



tie Board Meeting

21st March 2005



Agenda for tie Board Meeting

@ tie offices, Verity House, Edinburgh
@ 10.00 hrs – 12.00 hrs on Monday 21st March 2005

| Item No. | tie Board Meeting Agenda Item | Resp | Timing |
|----------|--|----------------------|-----------|
| 1. | Minutes of Meeting of 28th February 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. | Risk - a) Risk Report * b) Professional Indemnity Insurance * | MH | |
| 5. | Finance – a) Board Finance Review* b) Financial Performance Report * c) Draft tie Business Plan * | SM | |
| 6. | Heavy Rail - a) EARL- Project Progress Report* b) EARL – Promoter role c) SAK - Project Progress Report * | PP | |
| 7. | Tram a) Project Progress Reports * b) Procurement * c) OBC Status d) Parliamentary Process * | AM IK SM AM | |
| 8. | Other Projects – a) Project Progress Reports * b) Ingliston Park & Ride – Lesson Learnt* c) ITIBS* | AM | |
| 9. | Communications - a) Information Programme * b) Stakeholder report * | MH | |
| 10. | AOB – a) Board Meeting – Board Papers | EB | |
| 11. | End | | 12.00 hrs |
| 12. | Date of next meeting – Tuesday 19th April 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 28th February 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 Monday 28th February 2005

Board Members: Andrew Burns (acting Chairman)
 Maureen Child (part meeting)
 Ewan Brown (part meeting by conference call)
 Jim Brown (part meeting by conference call)

In attendance: Michael Howell, tie Chief Executive
 Alex Macaulay, tie Projects Director
 Graeme Bissett, tie Finance Director
 Stewart McGarrity, tie Tram Project Finance Director
 Ian Kendall, tie Procurement Director
 Paul Prescott, tie Heavy Rail Director
 Keith Rimmer, CEC, CDD, Transport
 Damian Sharp, Scottish Executive
 Martin Buck, PUK
 James Papps, PUK
 Neil Renilson, Lothian Buses, Chief Executive

Apologies: Bill Cunningham
 John Richards
 Gavin Gemmell
 Andrew Holmes, CEC, City Development Director
 Kenneth Hogg, Scottish Executive

Circulation: as above

Action
By

AB
MC
EB
JB

MH
AM
GB
SM
IK
PP
KR
DS
MB
JP
NR

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 forthwith.

* = 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 21ST JANUARY 2005 FOR APPROVAL AND SIGNING**

a) The minutes of 21st January 2005 were approved.

2. MATTERS ARISING

None

3. CHIEF EXECUTIVE'S REPORT *A) Congestion Charging

The results of the referendum were discussed and on behalf of the tie Board Ewan Brown expressed his gratitude and appreciation to Andrew Burns for his considerable effort and professionalism during the run-up to and the conclusion of the Congestion Charging Referendum.

B) Scottish Executive

A meeting is scheduled for 4th March between tie/SE and CEC concerning tie's role in various transport projects.

C) Finance and Risk

Funding for the necessary utilities work and property acquisitions must be secured within the next few weeks if tram progress is to be maintained.

GB has been selected for an extended period of jury duty and Stewart McGarrity who has joined tie on an initial interim basis will attend the Board meetings in his place.

D) Trams

The parliamentary committees have recommended that both tram bills be taken forward to the next (detail) stage of parliamentary approval. MH congratulated the tram project management team on their achievement.

E) FETA

tie continues to work towards securing the order for the proposal for FETA which is targeted for early 2006.

MH

F) Fastlink/Ingliston Park & Ride

An experienced Clerk of Works has been engaged to supervise Halcrow both on site at Ingliston and in completion of the Fastlink on-street works.

JB expressed concern regarding the contractors' work on the IP&R project and requested details for the next meeting.

AM

G) Communications

The new focus will now be to maintain support for the trams.

a) Risk Report *

The monthly Risk Report was discussed.

4. FINANCE REPORTa) Financial Report *

The monthly Financial Report was reviewed.

b) tie Business Plan 05/06

The delivery program for the revised version of the Business Plan was discussed and a final version is being prepared for the end of March. Further discussions will be held between tie/SE and PUK to produce a proposal and option strategy review for the next Board meeting.

MH/GB/
PUK

PricewaterhouseCoopers have been appointed financial advisors for the trams and Mr Clement Walsh attended the meeting briefly to introduce themselves.

5. HEAVY RAILa) EARL*

The project progress report was presented.

A proposal that tie should assume the responsibility for promoting the EARL bill had been presented to the Scottish Executive.

Heads of terms have been agreed with BAA and discussions continued with Network Rail.

tie have agreed with SE that the EARL team will facilitate timetable modelling to look at implication of a station at Winchburgh.

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Action
By

b) SAK *

The project progress report was presented.

The agreements with Clackmannanshire council for management of the SAK project have been signed.

Richard Hudson commenced employment with **tie** as Senior Project Manager with effect from 28th February 2005.

6. ITI

a) Project Progress Reports *

The project progress reports were presented and discussed.

AM confirmed cessation of work on the Congestion Charging Project and ITI – Procurement. However, a business strategy for a future development program utilising the knowledge and expertise acquired from the congestion charging project is under discussion and a proposal for an integrated system will be presented at the May Board meeting.

AM

b) Tram Implementation and OBC

The final OBC will be prepared for the end of March.

MH/IK will meet with DLA to review the Procurement Strategy

MH/IK

c) Tram Procurement – SDS Update *

An update on the SDS procurement was provided.

6 expressions of interest were received for SDS and 4 have been short listed.

Papers on implementation design issues are to be considered by the TEL Board and a report will be presented to the **tie** Board at the next meeting.

IK

Action
By

7. COMMUNICATIONS

a) ITI Communications – Information Programme *

An update on the information programme was presented.

A review of the Information Campaign budget and the TransportEdinburgh brand will be conducted by CEC/tie and a report made at the next Board meeting.

AB

b) Stakeholder Report *

The report was noted.

8. AOB

None

9. Date of Next Meeting

Monday 21st March 2005 in tie offices from 1000 – 1200 hrs

Signed and approved on behalf of the Board of tie limited by:

Andrew Burns (Acting Chairman).....

Date.....

Declaration:

*Agenda Items marked * indicate that a report or relevant paper on this subject is attached and will be made available under FOISA 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 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)



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 – 21ST MARCH 2005

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

Chief Executive's Report

- A meeting was held at the Scottish Executive to review the position after the congestion charging referendum (see below).
- A short term effort is in progress to determine whether there could be an opportunity for application in a wider context of the IT system developed for the congestion charge. This will require funding post April. This is a "long shot" in the time available.
- It has become clear that tramline 3 will not proceed to the lodgement of a bill unless a funding strategy is defined. Since the line's funding was to come directly from the charge, no alternative source is presently visible. Some final work will be undertaken to prove the business case for the line during April before the project is wrapped up for the time being.
- Tramlines 1 & 2 will form the backbone of tie's workload for CEC for the foreseeable future.
- Work continues on progressing the preparation of two consultancy packages for the tram – "technical support services", a support team to tie, and "system design services", a package of design work that will novate to the infrastructure company, once that is incorporated.
- Despite progress, there remains an issue of how to deliver a reliable tram runtime down Princes Street. It has been made clear by the Scottish Executive that confirmed runtimes, the foundation of the STAG case, are critical to project approval.
- Costs for EARL remain just over £500 million, despite a more complex project and a wide margin of optimism bias.
- The EARL promotion proposal continues, with the likelihood that tie will remain 100% in CEC ownership but with a direct SE grant.
- Financial support to Borders Rail Link was announced "subject to conditions in the business case being met".
- In addition to £6M spent on SAK before tie's involvement, costs have now emerged at £52.6M. Total is therefore nearly £60M.



A. Congestion Charging

The congestion charging team will remain together until the end of the month, by which time a new source of funding must be found for any ongoing activity relating to the IT system.

tie continues to support FETA with regard to the implementation of a proposed user charging system for the bridge. The project has however been thrown into uncertainty by a challenge to the legality of the client, and there is now no chance that a charging order can be in place by early 2006, when the tolling order expires.

Replacement of tolls will therefore take place over a longer time horizon.

B. Scottish Executive ('SE')

At a meeting on March 4th we learned:

1. SE would not support the submission of the TL3 bill without a credible funding plan. Borders Rail Link would also have been terminated had there not been a commitment to funding prior to end of month (since provisionally confirmed).
2. The £375m for TL1&2 remains on the table, and the effort to secure powers through the parliament should continue.
3. Any further efforts on congestion charging must come from a concerted regional approach through SESTRAN, reconstituted as a Regional Transport Partnership (RTP).
4. SE would like tie to promote the EARL bill, and sought the agreement of CEC that a direct grant relationship will be feasible. The terms of grant are awaited from SE for this to be determined.

C. Finance and Risk

- The Finance and Risk reports are attached.
- The major areas of concern is the ongoing availability of funding for tramlines 1&2, and tailoring of risks following the removal of the congestion charge "safety net".



D. Trams

It is important that the Board understands the procurement strategy going forward, the implications of the imminent tenders for service packages covering detailed design and the future implications. Ian Kendall will cover this at the meeting, together with PwC. The relevant presentation will be made available in advance.

- See attached reports. Funds to maintain the detailed design programme in the short term will be rolled over from the current year. However, early response to the OBC will be sought.
- The critical issue following the end of congestion charging will be quantification of the risks that must be assumed by CEC, which may include overruns on capital and running costs, and a share of farebox revenues.

E. Fastlink / Ingliston Park & Ride

A report from Alex Macaulay is attached. It is clear that the problems reported will cause delay of completion until June. However, this is in line with other projects opening in July, including Hermiston Park + Ride and RBS HQ. We maintain pressure on the contractors, to keep to a minimum a cost overrun that could otherwise be as high as £500 K.

F. Heavy Rail

The SAK project progresses per attached report. However as stated above, the total costs going forward have just been finalised at £52.6 million in addition to the £6 million already spent on the bill and initial works. The major areas of increase from the £37.2 million \pm 15% estimate submitted in 2003 to the Scottish Parliament are as follows:

| | |
|-----------|--------------------------------|
| Link Road | +£4m (~200% increase) |
| Diageo | +£4m (not previously budgeted) |
| Rail | +£8m (~37% increase) |

In fact the original estimate + 15% + inflation is a comparable number. Subject to agreement on SE funding and agreement with Network Rail on asset protection, construction can commence during 2Q05.



Work continues on preparation of the EARL bill. Please see attached EARL reports. The implications of the promotion role proposed for **tie** need to be understood by the board, and a late paper on this will be circulated.

G. Communications

tie have developed a revised and more proactive approach to tram communications that has been put forward to CEC Corp Comms. Discussions continue on how best to ensure continued tight linkage with CEC under the umbrella of the "TransportEdinburgh" brand.

H. 2005 Corporate Targets

These have been revised in light of the congestion charging result and are attached. Personal targets will be extrapolated from these for the purposes of the incentive scheme.

Michael Howell

16th March 2005



Corporate Targets – 2005

Project delivery

1. To support the Parliamentary process and aim to complete the Final Stage debates for tram lines 1 and 2 by year end, within budget.
2. To undertake successful detailed design of the tramlines 1 and 2, with input from CEC, TEL, Transdev, Lothian Buses and other operators, within budget.
3. To design the tram procurement process and funding and be ready to appoint the contractors within two months of Royal Assent, within budget.
4. To complete the construction of Ingliston Park and Ride with a view to successful opening by end of June 2005, within revised budget.
5. To introduce an EARL bill to the Scottish Parliament before the summer recess 2005. Achieve this to agreed specification and budget.
6. To finalise agreements, budget and timetable for SAK and make progress as scheduled towards completion.
7. To take forward the proposed FETA road user charging scheme toward 2006 implementation, within budget.

Project support

1. To facilitate successful integration of activities with CEC and TEL, with effective input from TEL on transport integration within Edinburgh.
2. To finalise the structure of tie in the context of the emerging Transport Scotland agency, assuming responsibility for promotion and implementation of EARL, and new projects as feasible.
3. To maintain close and effective relationships with CEC, SE the Scottish Parliament, and other key stakeholders.
4. To ensure the introduction of recognised quality awards including Investor in People.
5. To facilitate progress in the active promotion of One-Ticket to assume a greater market share, including trains, and to take active steps via the Scottish Executive toward adoption of smart card technology.

MH
March 2005



Agenda Item 4

Risk

- a) **Risk Report ***
- b) **Professional Indemnity Insurance ***

* = 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

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)

| Ref | Risk – FETA Road User Charging Order | RAG | Mitigation |
|-----|---|-----|---|
| 1. | If there is a successful challenge to the legal standing of FETA then tie's client may disappear. | | Seek legal opinion from D&W and advice regarding the development of the scheme. |
| 2. | If it shown to be illegal to create a new Charging Order then there could be a need to extend the existing tolling arrangements rather than introduce road user charging. | | Seek legal opinion from D&W and advice regarding the development of the scheme. |

| Ref | Risk - Edinburgh Airport Rail Link | RAG | Mitigation |
|-----|---|-----|---|
| 3. | If the role of Promoter is ambiguous then the approvals process cannot be actioned and delays could be incurred. | | Develop case for tie undertaking this role including review of advantages/disadvantages and residual risks. |
| 4. | 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. | | Meet regularly with BAA and NR regarding those areas where assurance is required by ourselves. Develop Heads of Terms agreements in conjunction with advisors. Seek verification that there will be no objection from BAA and NR. Review lessons from Tram schemes. |
| 5. | If we approach negotiations for financial contributions with BAA on an unrealistic basis we will lose credibility. | | Agree programme to conclude this workstream. Establish the range of potential contributions in conjunction with PwC. Consider the need for additional specialist resourcing to manage these matters. |
| 6. | 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 | | Develop and agree programme for review to allow early remedial activity where necessary. Seek early reporting on each on sufficiency of STAG. |
| 7. | 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. |

| Ref | Risk - Tram Line 1 | RAG | Mitigation |
|-----|--|-----|---|
| 8. | 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. Review the outcome of other schemes including MerseyTram. |
| 9. | If the development of alternative routing plans at Haymarket Yards | | Develop alternative routing plans with clear understanding of capital, |

| Ref | Risk - Tram Line 1 | RAG | Mitigation |
|-----|---|-----|--|
| | requires to be implemented then there may be new objections, consultations and Bill amendments necessary | | operating and revenue implications. |
| 10 | If there is insufficient funding delivered through the Annual Business Plan to 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 Outline Business Case. |
| 11 | 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. |

| Ref | Risk - Tram Line 2 | RAG | Mitigation |
|-----|---|-----|--|
| 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. Review the outcome of other schemes including MerseyTram. |
| 13 | 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. |
| 14 | If there is a funding shortfall for the scheme then Newbridge section may require support for additional funding by the Council. | | Discuss funding options with the Council and Scottish Executive with regard to phasing system. |
| 15 | If we are unable to negotiate away the objections in detail by BAA, Network Rail and the Gyle then undesirable obligations could potentially be placed into the Bill. | | Establish timetable, scope of potential concessions and areas requiring robust defence. Establish the scope of precedent to suit our case elsewhere in the UK. Hold regular meetings to seek routes to withdraw objections. Implement additional specialist resourcing. If alternative routing plans are necessary review all capital, operating and revenue implications. |

