks associated with utilities and implement the major identified utilities diversions through a single framework contract with a contractor approved by all the affected utilities.

tie and CEC will use their powers under the tram Acts and as the roads authority to negotiate with the utilities allowing works to be carried out on all of the utilities assets at a single site under a single contract. Many of the most complex issues regarding utilities are already being progressed through negotiations with the utility companies, with whom **tie** has agreed heads of terms for utilities diversion works. These negotiations have

resulted in a number of innovative solutions for utility issues, highlighting the benefits of early engagement with the utilities companies.

6. Separate selection of infrastructure and vehicle providers

tie's approach of having separate competitions for infrastructure and vehicles means that it will be able to select its preferred option for each of the vehicles and the infrastructure. There are a relatively small number of vehicle providers in the light rail market, and asking them to partner with infrastructure providers would restrict the range of choice available to **tie**. **tie** also believes that separate procurement of these two key elements of the system will increase competition for the infrastructure contract because the relatively small number of vehicle providers would otherwise limit the number of integrated consortia that could bid. **tie's** approach therefore allows it to select both its favoured rolling stock choice and its favoured infrastructure provider. As with the design contract it is **tie's** intention to novate the vehicles contract to the infrastructure contract with all interface risks passing to the infrastructure contractor.

Risk management

As part of the overall procurement process **tie** has examined in detail what has been effective risk identification, mitigation and management in projects of the nature of the Edinburgh tram project, in the context of the UK Tram Market and the wider industry best practice. **tie** has also embraced principles of the Department of Transport guidance on the same subject.

In addition to published technical guidance **tie** recognises the importance of, for example, the National Audit Office report on light rail which has been a timely reminder of why effective risk management is key to project deliver success **tie** has reviewed its approach and has implemented the recommendations of the NAO report. The findings of Lord Fraser in his analysis of the Holyrood project, which are applicable to any complex construction project, have also been reviewed by **tie** and the lessons learnt are incorporated into **tie's** procurement and risk management strategy.

At the heart of **tie's** approach is ensuring that the risks for the project are identified early on and mitigated with a view to driving effective risk transfer where appropriate to the party best able to manage it. The results of poorly thought out risk transfer on other Tram projects has clearly demonstrated that the sector is not fully accomplished in dealing with certain risks, for example revenue, planning and utilities diversion, or where they are capable there is a substantial premium for the transfer. In response to this **tie** has built into its strategy a balanced portfolio of risk management and transfer mechanisms and has sought to encourage as wide a market appetite for the tram project as possible to ensure an effective competition and value for money.

As part of the continuing development of the project **tie** is continuing to keep risk management at the core of its activities.

Financial projections

The financial projections have been developed with extensive input from experienced advisors:

Capital expenditure and lifecycle (long term maintenance) costs

Estimates have been prepared by **tie's** technical advisors; Lines 1 and 2 have been benchmarked against each other and been benchmarked against other systems' actual costs. The capital expenditure estimates include a specified contingency of approximately 10%; **tie** and its advisors believe this contingency to be sufficient.

The estimates of capital expenditure are considered in the context of available Executive funding and the HM Treasury guidelines on Optimism Bias under "Phased Approach" as described below.

Farebox revenues

Farebox revenue projections are based on patronage numbers drawn from a public transport model, which although complex has been independently assessed as fit for purpose. These projections have also been benchmarked against other UK tram systems.

However, due to their nature there is still significant uncertainty surrounding these projections. **tie** and CEC have a clear strategy to improve the certainty of the modelling in the context of service integration with Edinburgh's bus network (see below). This work will take place in stages between now and the presentation of the Final Business Case in late 2006, ensuring that the latest available information is submitted before financial commitment to the infrastructure and vehicle contracts.

Operating costs

Where available operating costs are now based on the costs estimated by Transdev in developing the DPOF Agreement, and largely supports those initially estimated by the technical advisors.

Other income

tie and CEC have conducted a comprehensive review of other possible sources of revenue or funding for the Tram project. These sources principally comprise advertising revenues and contributions from property development activities in proximity to the Tram network. Reasonable estimates of such income have been included in the financial projections. Again there is still considerable uncertainty regarding these financial projections and outcomes will become clearer during the period between now and financial commitment to the infrastructure and vehicle contracts.

tie and CEC are satisfied that the financial projections and risk assessments are as firmly based as is possible at this stage during the development of the project.

Further transport modelling and service integration

A critical element of 05/06 activity for **tie** and CEC is the progression of both further transport modelling (under the JRC contract) and the plan to achieve operational and financial integration of the tram and bus networks. This work is critical to give all stakeholders further comfort regarding the robustness of the financial case for the tram network prior to both the issue of tenders for the main infrastructure and vehicles contracts proposed in April 2006 and the issue of the Final Business Case in late 2006.

Effective integration of the tram with the bus network is key to patronage stability and growth as well as to delivery of wider social policy aspirations. Uniquely in the UK, **tie** and CEC have instigated a programme of early involvement of the tram operator and bus companies and will develop in due course a similar dialogue with other transport operators. The main bus operator in the Edinburgh bus market is Lothian Buses plc (LB), owned by the Council (91%), which delivers approximately 80% of bus services in the City, with the balance primarily serviced by First Group. This market structure offers an exceptional opportunity to achieve effective integration, subject always to full compliance with competition law. **tie** and CEC have established a detailed process to maximise this opportunity for the benefit of customers.