| Ref | Risk - Tram Line 3 | RAG | Mitigation |
|-----|---|-----|--|
| 16 | If the project recommences there will be a need to significantly re-do modelling and re-write elements of the STAG assessments. | | As part of project finalisation, define re-start plan to ease recommencing of activities. Ensure all prepared information (partially |

| Ref | Risk - Tram Line 3 | RAG | Mitigation |
|-----|--|-----|---|
| | | | complete and complete) is obtained from all advisors. Formally suspend contracts. |
| 17 | If funding is not found for the scheme, then the development may be shelved for a considerable period. | | Review options for alternative funding on an annual basis in conjunction with the Council and Scottish Executive. |

| Ref | Risk - Congestion Charging | RAG | Mitigation |
|-----|---|-----|--|
| 18 | If there is an inadequate review of options there could be a lost opportunity in the technologies which have been developed | | Review options for application of technology, market options, potential clients and marketing plan |
| 19 | 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. |

| Ref | Risk - Stirling-Alloa-Kincardine Railway | RAG | Mitigation |
|-----|---|-----|---|
| 20 | 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. | | Review the overall contractual risk allocation with the client and contractor. Challenge the costs and contingencies and proposed risk allocation throughout negotiation. Reconcile costs to original estimates and assess validity of changes. Review options for alternative procurement strategy and re-tendering project to bring market competition and meet project affordability |
| 21 | If compensation and access arrangements have yet to be resolved then there may be delays to implementation of the scheme or inflated compensation arrangements. | | Define the project programme including milestones for land access and completion of negotiations. Consider District Valuer assistance to assess compensation. Hold ongoing dialogue with Diageo regarding timing and compensation. |
| 22 | If there is a stalemate in development of an Asset Protection Agreement with Network Rail then the scheme will not be implemented. | | Identify areas of concern and develop tactics for moving forward. Discuss options with Scottish Executive. Meet with Network Rail (London) to progress. |

| Ref | Risk - Ingliston Park & Ride | RAG | Mitigation |
|-----|--|-----|---|
| 23 | 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. Establish a project forecast with the Contractor. Apply liquidated damages to Contractor (£1,000 per day) as recommended by Halcrow. |

| Ref | Risk - Ingliston Park & Ride | RAG | Mitigation |
|-----|--|-----|---|
| 24 | If TROs are not in place then the scheme may need to be opened without TROs in place to prevent delay | | Establish programme for generation of TROs and ensure advisors apply adequate resources. |
| 25 | If the performance of our advisors 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. |
| 26 | If the contractor raises a claim on the works then there could be cost and/or programme overruns. | | Ensure adequate supervision is given to works. Review validity of claim in conjunction with tie Project Management Team and advisors. |

| Ref | Risk - Edinburgh Fastlink | RAG | Mitigation |
|-----|---|-----|--|
| 27 | 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 need to seek recourse through their insurances. | | Agree programme for remedying defects. 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. Consider options to recover any losses suffered by tie, the Council or Lothian Buses through appropriate insurances. |
| 28 | 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. |
| 29 | 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. Prioritise and resource to ensure completion. |
| 30 | 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 close facility to Lothian Buses | | 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. |
| 31 | 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. |



Agenda Item 4b

Risk

b) Professional Indemnity Insurance *

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

Professional Indemnity Paper
for **tie Limited**

Heath Lambert Group

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Executive Summary

An assessment of **tie**'s professional indemnity risk exposure has been undertaken by **tie**'s insurance and risk advisors, Heath Lambert Group (HLG). The following aspects have been concluded.

- **tie** does not have the favour of a Hold Harmless clause and cannot pass its liabilities to CEC except for SAK and FETA Contracts. CEC will not be held responsible for any claims or liabilities associated with **tie**.
- **tie** does not at present purchase any cover to protect the company from any PI exposure.
- There is a need for **tie** to have PI protection. **tie** has exposures that ultimately it needs to make provision for, be that by the creation of funds to meet / defend potential claims or a risk transfer mechanism such as an insurance policy designed to meet / defend claims as they are made.
- Without some form of PI protection, worst case scenario could mean a significant depletion of **tie**'s funds to meet / defend claims.
- There is no contingency in place in the event of a contractor policy failure.
- HLG have provided indicative proposals for the placement of PII cover to protect **tie** in the event of an action following a professional negligence claim. This indication assumed that insurers will maintain their rights of subrogation against any sub-contractors / consultants appointed by **tie**.

It is concluded that **tie** should acquire an insurance solution to indemnify CEC, as required by **tie**'s Operating Agreement.

Our recommendation is that in view of the potential exposure **tie** face for professional negligence, **tie** should secure a policy that provides protection from all possible areas. This includes their own staff and contractors.

1. Introduction

Heath Lambert Group (HLG) are **tie**'s appointed insurance and risk advisors to support **tie** across their full portfolio of projects.

HLG have recently worked with **tie** in developing an insurance document for EARL which addressed the various potential risks from development, construction through to operation phases with recommended cover and vehicle types. This was coupled with mechanisms for insurance responsibility.

In parallel with the above, HLG are developing an implementation plan for insurances for each of the planned procurements for the Tram System, in conjunction with **tie**.

HLG also placed the Public Liability cover for the Edinburgh Fastlink and also have responsibilities to support in the management of **tie**'s office insurance programme.

At present, there is no Professional Indemnity Insurance (PII) cover in place for **tie**. Indeed, there is no other form or body that is in position to meet **tie**'s liabilities from its professional negligence.

This purpose of this report is to examine where **tie**'s actual Professional Indemnity (PI) exposure lies and highlights some of the potential scenario's where such a policy would meet liabilities.

We make recommendations on the cover that we believe **tie** should move forward with.

2. Background

The agreement between The City of Edinburgh Council (CEC) the local authority and Transport Initiative Edinburgh Limited, "the company", makes reference in section 7 (Seventh) Indemnity as follows: -

"The Company shall be wholly responsible for meeting timeously all obligations, liabilities or claims of whatsoever nature arising out of or in connection with each project and the implementation of the Company's obligations under this Agreement and hereby binds and obliges itself to indemnify the Council fully against all liability for such obligations, liabilities or claims."

tie, under the agreement with The City of Edinburgh Council, has approval to develop, procure and implement integrated transport projects for the Edinburgh and surrounding area.

tie is a company incorporated under the Companies Act and has professional responsibilities and liabilities that they will be required to manage and control.

As **tie** develops each new project a broader appreciation of the range and scope of its liabilities to CEC and others becomes apparent.

It is clear from the appropriate section of the agreement that CEC will **NOT** be providing an indemnity to **tie** in the event that **tie** incurs claims or losses as a direct result of the actions taken by **tie** and / or its employee's or secondees's.

tie are now reviewing their risk exposures and whilst cover is in place for the commercial covers, i.e. public and employers liability, office cover, Directors & Officers, Fidelity and personal accident / Travel there is currently no provision in place for claims in respect of professional negligence (Professional Indemnity Insurance).

3. Areas of Exposure

Various discussions have been held with tie and specialists within the Heath Lambert Group to establish a clear understanding of the exposures tie face. We can categorise the Professional Indemnity exposures under two distinct areas.

The aspects of exposure are: -

- tie's own liability for work they undertake; and
- tie's contingent liability in respect of sub-consultants / sub-contractors appointed by tie.

These are two very different exposure areas that are a mixture of direct and indirect risk.

3.1 tie's own liability for work they undertake

CEC provide tie with funding for the various projects. This meets all contractors' costs/ fee's for design and planning etc, their own staff costs and ultimately financing of the construction work.

Where tie give advice and recommendations, either their own or someone else's, and this proves to be erroneous, rectification of damage will be required which would result in increased costs for which tie would be liable. tie will be expected to meet these and any other financial losses that result. The net effect could be additional funding being required from the CEC. Insurance protection would have gone some way to avoiding such financial liability.

tie could also potentially face a claim from CEC in the event that tie fails or is negligent in the performance of its agreement and undertaking to CEC and a claimant seeks compensation direct from CEC.

Other examples of potential claims could come from: -

- Procurement routes;
- Technical specification;
- Route alignment;
- Wrongful Professional advice;
- Design fault;
- Poor contract wording;
- Inspection / supervision; and
- Feasibility studies.

Any work undertaken that a Third Party is reliant upon for the delivery of goods / services that results in a financial loss occurring, then tie will be required to meet that cost.

The agreement with CEC does not allow for such losses to be passed from **tie** to CEC.

tie is responsible for meeting all of its liabilities.

3.2 Contractors working for **tie**

It is **tie**'s intention that all contractors appointed to work for **tie** should carry their own PI cover to an agreed limit, the present intention is for a limit of £5m - £10m to apply, dependent on the liabilities present, scale of commission and market acceptability.

In the event that a contractor sustains a PI loss, ultimately that contractor's insurers should meet the loss. Never the less, in the normal course of events the initial loss would come against **tie** because it is **tie** who are contracted with sub-contractor / sub-consultant. Any loss must initially be dealt with by **tie** before an action could be taken against the negligent sub-contractor / sub-consultant.

Contractors can also include secondees and dependent upon the arrangements it could mean they are Employees of **tie** or contractors and in this case CEC will not accept responsibility or liability whilst working for **tie**. As with good practice, **tie** will need to ensure when accepting secondees or engaging contractors on selected projects that clarification is provided under what basis they are to represent **tie**.

3.3 Joint ventures

Where **tie** work with BAA and Network Rail and other organisations, underwriters will only be providing indemnity for **tie**'s liability or where there is joint liability **tie**'s portion of the loss. Any planned or proposed Joint Venture agreements will not impact on the principles of the cover being provided to **tie**.

3.4 Insurance options

There will be a number of contractors working for **tie** on the various projects that are either underway or expect to be commenced in the near future. Some contractors may not be in a position to secure PII cover due to prohibitive cost. In that event **tie** has the option of noting this upon their own policy and carrying the risk of that contractor themselves, subject to insurer agreement.

It may be possible to include "one man band" contractors / consultants under the **tie** PI arrangements by extending the definition of Employees under the PI wording.

This does however carry an increased premium consequence because your insurer cannot recover any settlements by way of subrogation from the contractors' insurer.

For some contractors you may consider reducing the minimum requirements to £1m - £2m with **tie**'s policy providing the top-up cover. This may present better value for the project and should be examined within planned procurements.

However, purchasing PII cover for all contractors will be expensive and is unlikely to be cost effective.

3.5 Limit of Liability

The pricing for such cover will be dependent of the limit of cover required. **tie** are involved in two projects with contract values of circa £500m. On that basis it is

possible that tie has a PI exposure that could be as high as £100m. However, to purchase such levels of protection will not be commercially viable. The scale of tie's exposure will require careful consideration and be subject to acceptance by CEC.

A review of tie's exposures should be periodically reviewed to ensure suitable coverage limits are maintained and adjusted as appropriate to reflect tie's changing exposures.

Deductibles will also play a part in the pricing and these can vary considerably dependant upon the level of appetite for self-retention.

3.6 PI pricing for tie

Late last year, HLG secured an indication of terms from the insurance market; the following matrix outlines the proposal made to tie. This was reported to tie Board under a Risk Report in December 2004 in response to an inquiry from CEC as to the extent of cover in place.

| | |
|---------------------|--|
| Limit | a) £5,000,000 in the aggregate including costs and expenses. b) £10,000,000 in the aggregate including costs and expenses |
| Excess | £50,000 each and every claim |
| Territory | European Union |
| Jurisdiction | European Union |
| Conditions | As per wording, plus Retroactive date: Inception date of this policy Sub-Consultants Minimum PI Insurance Requirements (£5m limit). Collateral Warranty Extension CDM Extension Bodily Injury / Property Damage Negligence Extension Project Overrun/Overspend Exclusion. Failure to Procure Finance Exclusion. Dishonesty of Employees Exclusion. Excluding claims by or on behalf of the Council (CEC) unless emanating from an independent third party. |
| Premium | a) £60,000 plus IPT. b) £80,000 plus IPT. |
| | 1) A list of the sub-consultants / sub-contractors used by tie Ltd |
| Subject to | 2) Details of the vetting procedures used when appointing sub-consultants / sub-contractors. |
| | 3) The proposal form to be signed and dated |
| Security | These terms are subject to 100% support. Lloyds syndicate AGD 2526 leads off the terms for a primary £5,000,000 layer. Frankona leads off the terms for a £5m Xs £5m layer. |

Alternatively, tie may wish to set a maximum budget for which it pays for PI coverage and with this sum brokers secure the widest level and limit of cover available within the maximum pricing limit.

tie have advised that a contingent allowance for this insurance has been included within tie 2005/06 Annual Business Plan.

4. Scale of Exposure

An initial assessment of tie's exposure has been undertaken to quantify the scale of exposure.

This has been complimented with a review of the insurances provided by all of tie's contractors. Initial findings are that there are a number of contractors who do not have insurances. tie therefore cannot rely on PI insurances in the event of negligence of these suppliers.

It is recommended that the scale of cover be assessed by tie through a review of tie duties, potential consequences and probabilities of occurrence to justify the level of cover required. Our initial advice is that a PII cover of £10m would appear to be necessary.

However, at whatever level of cover, there will be a need to gain agreement as to its sufficiency with CEC.

5. Conclusions

It is possible that tie could face losses for professional negligence. Within this document we have highlighted where tie has a PI exposure. These exposures are unlikely to always be avoided and the potential losses could be significant. The following conclusions have been identified.

- tie does not have the favour of a Hold Harmless clause and cannot pass its liabilities to CEC, except for SAK and FETA Contracts. CEC will not be held responsible for any claims or liabilities associated with tie.
- tie does not at present purchase any cover to protect the company from any PI exposure.
- There is a need for tie to have PI protection. tie has exposures that ultimately it needs to make provision for, be that by the creation of funds to meet / defend potential claims or a risk transfer mechanism such as an insurance policy designed to meet / defend claims as they are made.
- Without some form of PI protection, worst case scenario could mean a significant depletion of tie's funds to meet / defend claims.
- There is no contingency in place in the event of a contractor policy failure.
- HLG have provided indicative proposals for the placement of PII cover to protect tie in the event of an action following a professional negligence claim. This indication assumed that insurers will maintain their rights of subrogation against any sub-contractors / consultants appointed by tie.

CEC will not accept tie's liabilities, the hold harmless clause in place only works in the favour of CEC not tie. Contractors may have cover in place but there could be situations whereby tie could become involved in a loss for work undertaken by the contractors. tie may feel that in certain circumstance it will accept lower levels from some contractors thus providing top up cover themselves.

It is concluded that **tie** should acquire an insurance solution to indemnify CEC, as required by **tie**'s Operating Agreement.

6. Recommendations

Our recommendation is that in view of the potential exposure **tie** face for professional negligence, **tie** should secure a policy that provides protection from all possible areas. This includes their own staff and contractors.

A PII policy should be purchased for a limit of indemnity to be agreed with **tie** bearing the first £50,000 of each loss.



Finance

- a) **Board Finance Review ***
- b) **Financial Performance Report***
- c) **Draft tie Business Plan ***

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



Agenda Item 5a

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 – 21 March 2005
Finance Review**

Financial Performance Report

The monthly Financial Performance Report is at Attachment 1 and provides an up to date view of the financial position of all projects and for the company as a whole. A summary is provided at the front of that document. Two matters are worth highlighting:

- **tie** restricted all avoidable expenditure on the congestion charging project once instruction was received from CEC in late February 2005. Outline plans for extracting value from the investment are under discussion, aimed at a decision on new funding for April 2005 onwards if a viable project is visible. **tie** believes there are a number of potentially valuable opportunities. A decision will be taken on this by the end of March. A total saving of £0.3m against the 2004/5 project development and procurement budgets has been realised. **tie** has accrued costs of £0.2m which are a combination of contractually committed costs planned for early 2005/6 and contractual personnel costs. The net saving is therefore £0.1m, which would accommodate the spend required in the first half of FY06 to investigate alternative projects.
- The level of expenditure on tram implementation remains the largest variable in assessing the year-end outturn; this is however a timing issue and it has been agreed with the Executive that the existing budget allocation will roll forward into FY06. The final estimate of rolled forward expenditure is £2.4m.

Business Cases

(1) Tram project

Work on the OBC is progressing well, with both Stewart McGarrity and PwC now thoroughly immersed. We have also had a session with the Executive's financial advisors, KPMG, and there appears to be reasonable unanimity on the purpose, content and timetable for the OBC. A first draft containing key sections is expected on 18 March with a complete draft by 31 March.

The operational aspects of the OBC – capital costs, revenues etc – have been re-evaluated and so far no major variances have emerged. The farebox revenue forecasts remain the most difficult aspect to get comfortable with and

there is no question that substantial additional modelling is needed before financial close. However, concerns in this area will be addressed on both a modelling and benchmarking basis in this OBC and the process and programme for future underpinning of the revenue forecasts will be made clear.

The OBC will reflect a preferred procurement strategy where substantially all construction (other than land acquisition and utility diversions), commissioning and long term maintenance risks are transferred to the private sector. This strategy will be reinforced by a value for money analysis. The transfer of such risks is likely to be best achieved via a PFI type structure which will present a greater affordability challenge than the traditional procurement approach in absolute cash terms, but risk transfer should be materially enhanced.

The preferred procurement strategy has driven the development of a funding model where elements of capital costs are paid for by up front grant (primarily design work up to financial close, land acquisition and utility diversions) with the balance of capital costs, including long term maintenance, included as an element of availability payments in a PFI type structure.

The fundamental financial issue with the project remains overall affordability when considering a network of lines 1 and 2. Directly related to that is the manner in which financial risk is allocated between CEC and the Executive. The essence is that if the Executive offer a capped sum of grant (whether upfront or as phased availability charge payments), the Council will need to underwrite the marginal financial risk over 30 years. This risk includes farebox revenues, operating costs and the generation of additional streams of income such as developer contributions.

PwC / tie will meet with CEC (Corporate Finance and CDD) and the Executive (w/ KPMG) during the weeks beginning 14/3 and 21/3 to discuss a paper presenting indicative numbers and possible risk allocations for both the traditional and PFI procurement scenarios. The OBC will then be shaped to set out recommendations and options which reflect the views of CEC and the Executive. Further detailed dialogue on overall affordability and risk-sharing will be necessary.

A theme of our efforts during March and into April is to ensure CEC have a full opportunity to review and approve the full content of the OBC, and that the Executive (with KPMG) are given insight into the shape of the likely output.

(2) EARL

A detailed timetable is being managed to deliver the PFC as support to the Bill by 9 May 2005. It is anticipated that a detailed view of the content will be presented to the tie Board in April.

The base costs have now been assessed and presented by **tie**'s advisers and the Cost Report is in the final drafting phase. Detailed benchmarking is underway as a reality check on the information in the Cost Report.

The Base Numbers (Q4 2004) at this stage of development are:

| | £'000 |
|-------------------------|-----------------|
| Base Capital Costs | £360,816 |
| Specified Contingencies | £ 43,940 |
| Optimism Bias (Est) | <u>£116,540</u> |
| Total | <u>£521,296</u> |

In comparison to the original SKM aggregate of £500m, the numbers above contain construction cost inflation for a period of almost two years. A full comparison of the original and updated costs will be included in the PFC supporting the Bill.

The costs continue to be examined in detail. A further matter for debate is whether the recent practice of excluding Optimism Bias from funding statements supporting Bills (the basis on which the tram Bills, Waverley Line and SAK Bills were presented) should continue to be applied to EARL.

The Procurement Working Group is currently finalising the papers in relation to the extent of Advanced Works, Packaging of the construction contract, History of Heavy Rail Procurement, and EARL Procurement Recommendation. These will be available shortly in their final form and will be incorporated as the basis for the relevant section in the PFC.

The first version of the STAG was issued last week and SWH are committed to finalising the drafting by 23 March with a view to submitting this to the Executive on 4 April for review.

(3) Congestion charging

tie's efforts to seek value from the investment are documented elsewhere in the Board papers.

tie in relation to CEC, the Executive and Transport Scotland

The detailed discussions have been somewhat superceded by the desire of the Executive that **tie** should take on the role of EARL Promoter, which limits restructuring options. This role needs to be determined before any further structuring proposals can be meaningfully promulgated.

Business Plan

The Executive Summary of the most up to date version of the FY06 Business Plan will be provided as part of the Board papers. This version reflects the following recent revisions:

- All expenditure on congestion charging in FY06 has been removed, with contractually committed costs absorbed by savings in the current year. In the event that new uses of the ITI Business System are identified, there will require to be limited additional budget funding to take forward the further work. As noted above, savings from existing allocations could provide this funding.
- Spending on Line 3 in FY06 is limited to the finalisation of certain works, currently underway and approved. If the Bill proceeds, further expenditure and funding will obviously be required. tie has previously prepared plans and estimates which could be quickly resurrected.
- There has been some limited redeployment into other **tie** projects of people with the right skills and who were previously part of the congestion charging and Line 3 teams. This redeployment is into roles needed for the projects and which were reflected in previous versions of the plan. Redundancies have been costed into the outturn for FY05.

Also, in relation to the plan version reviewed in December 2004, the following amendments are now reflected :

- Inclusion of a next steps section in the Executive summary (see below)
- Inclusion of **tie**'s corporate objectives
- Detailed analysis of the funding required for all projects, net of existing allocation, and the expected sources
- Tram implementation spending reallocation from FY05 to FY06 of £2.4m ; the plan now also incorporates the activities of the revenue setting committee (i.e. the remodelling work required to produce robust integrated service revenue projections, which will also support more detailed assessment of the EARL impact, at an estimated cost of £1.26m ; this was agreed in principle with the Executive). In addition, a placemaker sum of £3m has been included to highlight the probable need to fund utility diversion work during FY06 in an economically efficient manner.
- Revised outturn expenditure on Ingliston which is now expected to be delayed until May / June and to incur an overrun of c£0.5m ;
- Revised expenditure on EARL (increase of £0.4m in estimate for 2005-06)

- Removal of the detailed project work programmes from the document to maintain the document in orderly form. These are obviously available to parties who wish to review them.

The next steps include (this is consistent with the report to the February Board) :

- Agreement between CEC and the Executive on how they wish to proceed with alternative applications for the know-how and technology developed for congestion charging.
- The tram parliamentary process will require funding allocation before the end of FY05 because of the timetable of work and the minimal budget allocation left from existing awards. This is now a priority.
- Final decisions on future development of Line 3 are required.
- The Executive wish to assess the FY06 spending bid for tram implementation as part of the OBC assessment in April / May 2005. This should not be a major short term problem because we have overflow from the agreed FY05 budget to cover this period. However, commitment will be needed soon on certain areas, for example to allow tie to recruit the team in an efficient manner. It is likely that this evaluation will be performed as part of the OBC work. A key element will be agreement between CEC and the Executive on the Council's contribution to tram spend.
- Executive support for new EARL spending in FY06 may also be deferred, at the Executive's request, until the STAG and PFC for EARL are submitted. Again we have some overflow from FY05, but this also needs brought together soon.

In addition, tie's role as EARL Promoter requires to be agreed and expenditure agreed and funded.

tie's corporate objectives are tabled in a separate Board paper for review and ratification.

Other matters

Internal audit – A draft report was received from Audit Scotland, who had reviewed tie's governance procedures (in July 2004) as part of a review of all CEC's arm's length companies. The matters raised have all been addressed and copies of the document have been provided to tie's Audit Committee and to CEC for inclusion in their omnibus response.

DAR's – improvements to change control processes have been developed in recent weeks and now also reflect certain of the internal audit findings. Board approval to these changes to the DAR's will be sought at the April Board meeting.

IS/IT

The main matters to report are:

1. Work is now underway to install the Microsoft Navision system which will provide much improved project and general accounting functionality and control. The effective go-live date for Navision is planned at 1 April 2005.
2. Improved procedures for management and change control are being implemented and details will be provided to the Board in April.

Graeme Bissett
15 March 2005



Agenda Item 5b

Finance

b) Financial Performance Report *

* = 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

February 2005

Prepared by Stuart J Lockhart

14th March 2005

Contents:

- 1 Key Points Summary and financial year outturn review
- 2 Project Portfolio Structure and Basis of Preparation
- 3 Project Cost Commentary & Graphical Presentation
- 4 Overheads Commentary and Graph
- 5 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 6 Balance Sheet – Month End and Year to Date Progress
- 7 Cash Flow – Year to Date and Full Year Forecast

1. Key points summary and financial year outturn review

tie is carrying out a rolling review of the outturn forecasts for each project and the up-to-date results are described in this section. The outturn forecast is also reflected in the final version of the FY06 **tie** Business Plan. At this stage the summary is:

- Tram Lines 1 and 2 will show a saving versus plan of £0.1m ; Line 3 shows a saving of up to £0.3m with all material external expenditure on hold ; congestion charging (excluding the information campaign) shows a saving of £0.1m after reflecting all contractual and personnel commitments and with all external expenditure terminated. **tie** anticipates that the tram project savings for lines one and two will be rolled into 2005-06 to contribute to next year's expenditure plans. The implications for the remaining CC budget and for Tram Line 3 from the 'No' referendum result of 22nd February are currently being evaluated.
- **tie** has no authorisation or accounting involvement in the Congestion Charging Information Programme and cannot evaluate the outturn. **tie** understands that c30% of the total budget has not been used.
- The implementation work on Lines 1 & 2 will involve rescheduling expenditure from 2004-05 into 2005-06 of c£2.4m in order to ensure the ramp up is properly controlled.
- There will be a substantial absolute saving on EARL of c£0.7m against the original budget of £5m if the revised timetable for Bill submission of May 2005 is met; around £0.3m will require to be deferred from 2004-05 to 2005-06 to handle this timetable. These estimates do not allow for the cost of undertaking the role of Bill Promoter.
- FastLink will be on budget but *may* produce savings when claims are finally settled.
- Some difficulties have emerged on the Ingliston project which are likely to lead to an overrun currently and tentatively estimated at c£0.5m which will be spent in 2005/06. The extent of spend under the existing budget in the current year, and programme issues, have now been resolved with the contractor and the outturn estimate reflects this revised view, with substantial expenditure now scheduled for next year.

The **Tram Line 1 and 2 parliamentary** committees published their preliminary stage reports recommending that the Bills proceed as Private Bills to the Consideration Stage and that the general principles of the Bills should be agreed to. The recommendations of each report have been approved unanimously by parliament. Tram line 1 & 2 work is currently focussed on responses to objectors. **tie** will seek to manage this work and any further work directly relating to Parliament within the original budget for 2004-05, treating lines 1 and 2 in aggregate. Evidence is now being prepared for the Consideration stage.

Congestion charging development and procurement has been managed to remain within the current year budget. All external advisor costs have now been concluded and final internal costs and accruals have been reflected in March projections. **tie** is seeking approval for limited spending support to facilitate the exploitation of the technology and know-how developed for congestion charging. There are a number of options and these are under discussion with CEC and with the Executive.

Tram Lines 1 & 2 implementation work is now underway, supporting preparation of the OBC and including continuing work with Transdev and commencement of detailed design and procurement activity. The current financial year outturn will undershoot the budget with work rolled into next year. The level of the rolled forward expenditure is estimated to be c£2.4m; the programme anticipates ramp-up in a number of technical and legal workstreams and **tie** is taking steps to recruit the right calibre of manager within the team to ensure the work is properly directed at the detailed level and that these costs are properly controlled. This will not at this stage change the overall spending plan, programme and deliverables set out in the draft FY06 **tie** Business Plan. However, it will be necessary to make full-time appointments in the near future to maintain momentum.

Fastlink is now complete and there is dialogue underway to finalise residual claims and related matters with the contractor. At present, the forecast is on budget but if favourable outcomes are achieved in the final negotiations there could be savings. It should be recalled that savings versus original budget would have been achieved but for the effect of implementing improvements to the project when the potential budget saving was identified. Some difficulties relating to utility costs have emerged on the **Ingliston Park and Ride** project which could result in a cost overrun of c£0.5m. Expenditure on **SAK** is billed on a time on line basis and all invoices to Clacks Council have now been paid up to date. Work on **FETA** has now commenced on a similar time-on-line basis.

tie's internal costs are forecast to be in line with budget.

Work is underway with CEC and the Executive to agree and finalise **tie's FY06 Business Plan**.

2 Project Portfolio Structure and Basis of Preparation

tie's project portfolio comprises:

| | Projects Director | Programme Manager | Project Manager | 2004/05 Expenditure Plan | 2004/5 Expenditure | | Variance | Monthly | |
|--|--|----------------------|--------------------|-----------------------------|--------------------|---------------|---------------|----------------------------|-----|
| | | | | (£'000's) | YTD Plan | YTD Actual | YTD Delta | Confirmations | |
| | | | | | (£'000's) | (£'000's) | (%) | Completed per Timetable | |
| Congestion Charging Programme | | | | | | | | | |
| 1 | Development & Public Inquiry Process | A Macaulay | J Saunders | D Burns | 1,131 | 1,089 | 1,034 | -5% | Yes |
| 2 | System Procurement | A Macaulay | J Saunders | S Healy | 2,049 | 1,971 | 1,849 | -6% | Yes |
| 3 | Information Campaign | A Macaulay | J Saunders | S Campbell | 600 | 600 | 300 | -50% | Yes |
| Tram Programme | | | | | | | | | |
| 3 | Line 1 Development & Parliamentary Process | A Macaulay | A Callander | K Murray | 1,073 | 992 | 1,456 | 47% | Yes |
| 4 | Line 2 Development & Parliamentary Process | A Macaulay | A Callander | G Duke | 1,838 | 1,711 | 1,006 | -41% | Yes |
| 5 | DPOF Execution | A Macaulay | A Callander | I Kendall | 1,994 | 573 | 1,249 | 118% | No |
| 6 | INFRACO Procurement & Funding | A Macaulay | A Callander | I Kendall | 3,014 | 1,926 | 730 | 0% | No |
| 7 | Line 3 Development | A Macaulay | A Callander | W Fraser | 1,984 | 1,896 | 1,542 | -19% | Yes |
| Other ITI Projects | | | | | | | | | |
| 8 | WEBS | A Macaulay | - | L Murphy | 7,960 | 7,954 | 7,836 | -1% | Yes |
| 9 | Ingliston Park & Ride | A Macaulay | - | L Murphy | 2,470 | 2,468 | 1,259 | -49% | No |
| 10 | FETA | A Macaulay | - | K MacLeod | 26 | 18 | 18 | 0% | Yes |
| 11 | One-Ticket | A Macaulay | - | S Lockhart | 50 | 46 | 20 | -57% | Yes |
| Heavy Rail Projects | | | | | | | | | |
| 12 | EARL | P Prescott | - | S Clark | 4,256 | 3,786 | 2,764 | -27% | Yes |
| 13 | SAK | P Prescott | - | R Hudson | 165 | 143 | 143 | | Yes |
| | | | | | 28,610 | 25,173 | 21,206 | -16% | |
| 13 | Overheads | M Howell | - | S Lockhart | 1,119 | 1,031 | 1,010 | -2% | N/A |
| Variance reported if +/- 5% delta on budget | | | | | | | | | |

Each of these 13 budgets is managed and financially controlled by the tie managers noted above, except the Information Campaign which is controlled by CEC. The underlying business reasons for the variances from Plan are explained in detail, together with graphical presentation, in Section 3 below.