A wholly-owned subsidiary of CEC – Transport Edinburgh Limited (TEL) will oversee and drive progress with the assistance of **tie** in terms of procurement and project management. It is intended that this structure will be fully implemented during the period between Royal Assent and the issue of the Final Business Case in late 2006. Thereafter TEL will drive the tram project in the period immediately prior to commissioning and during operations. This approach will also have the effect of reducing risk for CEC by maximising cost and revenue efficiencies between the tram and bus networks and managing the service patterns of both modes in the most effective way for customers.

The corporate and governance structure of TEL will be finalised during 05/06.

tie's modelling strategy now envisages the development of a more detailed suite of models. These will be required to support the design of the system by the design contractor and also the work of the JRC. This more detailed modelling will reduce the forecasting risk referred to above and thereby serve to provide more robust projections to validate the financial and economic viability of the tram project prior to the issue of both the final OBC in early 2006 and Final Business Case in late 2006. The Stage 2 modelling will permit clear assessment of the patronage and revenues on different configurations and phasing of the project and the implications for the patronage and revenues of Lothian Buses.

Impact of EARL on Line 2

The Stage 2 patronage and revenue modelling described above will also include work to mitigate risks identified in recent reviews of the first phase projections with regard to the planned implementation of the proposed heavy rail link to Edinburgh Airport (EARL). This rail link would provide direct routing from the Airport to the national railway network. EARL would therefore provide links on a regional and national basis, whilst the tram would provide the local connections.

The airport market is an important part of tram line 2 demand and EARL does have the potential to capture a significant proportion of passenger trips between the airport and the City Centre. Fare policy will be a key decider of the relative attractiveness for users. The business case for EARL is still at an early stage of development and the full implications for the patronage and revenues on tram line 2 will need to be understood before financial commitment to the infrastructure and vehicle contracts. This work will seek to deliver a scenario which optimises EARL's revenue generating performance but still allows tram line 2 to generate sufficient revenue to cover its operating costs. There is good reason to believe that tram line 2 and EARL can serve different market demands, tram line 2 serving the local price sensitive and time insensitive market and EARL the National, price non-sensitive and time sensitive market.

Funding and Affordability

tie's financial modelling has so far assessed affordability for 4 network configurations, Line 1 only, Line 2 only, a network of Lines 1&2 and a network of Lines 1&2 excluding the Newbridge Shuttle. Each of these configurations were assessed under 2 funding scenarios as follows:

1. **Conventional Funding:** **tie** procures a fixed price Infrastructure Contract with all capital costs being funded upfront by the public sector.
2. **Hybrid PFI (60% conventional funding):** **tie** procures a PFI contract for the construction and maintenance of the Project. The concessionaire receives payments from the public sector during construction for 60% of the capital expenditure and finances the residual amount with private debt and equity.

This IOBC does not propose a definitive structure for a PFI arrangement or that a PFI structure should be selected. This will be subject to further analysis, both qualitatively and quantitatively, and discussion between **tie**, CEC and the Executive in the period up to presentation of the final OBC in the spring of 2006. For the purposes of the current analysis **tie** and its advisors have taken advice from the Executive on the likely method by which the Executive grant, or a portion thereof, would be translated into support for availability payments under a PFI arrangement.

The PFI modelling completed so far has been prepared to support high level affordability conclusions only. Further, this document does not address any issues which the balance sheet treatment of the Tram might present for the public sector.

Other key funding assumptions are:

- The Executive grant for construction of the Tram network is fixed at £375m in nominal terms (ie with no indexation). The Executive have reiterated that this is indeed the case. It is assumed that the Executive grant will in principle be available to fund any network or phasing thereof including any or all of Lines 1 and 2 or potentially an alternative configuration, subject always to a "robust business case" being available for the preferred configuration
- CEC does not have the capacity to contribute to the capital expenditure in relation to any element of the project unless and until the receipts from projected surpluses from operations and property development are realised. Further, CEC does not have the capacity to assume the risk of borrowing against those future revenue streams, and therefore contribute to the immediate capital expenditures on the project, due to the uncertainties with regard to farebox revenues and other income discussed above.

tie and CEC have appraised these key issues and assessed the funding which has reasonable visibility and can be delivered for the scheme. This has been done for both of the individual lines and for a network of Lines 1 and 2. It is **tie**'s and CEC's conclusion that:

- Both Line 1 or 2 as standalone projects are fully affordable within the approved Executive funding of £375m – either under conventional funding or as a hybrid PFI as described above.
- A network of Lines 1 and 2 is not affordable, at least as an entire first phase, within the approved Executive funding of £375m. Under conventional funding the financial model shows a shortfall in funding for capital expenditure in nominal terms of £206m for a complete network of Lines 1 and 2 and £152m for a network excluding the Newbridge Shuttle.
- There is a need for further detailed evaluation of the initial system scope and phasing in the light of these affordability issues and the normal mitigation of the risks of large scale development through a phased approach. This phased approach is detailed below.

Phased Approach

The inherent risks associated with the cost estimates for a project of this scale and complexity remain, despite the detailed work that **tie** has carried out to ensure that the current estimates are the most accurate available and the range of benchmarking against outturn costs on completed projects. It has now therefore become all the more important to achieve as much certainty as possible on the likely price for the different elements of the network before entering into commitments.

tie is consequently proposing a phased approach which would be applied to the procurement of Lines 1 and 2, as well as any possible future extensions which are subsequently identified. The aim of the phased approach would be to

- Ensure maximum clarity around the likely costs associated with sections of the network.
- Allow for the option of retaining the same infrastructure contractor for each Phase, including later extensions.
- Ensure that at each stage of phasing the 'network' as defined will be completely sustainable should no further phases be undertaken for whatever reason.