3 Project Cost Commentary & Graphical Presentation

Congestion Charging Scheme – Development and Procurement

Important financial issues have now been addressed.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|-----------|----------|-----------------------------------|-----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| Congestion Charging - Development | -4,810 | 44,554 | -49,364 | 1,033,635 | 1,088,647 | -55,012 | 1,112,974 | 1,131,201 | -18,227 |
| Congestion Charging - Procurement | 270,108 | 86,908 | 183,199 | 1,848,907 | 1,970,802 | -121,895 | 1,928,147 | 2,048,711 | -120,564 |

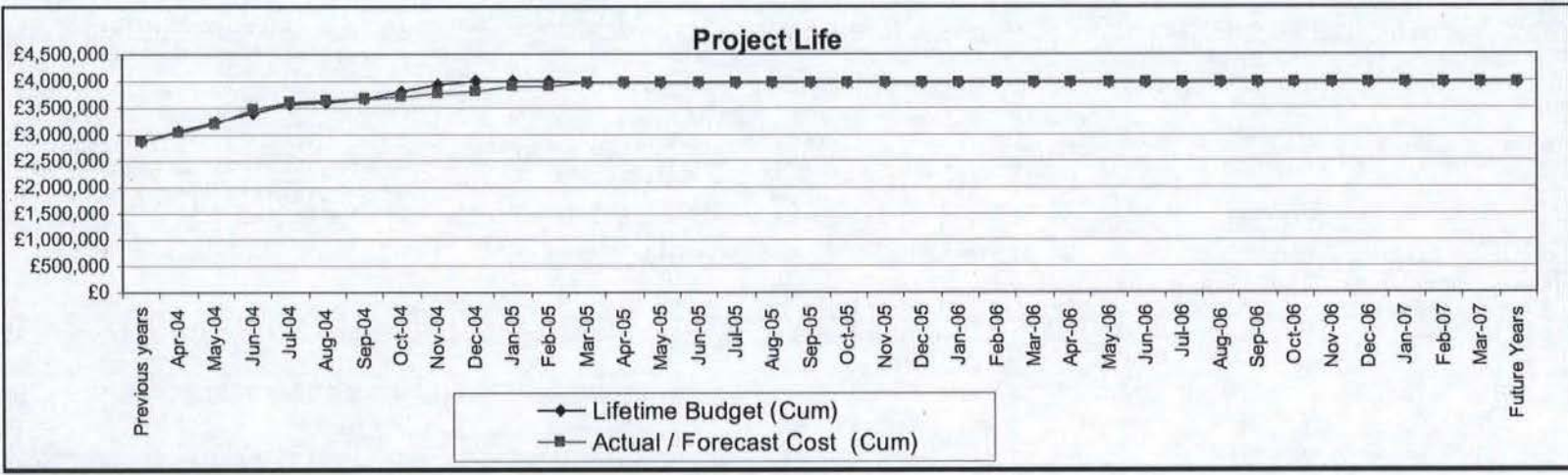
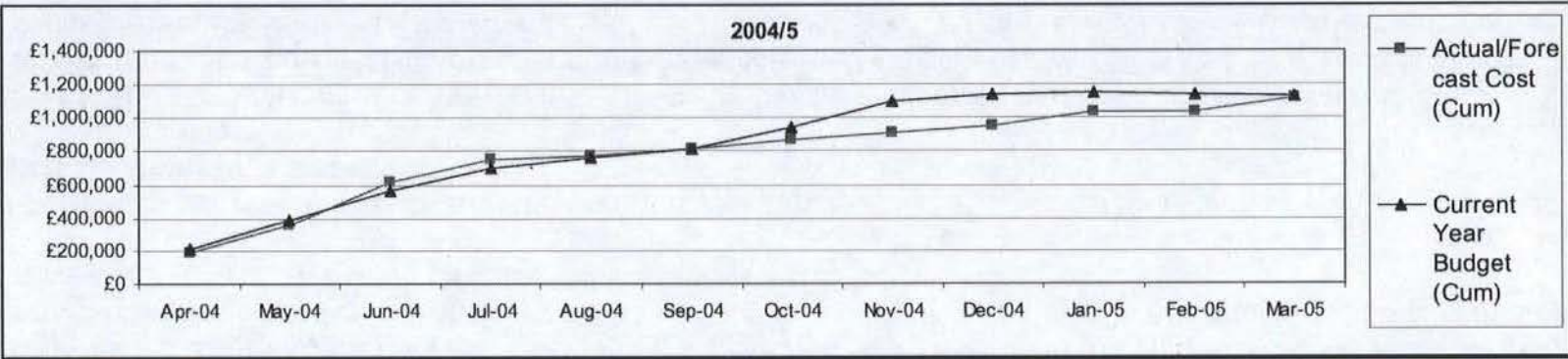
Following the announcement on 22 February of the Referendum result the Council instructed that all work on the development of the Congestion Charging proposal should cease. All consultants and advisors who were involved in this process were immediately informed by **tie** of the Council's decision. The remaining milestones have been closed off to reflect the fact that the project has now been aborted. All project costs are now being wound up and all external activity has ceased. All external advisor costs have been concluded and final internal costs and accruals have been reflected in March projections.

Terminating all work at this stage in the financial year has resulted in a budgetary saving on the levels of spend predicted from last month.

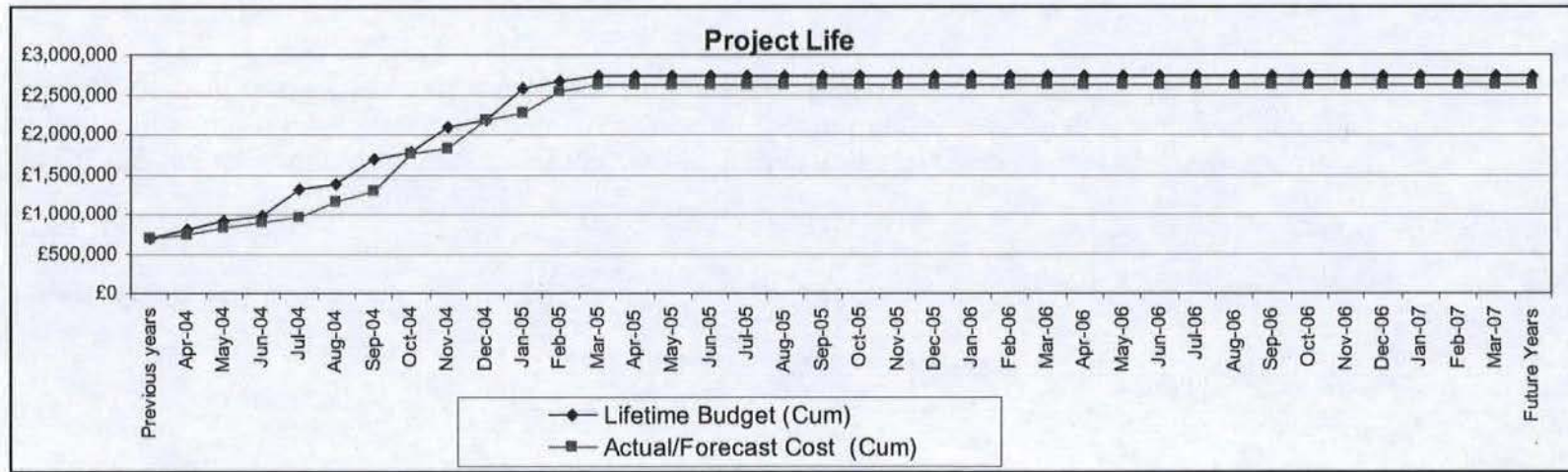
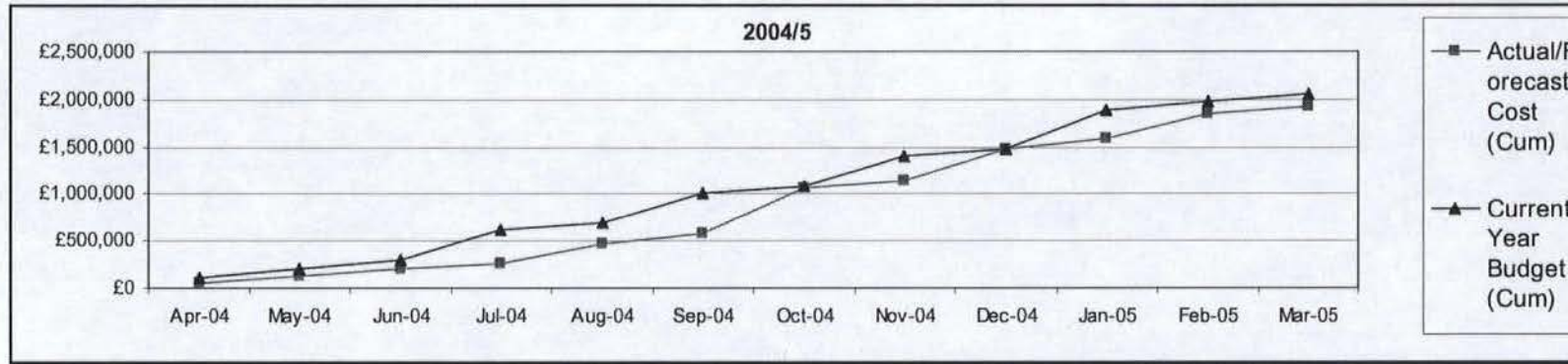
Prior to the announcement of the Referendum result the **tie** legal team had been providing input to the Council Solicitor and the Council's QC to assist in the defence of the judicial review. Work had also been continuing in relation to the finalisation of the Charging Order, the drafting/editing of the Stage 2 STAG documentation and responding to inquiries and comments from the public/others about the congestion charging proposal.

tie has evaluated the means of extracting value for CEC and the Executive from the investment made in the project. Discussions on these options are now proceeding with urgent priority.

Congestion Charging Scheme – Development



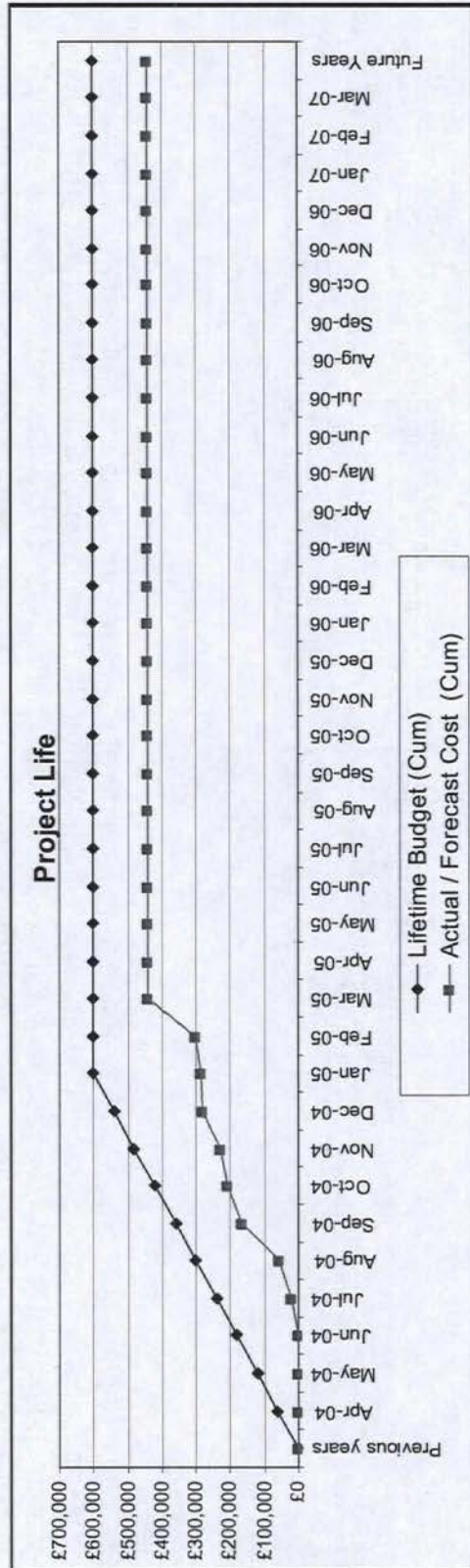
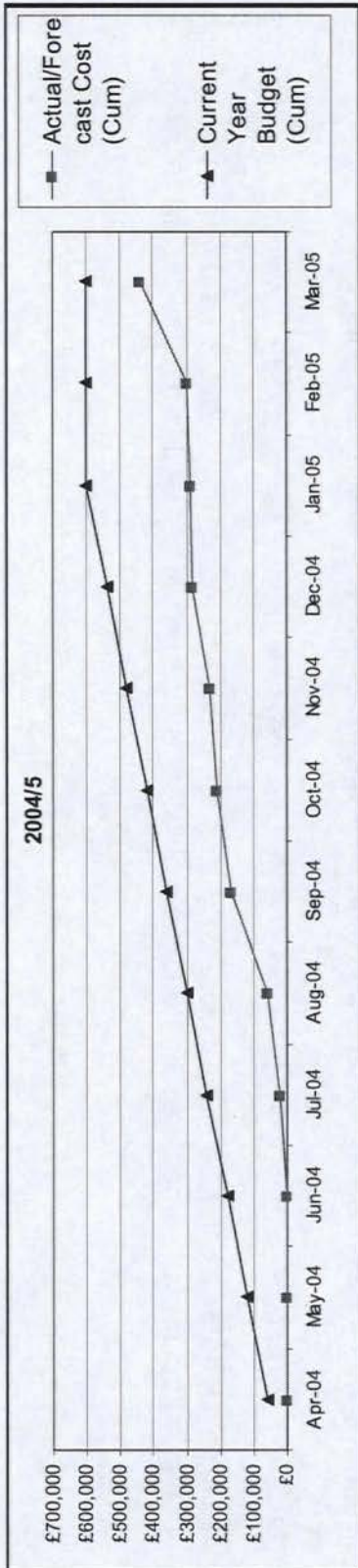
Congestion Charging Scheme – Procurement



Congestion Charging Scheme – Information Programme

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---|------------------------|--------|----------|-----------------------------------|---------|----------|-----------------------------------|---------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| Congestion Charging - Information Programme | 13,774 | 0 | 13,774 | 299,807 | 600,000 | -300,193 | 439,852 | 600,000 | -160,148 |

tie has no authorisation or accounting involvement in this spending and cannot evaluate the outturn. **tie** understands that around one third of the total budget has not been used. It also appears that the 28 February information provided to **tie** omits expenditure incurred by that date, given the outturn forecast.



Tram Lines One & Two

No material change to financial prospects compared to January report.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|---------|----------|-----------------------------------|-----------|----------|-----------------------------------|-----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| Tram 1 | 55,022 | 80,535 | -25,513 | 1,456,235 | 992,201 | 464,035 | 1,562,886 | 1,072,736 | 490,150 |
| Tram 2 | 92,875 | 140,672 | -47,797 | 1,005,628 | 1,711,149 | -705,521 | 1,253,328 | 1,838,320 | -584,992 |

Line One

The parliamentary committee took evidence from a range of witnesses including the promoter from 3rd November 2004 and this concluded on 11th January. It published its Preliminary Stage report on 16th February recommending that the Bill proceed as a Private Bill to the Consideration Stage and that the general principles of the Bill should be agreed too. **The recommendations of the report were approved unanimously by the Scottish Parliament on 2nd March 2005.** No decision on the format or programme has been decided by the Private Bills Unit for the Consideration Stage of the parliamentary process, which will follow.

Negotiations are ongoing with objectors in general accordance with the Phasing protocol.

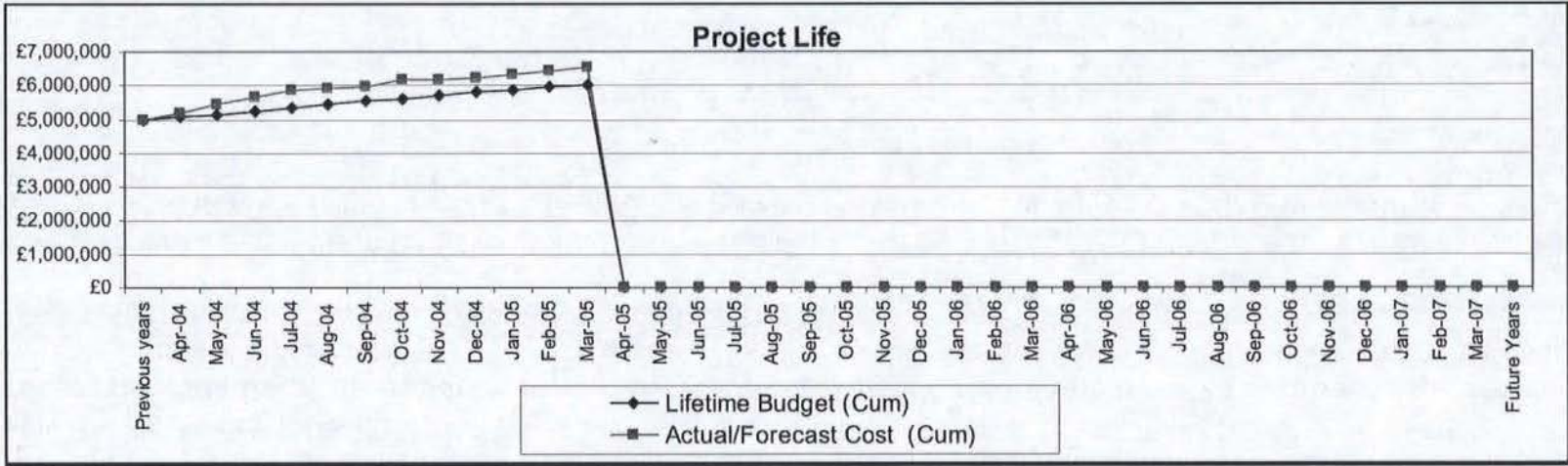
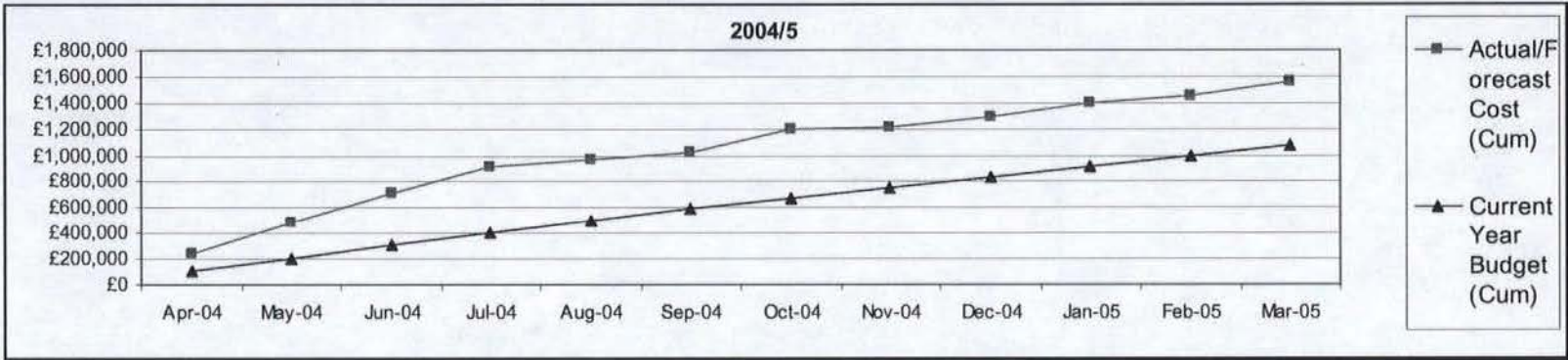
Tram Line One costing for 2004/05 includes an element of cross funding from Tram Line Two, which reflects work carried out on the common section and the significant issues requiring resolution in the city centre.

Line Two

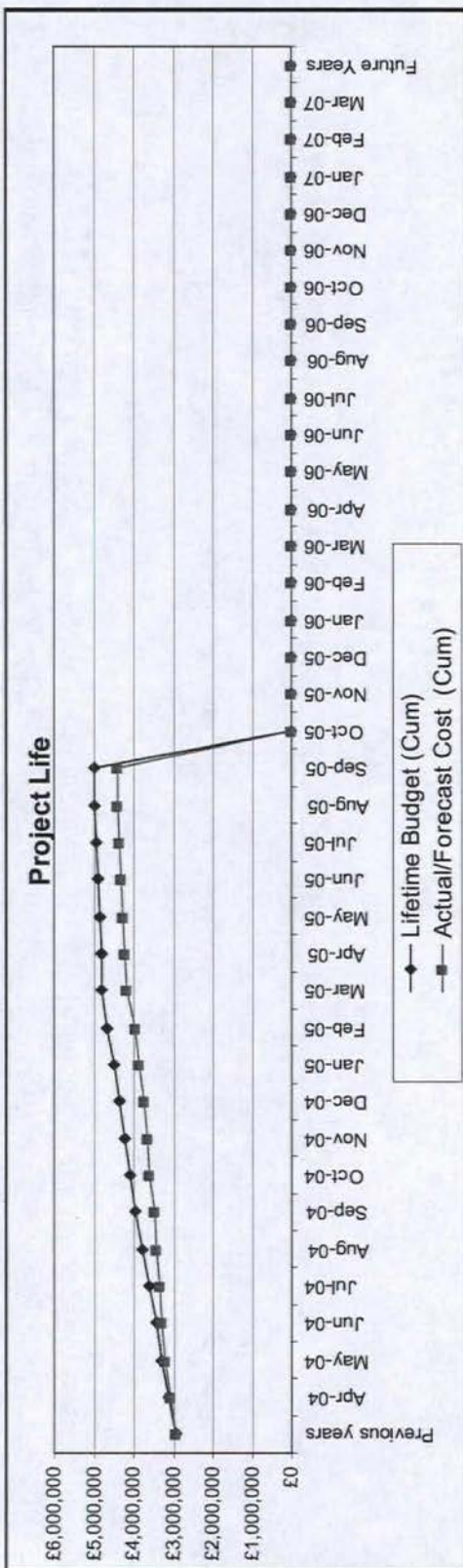
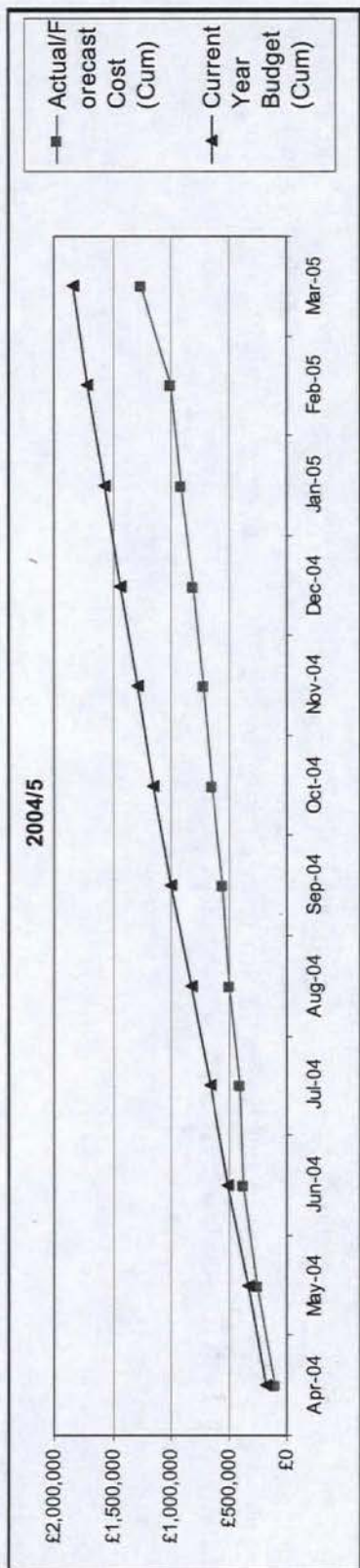
The committee published its Preliminary Stage report on 9 February recommending that the Bill proceed as a Private Bill to the Consideration Stage and that the general principles of the Bill should be agreed to. **The recommendations of the report were approved unanimously by parliament on 23 February.** No decision on the format or programme has been decided for the Consideration Stage of the parliamentary process. Negotiations are ongoing with objectors in general accordance with the Phasing protocol.

FM have submitted a claim for £175k for additional work incurred in meeting the programme for Bill submission in 2003 (a proportion is included in this forecast). **tie** has not accepted this and are continuing to resist FM's claim.

Tram Line 1



Tram Line 2

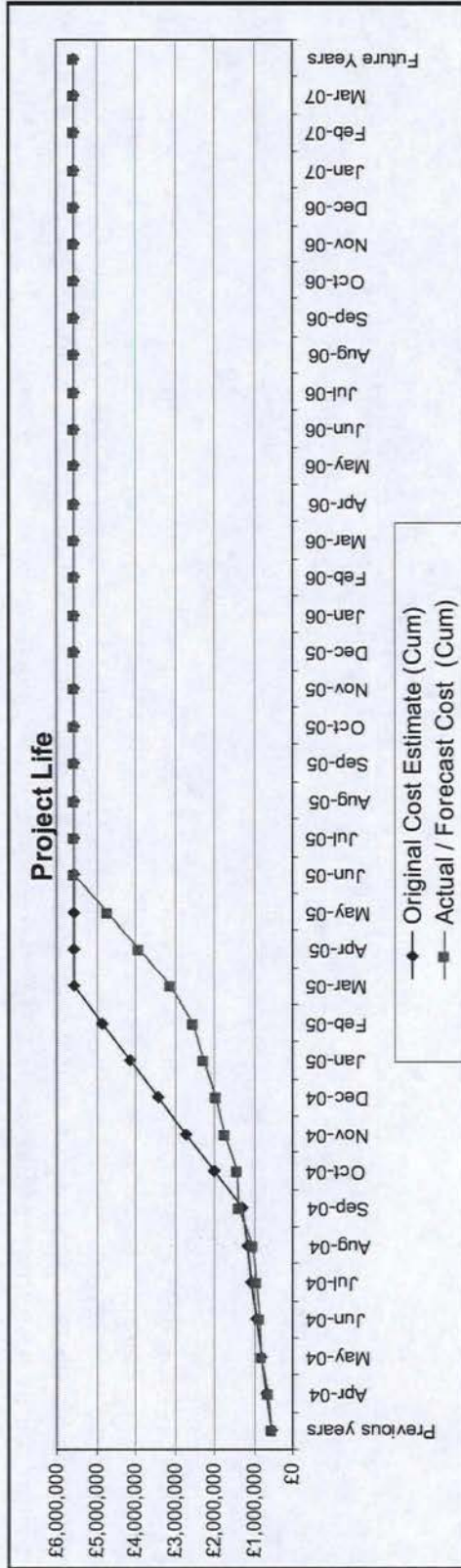
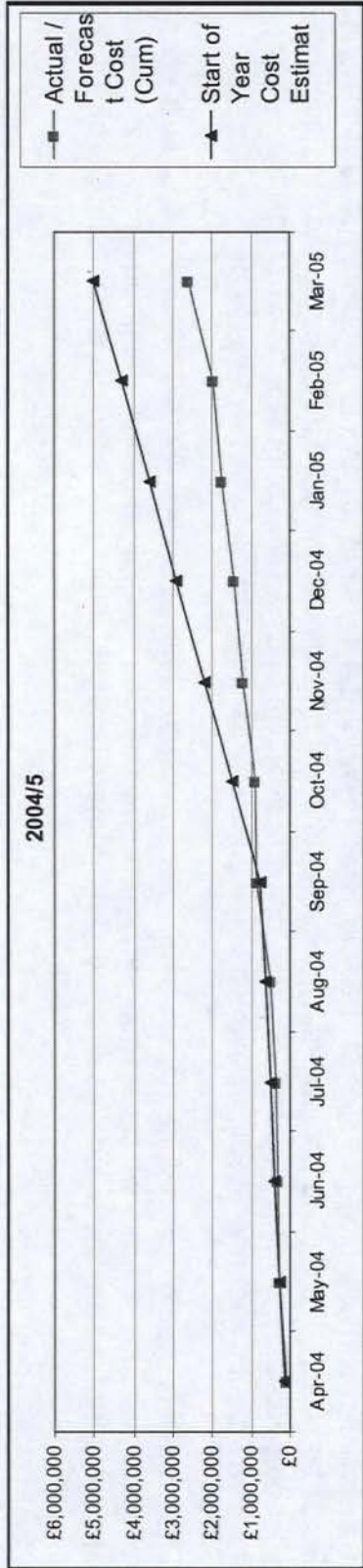


Tram Line 1 & 2 Implementation

Outturn now clearer, well within original budget but to be rolled forward into 2005-06.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|---------|----------|-----------------------------------|-----------|------------|-----------------------------------|-----------|------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| Trams - DPOF | 33,911 | 111,594 | -77,683 | 1,248,546 | 573,442 | 675,104 | 1,330,355 | 1,993,627 | -663,272 |
| Trams - INFRACO | 205,756 | 298,185 | -92,429 | 730,479 | 1,925,718 | -1,195,239 | 1,244,278 | 3,014,373 | -1,770,095 |

The increased rate of spend associated with implementation ramp-up has been slower than was previously anticipated, primarily conditioned by the recruitment of managers to supervise the underlying consulting work. Procurement of the full system design services is underway as is development of the outline business case using the services of PwC who were hired in mid-February. Design work associated with Bill objections continues. Transdev are making a valuable contribution to all aspects of implementation under the DPOFA arrangements and the service integration dialogue is producing useful early stage insights into opportunities and into the mitigation of operational and financial risks. Expenditure in March will increase on the January and February levels, but will in aggregate fall some £2.4m below the planned 2004/5 level, a sum which will continue to be deployed in 2005/6 with the Executive's approval.