This will allow CEC and then the Executive to take decisions about the precise committed scope of Phase 1 in the light of actual prices competitively bid by the private sector, *before* any contractual commitments. It will also provide the possibility that future extensions can be

facilitated without the need for further costly procurement, and avoiding potential issues associated with system interface and integration.

The precise scope of each Phase is subject to further discussion but the aim will be to agree first with CEC then with the Executive the scope of a Phase 1 which should be reasonably affordable *within* the current affordability constraints (i.e. £375m without indexation). Specifically this will be a scope which on current estimates builds in sufficient 'headroom' below £375m to allow a degree of confidence as to deliverability allowing for prudent provision for unforeseen cost increases.

The approach described above will allow informed decisions to be taken in the light of emerging affordability at key points during the procurement process. For example, at the point of initial receipt of the bids **tie** will have detailed information as to the likely costs of both the defined Phase 1, and the various further subsections which may comprise a Phase 2, with indicative prices for future phases.

The Procurement Strategy, and in particular the scope of design and other implementation activities programmed for the year to 31 March 2006, is entirely compatible with the phasing approach now proposed. In summary, the initial design work under the SDS contract would be targeted on the key sections of the proposed Phase 1. Similarly, the early work on utilities diversions would all be carried out within the defined Phase 1.

For illustration this IOBC considers a situation where Line 1 in its entirety was to be procured as Phase 1 by conventional funding.

The base case outcome (that expected by **tie** and CEC) would be that the capital cost of Line 1 is confirmed within **tie**'s best estimate totalling **£292.4m** which includes a specified contingency of 10.8%. This would leave **£82.6m** unspent from the fixed Executive grant of £375m as funding for capital expenditure on Phase 2.

The headroom which such an phasing would give is illustrated by the fact that if the capital cost of Line 1 increases to **£327.2m** representing **tie**'s base cost estimate plus optimism bias at **24%** (calculated by **tie** in accordance with HM Treasury Guidelines taking account of the progress which has been made to date in the development of the project) there would be £47.8m unspent from the Executive grant. An increase in the capital cost of Line 1 to **£375m**, being the maximum committed Executive funding, would represent an increase of approximately **42%** over **tie**'s base cost estimate. This compares to HM Treasury's recommended starting value of 44% for optimism bias and therefore would provide a very high confidence that Phase 1 would not require the committed £375m to be exceeded.

tie and CEC believe this "headroom" provides a sound basis for expecting that at least Line 1 can be delivered within the existing approved funding of £375m in accordance with the expectations of the SE. **tie** and CEC also believe that this forms a sound basis for proceeding with the design and other procurement activities programmed in the period up to receipt of tenders for the infrastructure contract in accordance with the programme described below.

The presentation of Line 1 as an illustrative Phase 1 does not in any way confirm an intention by **tie** and CEC to exclude any or all elements of Line 2 from Phase 1 when it is presented for approval by SE. The current programme calls for a definitive phasing plan to be developed by **tie** and CEC (in consultation with Lothian Buses and Transdev) between now and January 2006 prior to submission of the final OBC. The phasing plan would be reviewed again following receipt of tenders for the infrastructure and vehicle contracts as part of the Final Business Case.

Allocation of Financial Risk between CEC and the Executive

Under conventional funding and prior to the commencement of operations of Phase 1 of the Trams, CEC has no resources available to contribute to the capital costs of the Tram project and Phase 1 must at this stage be contemplated as being provided entirely from the fixed Executive funding of £375m.

However both **tie** and CEC submit that the SE's risks in this regard are mitigated by the procurement strategy developed by **tie** to deliver a value for money Tram network taking full cognisance of the lessons learned from the procurement of other public transport projects, the Phased approach to implementing the project characterised by the funding headroom described above, the process by which the Executive will approve progress of the project at various stages only after being satisfied by **tie** and CEC as to the continuing adequacy of that headroom during the progress of design, Phasing definition and receipt of tenders, SE's right to satisfaction that the extent of the Tram network being delivered represents good value for money with respect to the level of investment and the rigorous regime of cost control being implemented by **tie** and its advisors and with CEC to manage the design and construction process.

Under conventional funding CEC will retain the risks associated with farebox revenues (to the extent they are not shared with the operator), other income, operating costs and lifecycle costs. Again taking Line 1 as a proxy for Phase 1, the forecast net cash inflow to CEC over the 30 year forecast period is £102m representing a cushion of 22% of forecast farebox revenues before CEC would experience an overall cash deficit. This simple analysis does not however reflect the risk of cash deficits occurring in individual years especially in the initial years of operation and the risks being borne by CEC are considerable. CEC's risks are also mitigated by the phasing approach under which the elements of the network most likely to be economically sustainable will be constructed first. In addition early involvement of an experienced operator (Transdev) and Lothian Buses in the context of the TEL service integration plans will provide CEC with a considerable additional level of assurance.

It is CEC's intention to convert realised or reasonably anticipated cash surpluses from operation of the Tram into funding available to provide future Phases of the network.