Tram Line Three

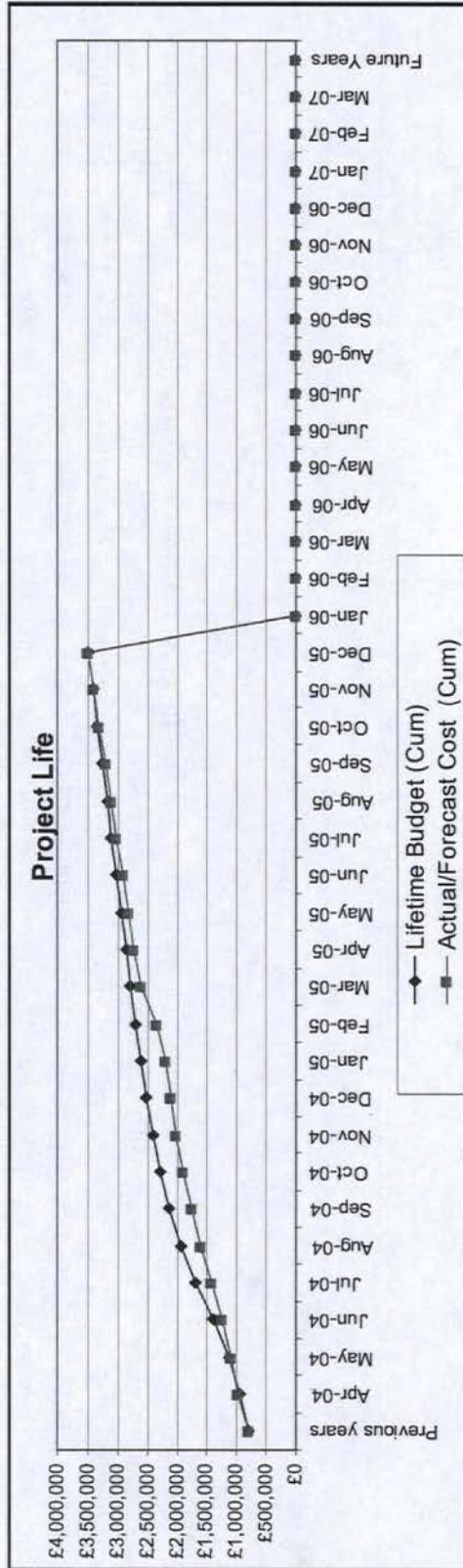
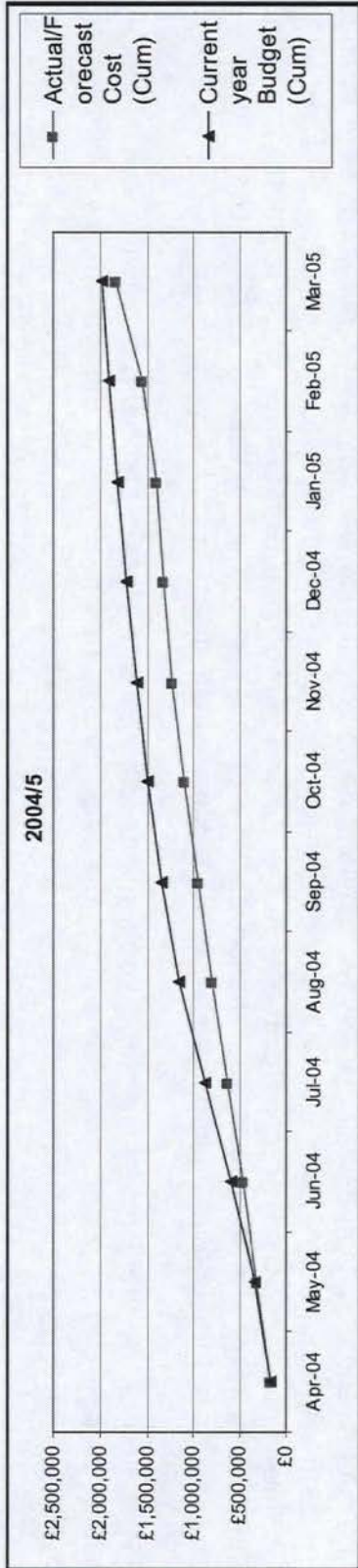
No material change to financial prospects compared to January report.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|-----------|----------|-----------------------------------|-----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total Incl. OH) | | | | | | | | | |
| Tram 3 | 137,860 | 84,596 | 53,264 | 1,542,459 | 1,895,570 | -353,112 | 1,828,873 | 1,983,962 | -155,089 |

The funding for the construction phase of TL3 had been identified to mainly come from revenues raised by Congestion Charging. Following the recent referendum, this is no longer an option. Additional funding is also required for the development phase of the project. This is due to the delay in submitting the Bill to Parliament and because experience on TL1 and 2 indicates that the TL3 funding provision for this future stage of the project is significantly less than required. There is development funding available (for c6 months) from the TL3 budget. A paper has been presented to the **tie** board on the possible options for TL3.

If a commitment was given to submit a Bill to Parliament (if the scheme proved to be viable) a lead-in period would be required to enable parliamentary documents and the land referencing to be updated. As the documents will be updated, time will be required for the Scottish Executive and CEC to conduct a review. Taking account of the Parliament's summer recess, this would delay the submission of the bill to September 2006.

The project is predicting an under-spend of c£155k against the agreed budget for 2004/2005. This year's spend forecast includes £120k which is currently uncommitted due to the uncertainty surrounding the project. Subsequently, if tram line three was stopped, the underspend against this year's budget would total £275k.

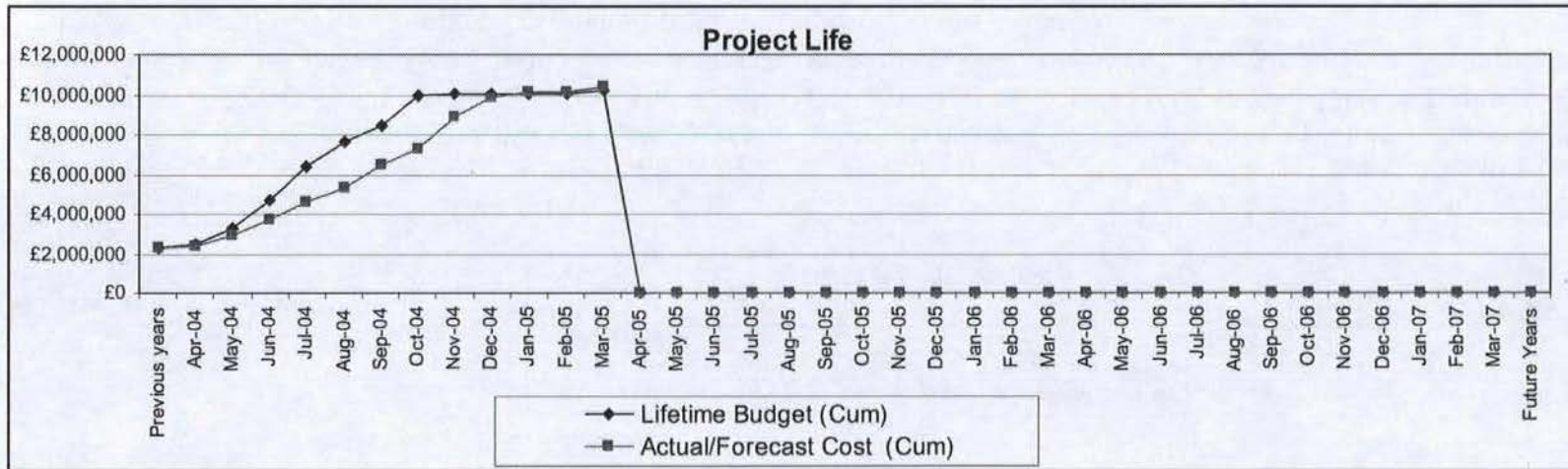
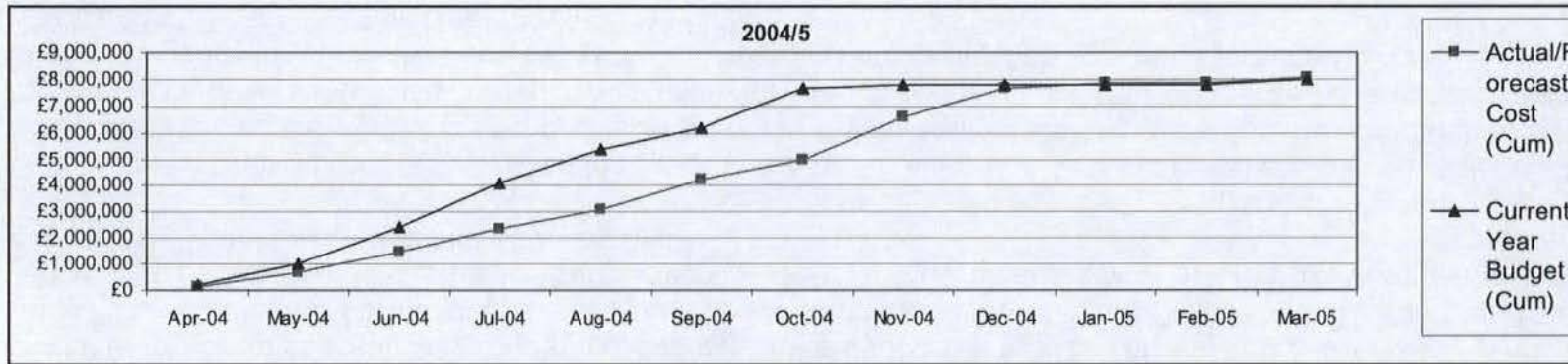


FastLink development*Important financial issues being addressed.*

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|-----------|----------|-----------------------------------|-----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| WEBS | 6,045 | 5,966 | 79 | 7,836,204 | 7,953,728 | -117,524 | 8,082,720 | 7,959,694 | 123,026 |

Footway and signal works in the area are continuing. Real time signs will be connected in the next few weeks. Discussions are underway with Balfour Beatty regarding outstanding ride quality concerns. ERDC have completed the majority of their works and are continuing to snag the remainder including work at Balgreen Primary School. There are significant Early Warning notices to be taken forward to compensation events for this contract however this is not predicted to exceed the agreed budget. Additional TRO related investigation works are underway regarding the Bankhead area. £120,000 has been reallocated into 2005/6 to accommodate this. £56,000 has been reallocated to 2005/6 to cover connection and transmission costs for the CCTV cameras and site supervision of outstanding items. Due to outstanding contractual issues some payments will be deferred into 2005/06. An adjustment has been made for additional works being carried out as variations to the On Street and Guideway contracts to deliver enhancements to the existing network are carried out. These payments are within the access to growth areas budget, transport network budget and Street Lighting's budget. These works are invoiced as per the agreed budget increase so there is no net effect.

Monitoring of the project continues and some minor alterations to signals and signs are under consideration. Work is underway to continue to define tie's role and the systems required for the safe management of the system.



Ingliston Park & Ride

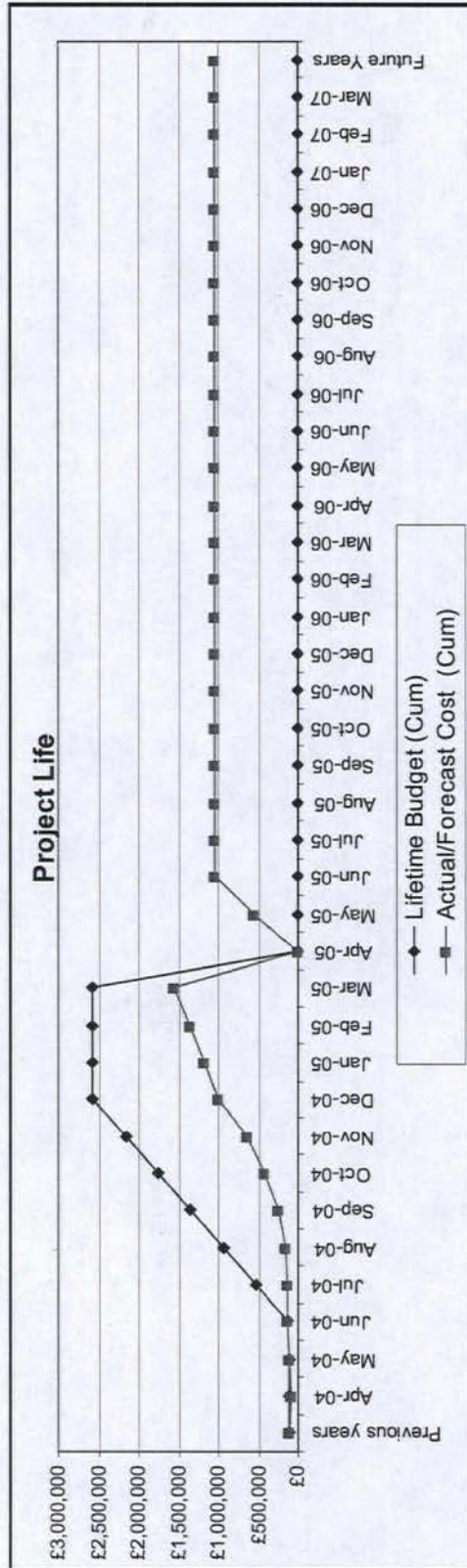
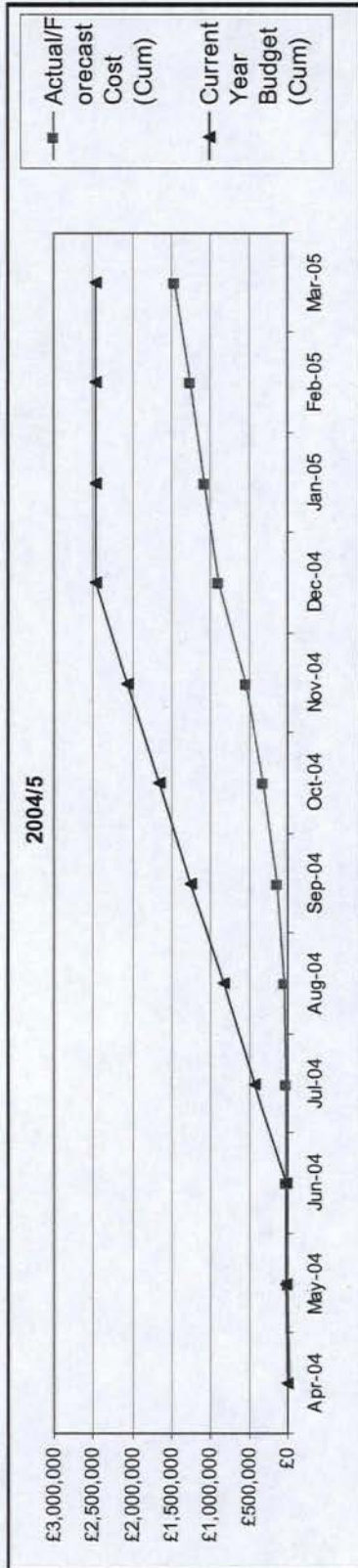
Important financial issues being addressed.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|-----------|------------|-----------------------------------|-----------|------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| Ingliston Park & Ride | 181,847 | 1,112 | 180,735 | 1,259,099 | 2,468,428 | -1,209,329 | 1,459,185 | 2,469,539 | -1,010,354 |

New signing proposals have been agreed with City of Edinburgh Council. However, CEC are proposing that existing signs be rationalised and the new proposals be integrated with this. Street lighting designs have been reviewed by CEC Street Lighting Section and Border Construction now have approval. TRO schedules for internal roads and Eastfield Road and a parking places order have been prepared. Consultation will commence on 14th March 2005. The intended Committee date for approval is the 7th June.