Under a PFI arrangement CEC would no longer be responsible for paying Lifecycle costs directly but would expect to contribute, in an equivalent manner, to the availability payments made to the PFI contractor.

Disbenefits of phasing the implementation of Edinburgh's Tram project

Whilst **tie** and CEC recognise the advantages to a phased approach to implementation, there are a number of associated disbenefits that include:

- The loss / deferral of economic and social (STAG) benefits
- The increased cost in nominal terms to build future phases due to the impact of inflation on deferred costs
- Inefficiencies of implementation with the potential reduction in economies of scale and requirement to undertake elements of the procurement more than once
- Potential for a more fragmented approval process that in itself may prolong the programme and increase costs.

Programme

The following are the key dates from the programme at which decisions with regard to phasing will be made and approvals sought to proceed from CEC and then SE:

Activity / milestone	Dates
Commencement of design and related activities	June 2005
Preparation of agreed phasing plan by tie, CEC (with Lothian Buses and Transdev)	May 2005 – Jan 2006
Delivery of Outline Business Case (OBC) which defines phasing of the project to be tendered and the proposed funding structure (Conventional Funding or PFI)	End Feb 2006
Issue of tenders for Infraco and tram vehicle contracts following Executive approval of OBC and Royal Assent	April 2006
Return of tenders for Infraco and tram vehicle contracts	Aug 2006
Decisions on scope for inclusion further sections of network in Phase 1 in light of prices received	Sep 2006
Input from transport modelling which underpins farebox revenue projections for selected phasing and in the context of revenues for an integrated Tram and bus network	Feb 2006 – Sep 2006
Delivery of Final Business Case (FBC) reflecting tender prices and any consequential adjustment to the proposed phasing of the project	Sep 2006
Award of Infraco and tram vehicle contracts following Executive approval of FBC and final negotiations with tenderers	June 2007

This indicative timetable reflects a conventional procurement process. A PFI approach could extend this by 6-12 months, depending on the process adopted.

This programme also indicates a 30 month construction programme from July 2007 to meet an operational date for the tram by the end of 2009. This is a challenging timescale which will be constantly under review in detail up to the date of award of the infrastructure and vehicle contracts in light of the actual phasing plan adopted, the construction methods developed by tie and its contractors and the practicalities of limited sections of the Tram being operational prior to completion of a full Phase 1. This will be assessed in more detail in the Final OBC.

Funding requirement for 2005/06

To progress the activities detailed in this IOBC, tie requires access to limited additional funding in the current financial year. The detailed procurement evaluation has identified the critical path of expenditure which requires to be followed if the programme is to be met. The estimate is **£21.9m** for 2005-06 which net of £2.4m Executive funding carried forward from 2004-05 and a £1m contribution from CEC results in a net additional funding requirement of **£18.5m**.

The theme of the overall strategy is to ensure that risks are aggressively managed and in particular that tie's stakeholders are not asked to commit to either contractual or financial obligations until each stage has been thoroughly analysed and approved. It is important to note that no commitment of new funding beyond the costs described in the previous paragraph is sought at this stage. All tie's contractual commitments both now and during 2005-06 are capable of being terminated within a reasonably short period of time.

An important area requiring further urgent assessment is that of utility diversion work. tie is sensitive to the need for curtailment of large-scale expenditure prior to Royal assent and the implications of this for programme require further debate.

In relation to land acquisition, **tie** has not included in the funding request the cost of any land acquisition in FY 2005-06. It should however be noted that there may be specific cases where early purchase is sensible to all parties. These will be subject to individual assessment of the merits in each case and where appropriate an addition funding request will be issued.

The issues of utility diversion and land acquisition require further discussion as part of the assessment of this document. It is hoped that the recommendation in this document will provide a convincing basis for release of the limited short-term Executive funding to enable the project to proceed according to programme with optimum risk mitigation.

[Extract from IOBC May 2005 as submitted to CEC/SE on 31st May 2005]



Agenda Item 7

Other Projects

- a) Project Progress Report *
- b) Business Development *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7a

Other Projects

- a) Other Project Progress Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie Board Meeting

20th June 2005

Other tie CEC Projects -Update

1.0 Fastlink - Guided Busway Contract

Balfour Beatty have been notified of a number of defects

1. Vertical running Surface
2. Signals at the pedestrian crossings
3. Gauge of the P.C.C. kerbs over the bridges
4. Deformation of the joints at the end of the slipformed upstands
5. Cracking of guideway surface
6. Spalling of the kerb upstands predominantly on the westbound lane

Balfour Beatty has accepted 1 to 4 above as defects and has proposed rectification.

Tests were carried out over a weekend closure on the 10th and 11th of June to test various grinding equipment to bring the vertical running surface within tolerance, carry out temporary repairs to the spalling of the kerb upstands and further assess the rectification of the bridge kerbs. Following this they propose to carry out further works over a 10 day closure by the end of July to bring 1,3 and 4 into tolerance.

Balfour Beatty have accepted No 2, the signals, as a defect and are working on a solution to rectify this. The signals are a non-standard puffin crossing design required for HMRI approval. The difference from standard puffin crossings is that both the pedestrian and the guideway signals should default to red with sensors to detect buses approaching. Intermittently the signals have been sticking on red and not detecting buses and on other occasions have not been defaulting back to red from green.

Extensive cracking surveys have been carried out and reports produced by Carl Bro the designers. Carl Bro consider and Halcrow support that cracking is inherent in Continuous Reinforced Concrete Pavement design. A small percentage of the cracks require remedial action which will be carried out during the 10 day closure.

Balfour Beatty consider that the spalling to the kerb upstands has occurred due to drivers entering guidance with damaged guide wheels and not using adequate care to exit the guideway on single sided guidance or requesting recovery. tie have been forced to concur that on occasion this has occurred however the long term durability of the upstands is in doubt and forms the basis for the defect notification.

The final form of rectification has yet to be agreed and investigations continue.

2.0 Fastlink – Other Works

The on Street Bus Priority measures contract is substantially complete. And snagging is continuing

The Balgreen Road bus stop improvement has been set back until the School holidays in order to reduce the impact on the adjacent schools.

The Cultins Road connection to Fastlink at Edinburgh Park Station has been opened and traffic is being monitored through the Station Access Road. At present this movement is being accommodated safely and if it continues to perform satisfactorily will lead to a saving as the works to the Calder Road Roundabout will not be required.

CCTV on Fastlink should be operational within the next two weeks.

3.0 Ingliston Park and Ride

Construction Works remain on Schedule for completion and handover to allow the Launch to be held on the 14th of July in parallel with Hermiston Park and Ride.

Final fitting is being carried out to the building; the final carriageway asphalt is complete. The concrete stance requested by CEC is complete, barriers and ticket machines are being commissioned. CCTV is operational. The power supply has been delayed but the contractor has supplied and will maintain a generator of adequate capacity to supply the site until the permanent service is provided. The Car Parking area is complete and road markings including the Bus lane onto the A8 slip road has commenced.

The site has been approved for a Park Mark security certificate.

Invitations for the Launch will be sent out in mid June. It is expected that buses will depart from St Andrew Square.

Prepared by:- Lindsay Murphy 15/06/05

Approved by:- Alex Macaulay 15/06/05



Agenda Item 7b

Other Projects

b) Business Development

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Tram

- a) IOBC and 2005/6 Funding Status
- b) Procurement – SDS/TSS/JRC Update *
- c) Order Issues/Parliamentary Business *
- d) Transport Edinburgh Limited
- e) Ticketing

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 8a

Tram

a) IOBC and 2005/6 Funding Status

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 8b

Tram

b) Procurement – SDS/TSS/JRC Update *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 8c

Tram

c) Order Issues/Parliamentary Business *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie Board Meeting – 20th June 2005

Subject: Order Issues / Parliamentary Business

Statutory Processes - Line 1 & 2 Status Report

The Private Bills for Edinburgh Tram Line 1 and 2 have started taking oral evidence in the Consideration Stages of their respective Parliamentary Committee processes. Site visits took place on the 7th and 8th and a joint meeting on the 14th to consider objections on the shared section. Each Committee intend to meet on a weekly basis during the following two weeks which lead up to the Parliamentary recess. Meetings then recommence in September and it is anticipated that each Committee will sit on a weekly basis until October.

The PBU has decided the scheduling of the appearances of the various Objectors. Witness statements have been submitted by the promoter's witnesses and by objectors. These statements have been exchanged and rebuttals have been submitted for the pre-recess objections, with post-recess rebuttal due to be submitted in July.

Activity	TL1	TL2
Written Statements submitted	115	101
Rebuttals submitted	47	42

tie is still anticipating completion of the Consideration Stage and the Final Stage, and achieving Royal Assent to the Bills by the end of December 2005, although this depends entirely on the progress of considering the Bills by the Committees.

"Mini-Bills" for route amendments (2 on TL1 and 2 on TL2) have been submitted. The intention is to run the objection period over the summer recess so that the overall programme is not affected.

Objector Numbers and Status

Work continues, in parallel with the Parliamentary evidence preparation in trying to seek to resolve the concerns of formal objectors to the Bills. It is intended to try to achieve resolution with as many as possible to reduce the need to appear before the Committees.

A great effort continues to be put into this negotiation work although drafts of agreements may continue to be exchanged up to the last minute. However, 4 objections have been withdrawn during the last month (Historic Scotland, Scottish Water, Royal Mail and Beauchamp). Consensus has been reached with a number of objectors on some aspects of their objections and effort is now being made to get them to advise the PBU of this fact. It is acknowledged that a number of objections on each line will not be withdrawn as agreement will not be reached with the objectors and the issues will have to be examined at the Committee hearings.

Completion and Approval of the Design Manual

Since the Planning Committee approval of the Draft Tram Design Manual, no comments have been received on the content of the draft Manual. Discussions have also continued from time to time with **tie** over the role and evolution of the draft Manual. **tie** has now passed the earlier work over to the City Development Department to refine and update the content. This is necessary in view of the ongoing refinement and development of **tie**'s thinking on design. It is also a concern that before this Tram Design Manual can be approved as supplementary planning guidance a public consultation exercise should be conducted. It is therefore important that the draft Manual reflect the most up-to-date expertise on tram design issues before it goes out for wider public consultation.

A programme was recently agreed for this work and it is intended to report to the Planning Committee in June 2005. It is intended that Historic Scotland will have an input to the revised document and that they will be part of the public consultation process.

In addition to this, the various Planning Committee reports make reference to the need for a Tram Public Realm Strategy. Progress with this has been limited by resource constraints, but an update on this work is also proposed for the Planning Committee in June. Concerns remain over funding for this work, but that will also be addressed in the report.

Historic Scotland Protocol

Through discussions with Historic Scotland a protocol regarding the establishment of a Design Working Group, and Historic Scotland's participation within it, has been developed.