Site Work: Bio disc installed; Street lighting and CCTV cable ducting 95% complete in all areas. No further progress to sub base to access roads and parking areas during the month, currently 80% complete. Kerbing work 75% complete in car parking area. Roundabout completed. Utility diversion in Eastfield Road for Thus, Atkins and BT completed. Scottish Water diversion started. Terminal building external blockwork has been completed. Terminal building roof 50% complete.

Early warnings have been raised regarding programme and budget due to various issues. Contract delays to date have affected the predicted spend against progress which requires funding to be deferred into 2005/6. The total variance covers the existing predictions, risk items and contingency for final fitting. **tie** have allocated staff to site to ensure that objectives are being met. A steering group meeting has been arranged for 17th March at which one of the areas for discussion will be the Launch date.



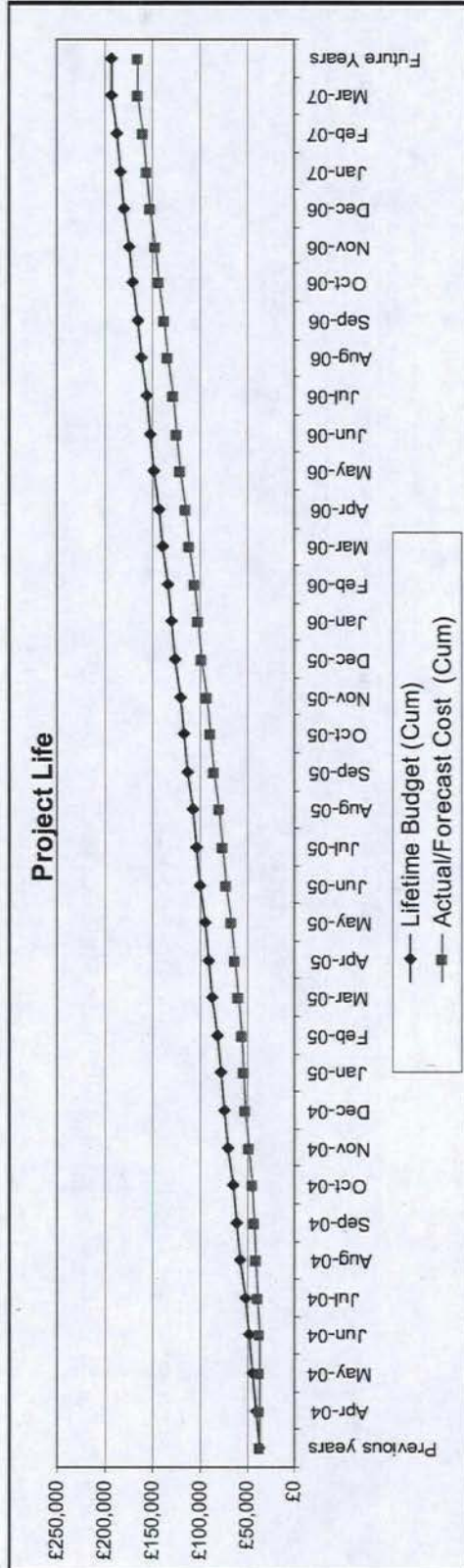
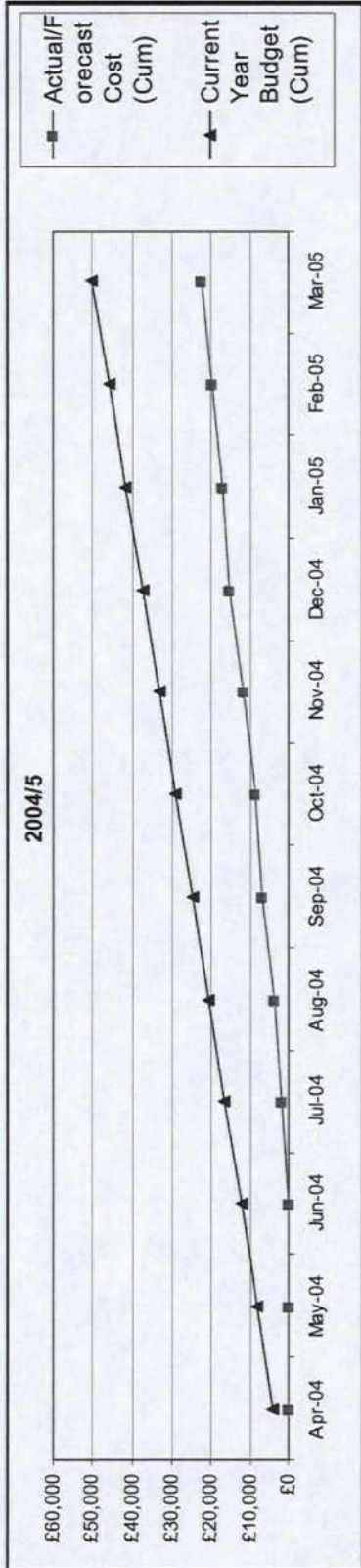
'One-Ticket'

No material change to financial prospects compared to January report.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|--------|----------|-----------------------------------|--------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| One Ticket | 2,572 | 4,216 | -1,644 | 19,757 | 45,766 | -26,009 | 22,256 | 49,982 | -27,726 |

Initial meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. Further, detailed discussions, will take place over the coming months.

It is anticipated that year end sales will meet the budget of £650k (last year actual was £508k).



FETA

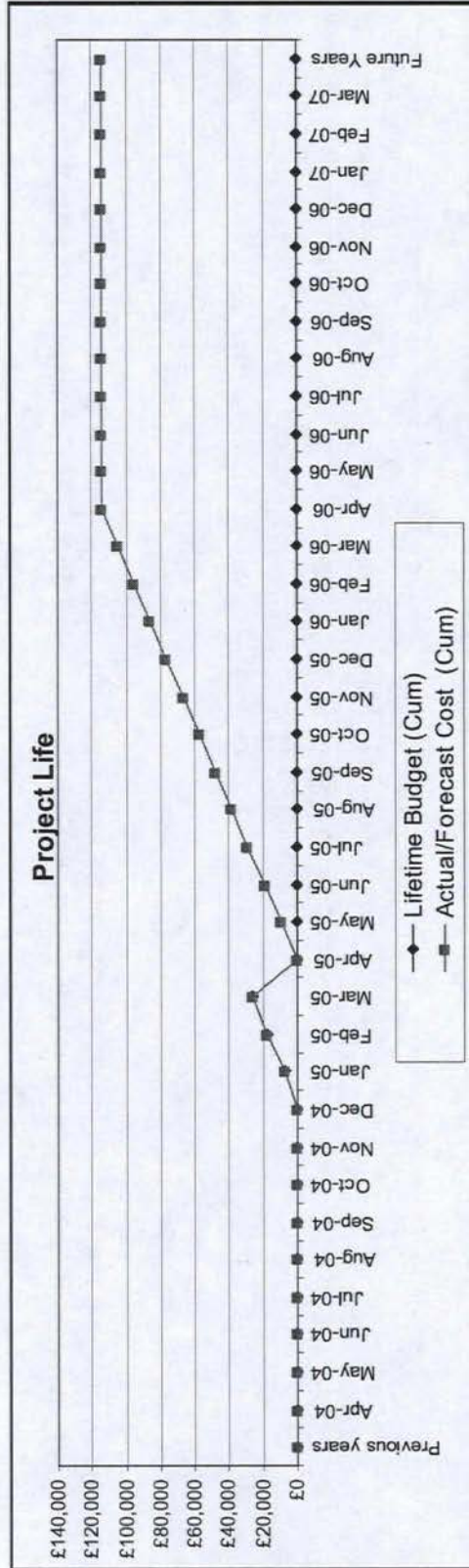
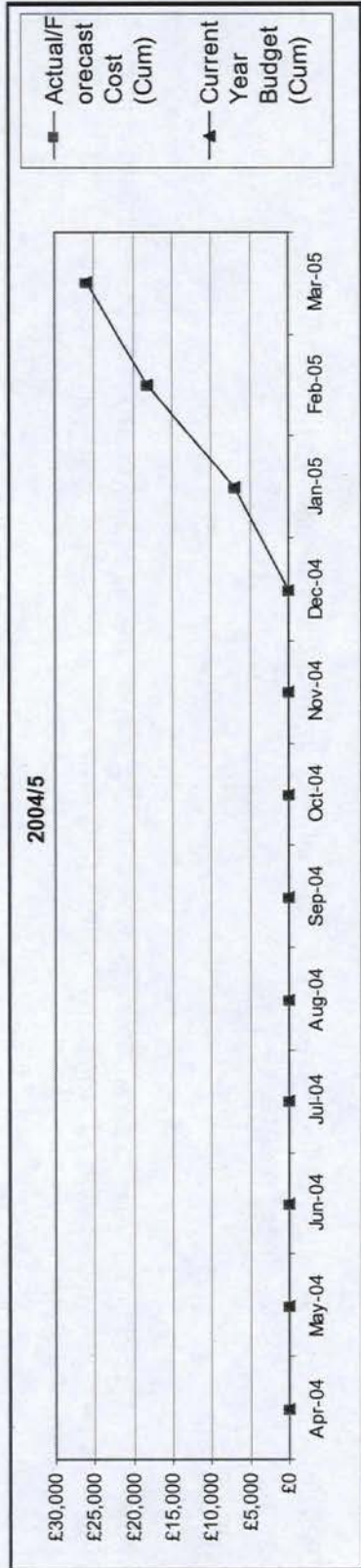
No material change to financial prospects compared to January report.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|--------|----------|-----------------------------------|--------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total Incl. OH) | | | | | | | | | |
| FETA | 11,154 | 11,154 | 0 | 18,103 | 18,102 | 1 | 26,000 | 26,000 | 0 |

A detailed programme and budget is being agreed with FETA.

Provisional cost estimates: £150,000 in tie staff costs Jan 05 – April 06.

£1.5m in 3rd party costs (covered from FETA budget).



EARL

Important financial issues being addressed.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|---------|----------|-----------------------------------|-----------|------------|-----------------------------------|-----------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| EARL | 256,393 | 436,155 | -179,763 | 2,764,117 | 3,785,683 | -1,021,566 | 3,277,811 | 4,255,797 | -977,986 |

Technical, Environmental

Cost report produced in costs in line with original SKM costs. First draft of Environmental Statement delivered and being reviewed by a number of statutory bodies. First deliverables from STAG delivered and audit ongoing by WSP.

Bill Process

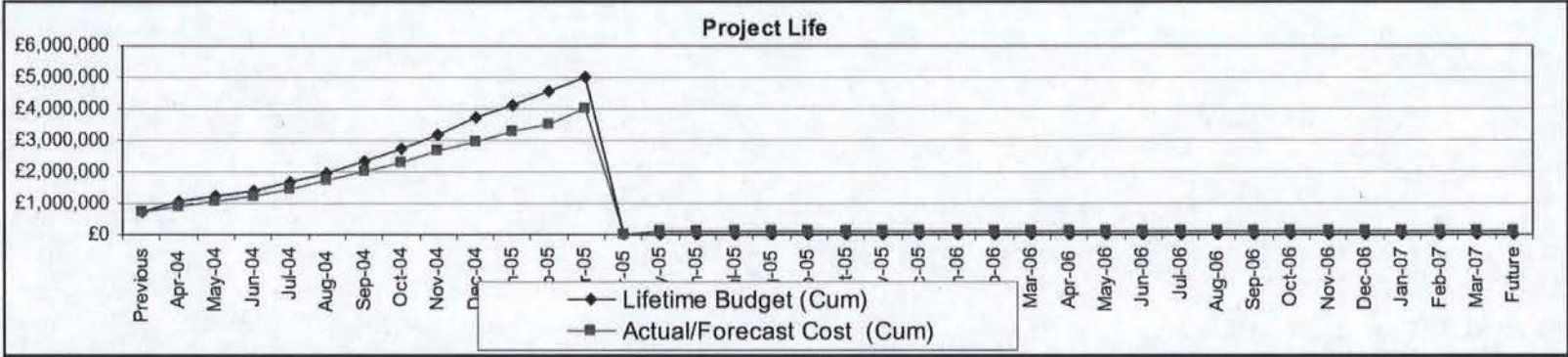
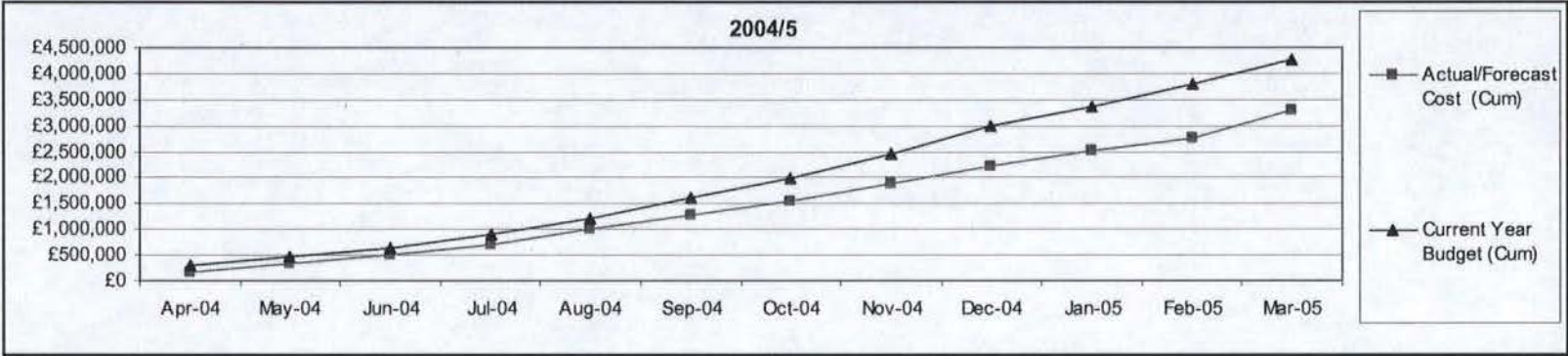
Decision on Promoter still not finally resolved and this may impact the submission date of 9th May. Promoter's Memorandum & Statement progressing well.

PFC

Work now started in earnest to produce PFC now that information being delivered from STAG and cost report. Meetings being arranged with SE to review both STAG and PFC to ensure they are fit for purpose prior to submission of the Bill.

Agreements

Agreement reached with NR to roll forward with existing Basic Services Agreement pending introduction of a new suite of agreements between NR/SE. Discussions are ongoing about inclusion of protective provisions in the Bill to prevent an objection. Negotiations have commenced with BAA re funding contribution.



Stirling Alloa Rail Link

Important financial issues being addressed.