Under the Protocol Historic Scotland would be invited to participate in the Design Working Group when any elements of the design affecting the World Heritage Site were being considered. They would therefore have a full and early opportunity to make input to, comment on and express any concerns relating to the works as they affect the World Heritage Site. This would follow on from their early involvement and consultation on the development of the Design Manual.

As part of its work the Design Working Group would consider all elements of the design of the tram including elements of the works which would require Prior Approval from the Planning Authority. It would review these prior to the submission of applications for Prior Approval and agree what material is required to support those applications including any appraisal of environmental matters. Historic Scotland would be invited to be party to these discussions in relation to those elements requiring Prior Approval that fall within the World Heritage Site and would therefore have an opportunity for early input in advance of their role as consultees on each application.

Geoff Duke / Kevin Murray
15/06/05



Agenda Item 8d

Tram

d) Transport Edinburgh Limited

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 8e

Tram

e) Ticketing

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 9

Communications

- a) **Communications Progress Report ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



**Board Update
Communications Progress Report
20th June 2005**

Communication management:

- **Trams**
- **FETA**
- **Communication strategy and partners**
- **Ingliston Park & Ride Launch**
- **Fastlink**
- **Media enquiries/press**
 - **Journalists Visit**
 - **Corporate Scotland**
 - **Edinburgh Chamber of Commerce**
 - **Edinburgh Outlook**

Trams

Work on each of the Media, Stakeholder, Community and Political groups' progresses at pace. A detailed update on progress and work plans for the past and coming months is attached.

FETA

An initial communication scope for FETA has been documented. Confirmation from FETA that the scope should cover all of the LTS, not just the Charging Order, has meant some minor revision. The revised document will be complete by the end of June. Options to resource the communication work will be discussed over the coming weeks.

Once agreed, a presentation of the scope and the resource options will be made to the FETA board in September.

Communication strategy and partners

tie and CEC continue to work together to ensure a partnership approach on all projects, where relevant. Work currently concentrates on the Ingliston Park & Ride Launch and trams.

A meeting with the Scottish Executive will be held on 23 June to ensure their involvement and input in any relevant communication projects, specifically trams.

Ingliston Park & Ride Launch

This event is being held on Thursday 14 July.

The Lord Provost will open Ingliston and Hermiston Park + Rides at an event being held at Ingliston.

Invites will be issued by 17 June with the invite list of 150 being made up of CEC, Scottish Executive, **tie**, Lothian Buses, Contractors and Stakeholders such as BAA.

Specially branded Park + Ride Buses will leave St Andrew Square at 10am. Guests will receive hot rolls and drinks on their arrival at Ingliston. Once all guests have viewed the facilities the Lord Provost will declare the both Park + Rides open.

Buses will transport guests back to St Andrew Square at 11.20am.

In order to generate maximum publicity and awareness a leaflet will be dropped at every household in West Lothian, adverts will appear in the West Lothian Courier and a radio advert will run on Radio Forth in the lead up to the service start date of 17 July.

Fastlink

The weekend closure of Fastlink from 11-12 June passed, to date, without any media interest. Telephone cover was provided over the weekend and a statement was prepared explaining the closure was for routine maintenance works however, neither were needed.

Media enquiries/press

- **22 & 23 June 2005 – Journalists Visit**

tie will be hosting a small dinner for 13 journalists the evening of 22 June. The following day the journalists will visit **tie** offices from 10.30-11.45am where they will receive update presentations on Stirling Alloa Kincardine, Tram and EARL projects.

This event is part of a yearly information week held for the journalists by Virgin Rail.

- **Corporate Scotland**

The Corporate Scotland brochure has been published, with **tie**'s full page article on project work being undertaken.

- **Edinburgh Chamber of Commerce**

An article from **tie** will appear in the Edinburgh Chamber Magazine following a visit earlier in the month from Ron Hewitt. The article will address moving forward with trams.

- **Edinburgh Outlook**

Due to be delivered in the coming weeks the next edition of Outlook features a page on Trams. Articles include the Ocean Terminal visual, the Tram Drivers lunch and a cut out sheet asking for more information on trams.

The Board is asked to note the position.

Suzanne Waugh
14th June 2005

tie Tramlines 1 & 2

Communications Timeline: April 2005 – 2006

(UPDATED 7 JUNE 2005)