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---------------------------------------|------------------------|--------|----------|-----------------------------------|---------|----------|-----------------------------------|---------|----------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Total incl. OH) | | | | | | | | | |
| SAK | 12,580 | 12,580 | -0 | 142,936 | 142,936 | 0 | 164,937 | 164,937 | 0 |

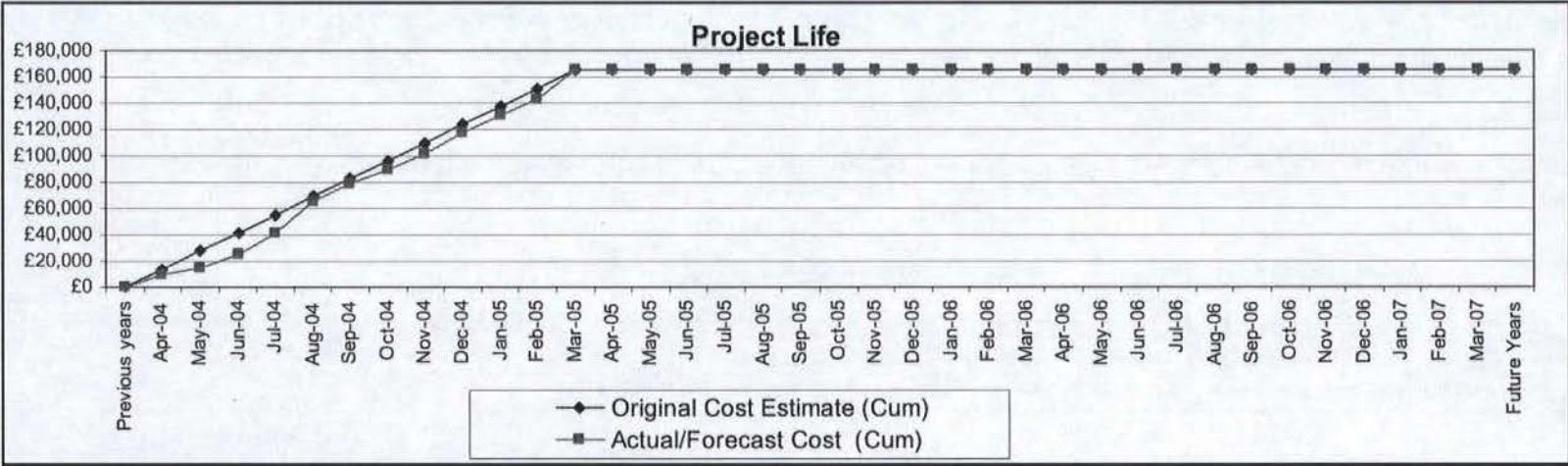
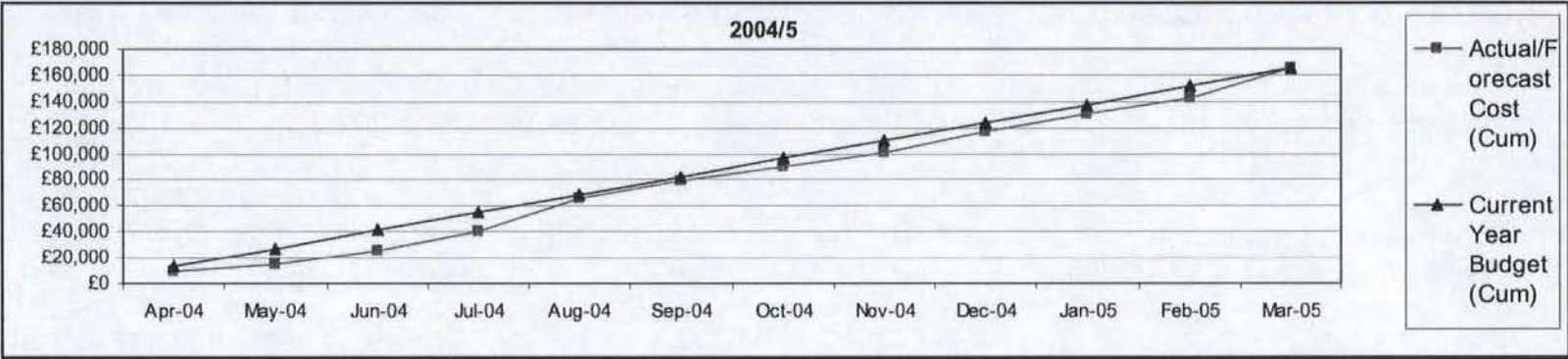
The contracts with Clackmannanshire Council have been signed. A full time Project Manager (Richard Hudson) commenced on 28th February.

Negotiation of the target cost is nearing completion and is planned to be finalised by 23rd March, following a detailed review by the FNJV following clarification of the scope and assumptions with Network Rail. Detailed negotiations on the management costs and the mineworkings remediation have also been conducted and this will further refine the project costs. A paper on the Project Cost is being drafted by the Executive for presentation to the Minister at the end of March.

There has been some movement on the agreement of the APA with Network Rail and the only major issue outstanding for resolution is the issue of Specific Implement. The Network Rail TPEP at the beginning of April is being targeted for sign off.

The devegetation of the route commenced on 24th January and is on programme to be completed by the beginning of the nesting season at the end of March.

Payment has been received for all costs incurred up to 31st January. February costs were invoiced on 28th February and payment is due by end March.

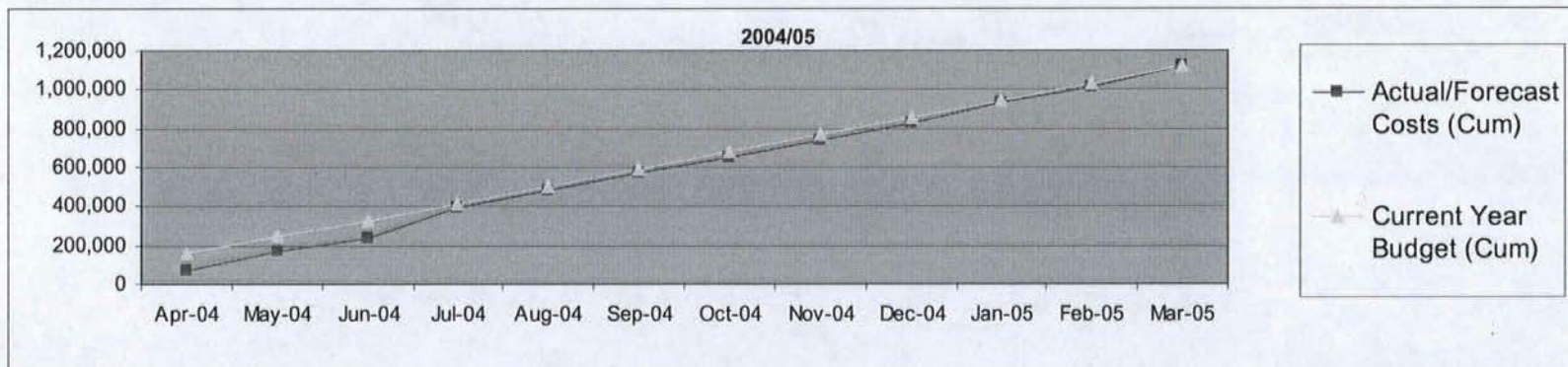


4 Overheads Commentary and Graph

No material change to financial prospects compared to January report.

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

The main reasons for the variances on budget are primarily as the budget anticipated major spend being incurred in April due to office re-location. The actual spend was incurred in July.



Bank

CEC have been issued with five invoices for February. CC – Information Campaign, WEBS, EARL and Ingliston Park & Ride are now being invoiced separately. These are due for payment by 28th March. The five January invoices were paid in February. The "book" bank balance (in funds) as at 28th February totalled £0.766m. A revised overdraft limit of £4m is under discussion with CEC.

Relationship with CEC

tie has issued invoices to CEC to 28th February. Accrued costs and depreciation are not included in these re-charges to CEC. A monthly CEC/**tie** liaison meeting is held which involves representatives from CEC City Development, Finance and the Scottish Executive. Invoices are also issued to Clackmannanshire Council, FETA and to One-Ticket Limited.

5 Detailed Expenditure Report for Period Ended 28th February 2005

| | Current Month (Feb'05) | | | Year to Date (11 mths to 28/2/05) | | | Year End (12 mths ending 31/3/05) | | |
|---|------------------------|-----------|----------|-----------------------------------|------------|------------|-----------------------------------|------------|------------|
| | Actual | Budget | Variance | Actual | Budget | Variance | Forecast | Budget | Variance |
| Project Costs (Staff) | | | | | | | | | |
| Congestion Charging - Development | 4,372 | 14,720 | -10,348 | 153,366 | 159,771 | -6,405 | 216,695 | 174,491 | 42,204 |
| Congestion Charging - Procurement | 30,634 | 21,910 | 8,724 | 180,164 | 225,939 | -45,775 | 243,488 | 247,849 | -4,361 |
| Congestion Charging - Information Programme | 5,335 | 0 | 5,335 | 47,913 | 0 | 47,913 | 53,248 | 0 | 53,248 |
| WEBS | 2,991 | 3,756 | -765 | 37,779 | 40,766 | -2,987 | 44,522 | 44,522 | 0 |
| One Ticket | 2,572 | 4,216 | -1,644 | 18,602 | 45,766 | -27,164 | 21,101 | 49,982 | -28,881 |
| EARL | 12,101 | 27,243 | -15,142 | 195,458 | 295,705 | -100,247 | 227,197 | 322,948 | -95,751 |
| SAK | 9,574 | 9,574 | 0 | 116,225 | 116,225 | 0 | 138,226 | 138,226 | 0 |
| Ingliston Park & Ride | 2,768 | 696 | 2,072 | 22,259 | 7,553 | 14,706 | 23,532 | 8,249 | 15,283 |
| FETA | 11,140 | 11,140 | 0 | 18,088 | 18,088 | 0 | 25,986 | 25,986 | 0 |
| Trams - DPOF | -15,747 | 0 | -15,747 | 90,724 | 0 | 90,724 | 102,069 | 0 | 102,069 |
| Trams - INFRACO | 52,250 | 28,185 | 24,065 | 119,452 | 216,068 | -96,616 | 179,452 | 423,723 | -244,271 |
| Tram 1 | 2,982 | 17,860 | -14,878 | 108,592 | 193,864 | -85,272 | 126,488 | 211,724 | -85,236 |
| Tram 2 | 3,743 | 17,952 | -14,209 | 112,024 | 194,860 | -82,836 | 129,830 | 212,812 | -82,982 |
| Tram 3 | 4,746 | 17,860 | -13,114 | 111,199 | 193,864 | -82,665 | 127,653 | 211,724 | -84,071 |
| Sub-Total | 129,463 | 175,112 | -45,649 | 1,331,846 | 1,708,469 | -376,623 | 1,659,487 | 2,072,236 | -412,749 |
| Project Costs (External Costs) | | | | | | | | | |
| Congestion Charging - Development | -16,835 | 21,170 | -38,005 | 781,291 | 827,878 | -46,587 | 786,617 | 847,048 | -60,431 |
| Congestion Charging - Procurement | 228,080 | 52,100 | 175,980 | 1,521,388 | 1,594,500 | -73,112 | 1,521,397 | 1,637,600 | -116,203 |
| Congestion Charging - Information Programme | 8,438 | 0 | 8,438 | 251,894 | 600,000 | -348,106 | 386,604 | 600,000 | -213,396 |
| WEBS | 1,102 | 0 | 1,102 | 7,773,175 | 7,887,197 | -114,022 | 8,010,223 | 7,887,197 | 123,026 |
| One Ticket | 0 | 0 | 0 | 1,155 | 0 | 1,155 | 1,155 | 0 | 1,155 |
| EARL | 230,125 | 392,876 | -162,750 | 2,385,450 | 3,303,029 | -917,578 | 2,847,628 | 3,729,863 | -882,235 |
| SAK | 3,006 | 3,006 | -0 | 26,711 | 26,711 | 0 | 26,711 | 26,711 | 0 |
| Ingliston Park & Ride | 178,711 | 0 | 178,711 | 1,232,094 | 2,456,031 | -1,223,937 | 1,430,394 | 2,456,031 | -1,025,637 |
| FETA | 14 | 14 | 0 | 14 | 14 | 0 | 14 | 14 | 0 |
| Trams - DPOF | 35,000 | 95,000 | -60,000 | 968,250 | 380,000 | 588,250 | 1,018,250 | 1,783,591 | -765,341 |
| Trams - INFRACO | 153,506 | 270,000 | -116,494 | 611,027 | 1,709,650 | -1,098,623 | 1,064,826 | 2,590,650 | -1,525,824 |
| Tram 1 | 42,755 | 52,164 | -9,408 | 1,227,557 | 675,799 | 551,758 | 1,303,349 | 727,963 | 575,386 |
| Tram 2 | 79,800 | 112,155 | -32,355 | 772,913 | 1,393,134 | -620,221 | 989,778 | 1,491,788 | -502,010 |
| Tram 3 | 123,829 | 56,225 | 67,604 | 1,311,174 | 1,579,169 | -267,995 | 1,568,171 | 1,639,189 | -71,018 |
| Sub-Total | 1,067,532 | 1,054,710 | 12,823 | 18,864,094 | 22,433,112 | -3,569,018 | 20,955,117 | 25,417,645 | -4,462,528 |
| Project Costs (Total) | | | | | | | | | |
| Congestion Charging - Development | -12,463 | 35,890 | -48,353 | 934,657 | 987,649 | -52,992 | 1,003,312 | 1,021,539 | -18,227 |
| Congestion Charging - Procurement | 258,714 | 74,010 | 184,704 | 1,701,552 | 1,820,439 | -118,887 | 1,764,885 | 1,885,449 | -120,564 |
| Congestion Charging - Information Programme | 13,774 | 0 | 13,774 | 299,807 | 600,000 | -300,193 | 439,852 | 600,000 | -160,148 |
| WEBS | 4,093 | 3,756 | 337 | 7,810,954 | 7,927,963 | -117,009 | 8,054,745 | 7,931,719 | 123,026 |
| One Ticket | 2,572 | 4,216 | -1,644 | 19,757 | 45,766 | -26,009 | 22,256 | 49,982 | -27,726 |
| EARL | 242,227 | 420,119 | -177,892 | 2,580,908 | 3,598,734 | -1,017,826 | 3,074,825 | 4,052,811 | -977,986 |
| SAK | 12,580 | 12,580 | -0 | 142,936 | 142,936 | 0 | 164,937 | 164,937 | 0 |
| Ingliston Park & Ride | 181,480 | 696 | 180,784 | 1,254,352 | 2,463,584 | -1,209,232 | 1,453,926 | 2,464,280 | -1,010,354 |
| FETA | 11,154 | 11,154 | 0 | 18,103 | 18,102 | 1 | 26,000 | 26,000 | 0 |
| Trams - DPOF | 19,253 | 95,000 | -75,747 | 1,058,974 | 380,000 | 678,974 | 1,120,319 | 1,783,591 | -663,272 |
| Trams - INFRACO | 205,756 | 298,185 | -92,429 | 730,479 | 1,925,718 | -1,195,239 | 1,244,278 | 3,014,373 | -1,770,095 |
| Tram 1 | 45,737 | 70,024 | -24,287 | 1,336,150 | 869,663 | 466,486 | 1,429,837 | 939,687 | 490,150 |
| Tram 2 | 83,543 | 130,107 | -46,564 | 884,937 | 1,587,994 | -703,057 | 1,119,608 | 1,704,600 | -584,992 |
| Tram 3 | 128,575 | 74,085 | 54,490 | 1,422,373 | 1,773,033 | -350,660 | 1,695,824 | 1,850,913 | -155,089 |
| Sub-Total | 1,196,995 | 1,229,822 | -32,826 | 20,195,939 | 24,141,581 | -3,945,641 | 22,614,604 | 27,489,881 | -4,875,277 |