Community	Political	Stakeholder	Media	Other/Generic
May 2005				
<p>Sponsorship/Events: WS compiling sponsorship analysis and events planner - corporate events only</p> <p>Exhibitions: Content agreed Roadshow planning and booking</p> <p>Website Audit: Audit and recommend changes as requested</p> <p>Visuals: Brief for new visual suite provided to tie</p> <p>Community Mailing: Community mailing abandoned, info request included in Outlook as alternative</p>	<p>Pro-active Contact Letter to Line of Route (LOR) MSPs and Cllrs advising of revised strategy and call to action</p> <p>Contacts: Develop political contacts database of councillors, MSPs, MPs and party researchers</p> <p>Holyrood Provided info for tram article</p> <p>CLGs</p> <ul style="list-style-type: none"> • Sent Minutes/agenda for Lower Granton Road CLG (9 May) • Sent minutes/agenda for Trinity CLG (11 May) • Sent minutes/agenda for Craighleith CLG (16 May) • Sent Minutes/agenda for West End CLG (18 May) • Sent agenda for Ratho Station CLG (19 May) • Sent minutes/agenda for Baird Drive CLG (8 June) • Arranged venues for 	<p>Events: Leith Community Council (Completed)</p> <p>BLGs: First Leith BLG</p> <p>Stakeholder Mailing: Information packs for property solicitors drafted for approval.</p> <p>Key Stakeholder Event: Meeting of key supporters – brainstorm activity (brainstorm held, currently researching possible supporters)</p>	<p>Media Activity</p> <ol style="list-style-type: none"> 1. Noise and Vibration release drafted and sent (EN/Trade) 2. Historic Scotland release drafted and sent (EN/Trade) 3. EN opinion article 900 by-lined words to be submitted to EN 4. Line 1 & 2 amendments release drafted and sent, with new visuals 5. Copy drafted and submitted for June issue of Outlook 6. Nine letters to editors responded to 7. Meeting with Brian Ferguson, Evening News 	<p>TGWG meeting: 1 June</p> <p>tie Comms Meeting: 4 May</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings: Community/Media: 20/5 Stakeholder/Political – 23/5</p> <p>Generic Activity: Budgeting</p>

Community	Political	Stakeholder	Media	Other/Generic
	June meetings. Key Dates: Scottish Executive Infrastructure Investment Conference – 17-18 May, presentation completed			

Community	Political	Stakeholder	Media	Other/Generic
June 2005				
<p>Leith Festival Debate: Briefing provided to BC. Sponsorship provided.</p> <p>Information Packs tie to approve</p> <p>Newsletter: Writing of Traveltime (for issue in July) – with changeable section for 7 regional issues:</p> <ul style="list-style-type: none"> • City/West End/ Haymarket • Leith • Granton/Waterfront • Craigleith • Saughton/ Carrick Knowe • Gyle/Airport • generic <p>WS to source and include 'benefit' case studies</p> <p>Cross-Group Initiative: Tram shell event proposal – availability, display area and permissions, costing</p> <p>Faces of Tram: Source and research case studies Draft ads and leaflets – do you want more info?</p> <p>Text Service: Set up text service</p>	<p>Meetings Cllrs Munro (Lab, Harbour) and Attridge (Lab, Lorne) Monday 20 June 4pm (city chambers)</p> <p>Sarah Boyack MSP (Lab) (Edinburgh Central) Tues 7 June 2.30 (SP)</p> <p>Cllr Maginnis (Lab, Granton) Wednesday 23 June 9.15am, City Chambers</p> <p>Cllrs Gilchrist (Cons, Murrayfield) and Cllr Jackson (Cons, Trinity) Wednesday 22 June 1pm, City Chambers</p> <p>Cllr Andrew Burns Wednesday 22 June 3pm, City Chambers</p> <p>Meetings: Set up meetings with MSPs Margaret Smith MSP (LD) (Edinburgh West); 17 June</p> <p>Susan Deacon MSP (Lab, Edinburgh East and Musselburgh) 6 June</p> <p>Community Councils: Mailing to offer update – letter drafted</p>	<p>Tracker Partners: Prep for commercial/retail rental price tracker Approach ELTB for tourism tracker (Ongoing) Finalise ESPC Tracker</p> <p>Stakeholder Events: Environmental, tourism and heritage stakeholder event Disability stakeholder event (Reviewing database and organising date, format and venue)</p> <p>Events: Prep for ECoC business breakfast. (August)</p> <p>Transport Event: Event for Transport Co-ordinators (leaflets to be sent in July) (Transport co-ordinators being researched)</p> <p>Action Plans: Work up 6 month action plans for each key stakeholder (Will be worked upon once supporters are identified. Will be completed in June)</p>	<p>Journalist Meetings: Evening News (Editor date tbc) Scotsman (9 June)</p> <p>Event: Media drinks at the Tun (July)</p> <p>Media Activity:</p> <ol style="list-style-type: none"> 1. Western General access 2. SNH Withdrawal 3. Landscape Management and Bird Survey (release) – pre 21 June (evidence) 4. Tender awards – System Design/Tech Support (trade release) 5. ECoC Business Comment article 6. Utilities Provision (release) – p-re-21 June (evidence from Utilities) 7. BAE Systems – provision of alternative parking arrangements 8. Scottish Water and Royal Mail release <p>Broadcast Packages: Work up four broadcast</p>	<p>TGWG meeting: 29 June</p> <p>tie Comms Meeting: 8 June</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings: Community/Media: 21/06 Stakeholder/political: 24/06</p> <p>Generic activity:</p> <ul style="list-style-type: none"> • Media awareness session and tram naming brainstorm (27 June) • Provision of evaluation proposal • Overhaul of tramtime.com cover page and document page • Upload of new documents (Land Management, Route Change, Route Change Map, Construction Code of Practice) to tramtime.com • Provide new draft Q&A • Budgeting

Community	Political	Stakeholder	Media	Other/Generic
June 2005				
<p>Exhibitions: Prepare Roadshow to start July</p> <p>Visual Suite: Briefing meeting 14 June</p>	<p>Holyrood: Editorial and research staff to be invited to media drinks reception at The Tun date tbc perhaps July</p> <p>Meetings: Set up meetings with MSPs: Mike Pringle (LD) Awaiting dates from assistant</p> <p>Mark Ballard (Green) Awaiting dates from assistant</p> <p>Set up meeting with LD LOR Councillor – Councillor Longstaff</p> <p>CLGs:</p> <ul style="list-style-type: none"> • Baird Drive CLG – 8 June • Trinity-Starbank CLG – 15 June • Leith Walk CLG – 22 June • Joint Craighleith/West End CLG – 29 June 	<p>Stakeholder Mailing: Packs to be approved and sent to property solicitors. (list collated)</p>	<p>packages for summer programme</p>	

Community	Political	Stakeholder	Media	Other/Generic
July 2005				
<p>Newsletter: Distribution</p> <p>Exhibition: Start of roadshows – city centre Murrayfield and Leith</p> <p>Faces of Tram: Ad campaign and leaflets</p> <p>Tram Shell: Work up interactive exhibition visuals</p>	<p>Meetings Kenny MacAskill (SNP) Monday 1 July 10am, Scottish Parliament</p> <p>David McLetchie MSP (Cons, Edinburgh Pentlands) Lord James Douglas-Hamilton MSP (Cons, Lothians), Cllr Whyte (Cons), Mon 11 July 11am (SP)</p> <p>Newsletter Mailing: Traveltime newsletter released – with letter for key contacts</p> <p>Agenda Meetings: Organise meeting with Colin Fox MSP (Soc) on social inclusion benefits</p> <p>Organise meeting with Jane Davies at Scottish Executive (Health Planning and Quality Division) – possibly attend with stakeholder</p> <p>Meetings with community councils, as required</p>	<p>Networking: Park and Ride launch</p> <p>BLG: Leith BLG</p> <p>Events: Private transport, commercial transport and utilities stakeholder lunchtime event (Reviewing database and organising date, format and venue)</p> <p>Collateral: Production of a brochure for businesses – benefits, sound bites and contact details. Encouragement onto database. (Drafting of brochure has started)</p> <p>Tram Shell: Invites to August Event (Will invite supportive stakeholders, BLG members, Chamber of Commerce, CBI)</p> <p>Newsletters: Traveltime newsletter HTML newsletter for businesses & employers</p>	<p>Media Initiatives:</p> <ol style="list-style-type: none"> 1. News feature linked to ad campaign and leaflets 2. Tram shell – pre-release 3. Roadshows – release of planned dates and times 4. Tender Issue – Construction and Construction Coe of Practice 5. Withdrawal – TBC 6. Naming competition – Evening News 7. Release of visuals to EN for planned feature <p>Meetings: Meeting with political journalist (tbc)</p> <p>FAM Trip: Dublin visit for media</p> <p>Technical Feature: How to build a tram network</p> <p>Tram Shell: Media matrix planning</p> <p>Feature: 7 July: Surveyor Transport feature</p>	<p>TGWG meeting: ---</p> <p>tie Comms Meeting: 6 July</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings:</p> <p>Community – TBC Stakeholder – TBC Political – TBC Media – TBC</p> <p>Generic Activity: Budgeting</p>

Community	Political	Stakeholder	Media	Other/Generic
	<p>Key Dates: Scottish Parliament Summer Recess: 2 July – 4 September House of Commons Summer Recess: 28 July – 10 October</p> <p>Tram Shell: Invites to August event</p> <p>CLGs Lower Granton Road CLG – 25 July (tbc)</p>			

Community	Political	Stakeholder	Media	Other/Generic
August 2005				
<p>Tram Shell: City centre display event (week long)</p> <p>CLGs: Monthly meetings Organised visit to tram display</p> <p>Exhibition: Western General Hospital</p> <p>Faces of Tram: Ad campaign and leaflets</p> <p>Text Service: Low level advertising</p>	<p>Events: Events at tram display</p> <p>Briefing: Briefing on business case to go to key political contacts</p> <p>Meetings: Organise meetings with Enterprise MSPs following submission of business case</p> <p>Meetings with community councils, as required</p> <p>Conference Season: Investigate possible fringe events and attendance at Autumn political conferences</p> <p>CLG: Ratho Station (tbc)</p>	<p>Stakeholder Action: Support audit for call to action packs</p> <p>Events: Business stakeholder lunch event</p> <p>Commercial Property agents' event and provision of packs</p> <p>Events: Business Lunch at the Edinburgh Chamber of Commerce hosted by tie. Guest: Dublin Chamber of Commerce (Organisation of event progressing)</p> <p>Key stakeholder meeting to be held after lunch (Being organised in conjunction with e breakfast)</p>	<p>Events: Event at tram display – drinks reception Dublin/Edinburgh COC event – media attendance and briefings</p> <p>Media Initiatives: Tram installation (one off photocall) Tram display launch (media event) Launch of tram name</p> <p>Meetings: Political journalist tie/stakeholder interview Scotsman</p> <p>Commercial property linked release/media attendance at event</p> <p>Trade media interest in event</p> <p>Faces of Trams: Case study based feature</p> <p>Media Stunts: Planning for Royal Assent eg: Caley Brewery</p> <p>Outlook: Submit copy for September issue</p>	<p>TGWG meeting: 10 August</p> <p>tie Comms Meeting: 3 August</p> <p>Weekly comms update meeting (BC/SW/LC)</p> <p>Group Meetings:</p> <p>Community – TBC Stakeholder – TBC Political – TBC Media – TBC</p> <p>Generic Activity Budgeting</p>

Community	Political	Stakeholder	Media	Other/Generic
August 2005				
			Features 5 August: Planning Magazine Urban Design feature	



Agenda Item 10

AOB –