



Transport Edinburgh

Edinburgh Trams

Lothian Buses

Tram Project Board Report on Period 2 Papers for meeting 3rd June 2009

10:00am – 1:00pm following the tie Board meeting

Distribution:

Members and attendees

David Mackay (Chair)
Marshall Poulton
Bill Campbell
Steven Bell
Kenneth Hogg
Cllr Ian Perry
Brian Cox

Cllr Phil Wheeler
Stewart McGarrity
Cllr Allan Jackson
Cllr Gordon Mackenzie
Colin McLauchlan
Peter Strachan

Donald McGougan
Richard Jeffrey
Dave Anderson
Graeme Bissett
Alastair Richards
Neil Scales
Alasdair Sim (minutes)

In addition – for information only

Cllr Maggie Chapman
Andy Conway
Norman Strachan
Iain Coupar
Susan Clark

Cllr Tom Buchanan
Frank McFadden
Alan Coyle
Gregor Roberts

Dennis Murray
Ailie Wilson
Jim McEwan
Gill Lindsay

TRAM PROJECT BOARD

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FOISA exempt
 Yes
 No

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Agenda Tram Project Board

Brunel Suite – Citypoint, 2nd Floor

3rd June 2009 – 10.00am to 1.00pm following the tie Board meeting

Attendees:

David Mackay (Chair)

Marshall Poulton

Bill Campbell

Steven Bell

Kenneth Hogg

Cllr Ian Perry

Cllr Phil Wheeler

Richard Jeffrey

Stewart McGarrity

Cllr Allan Jackson

Cllr Gordon Mackenzie

Brian Cox

Donald McGougan

Dave Anderson

Graeme Bissett

Alastair Richards

Neil Scales

Alasdair Sim (Minutes)

Apologies:

- 1 Review of previous minutes and matters arising
- 2 5 Key Business Priorities (Richard Jeffrey)
 - 2.1 Building the Tram (Steven Bell)
 - Project Director Progress Report Period 2*
 - 3 Month Programme Storyboard
 - Change Requests/Risk Drawdown*
 - Commercial/Legal Issues/Disputes
 - Traffic Management
 - 2.2 Getting Ready for Operations (Alastair Richards)
 - 2.3 Building the Brand (Richard Jeffrey)
 - 2.4 Building the Team (Richard Jeffrey)
 - 2.5 The Future of **tie** (Graeme Bissett)
 - SETL
 - Governance
 - Tax Planning
- 3 Strategic Options Review (Stewart McGarrity)
- 4 Health & Safety Update (Steven Bell)
- 5 Risk Register Update (Steven Bell)
- 6 Date of next meeting – 8th July 2009
- 7 AOB

(* Papers contained in TPB Pack)

Edinburgh Tram Network Minutes
STRICTLY PRIVATE AND CONFIDENTIAL

Tram Project Board

6th May 2009

tie offices – Citypoint II, Brunel Suite

Members:			
David Mackay (Chair)	DJM	Bill Campbell (part)	WWC
Cllr Phil Wheeler	PW	Donald McGougan	DMcG
Richard Jeffrey	RJ		
In Attendance:			
Steven Bell	SB	Cllr Allan Jackson	AJ
Brian Cox	BC	Cllr Gordon Mackenzie	GMac
Graeme Bissett	GB	Stewart McGarrity	SMcG
Marshall Poulton	MP	Alastair Richards	AR
Neil Scales	NS	Colin McLauchlan	CMcL
Andy Conway	AC	Elliot Scott (minutes)	ES

Apologies: Dave Anderson, Peter Strachan, Jim McEwan, Kenneth Hogg and Cllr Ian Perry

1.0	Introduction	
1.1	DJM welcomed everyone to the meeting and introduced Richard Jeffrey to the Boards.	
1.2	RJ explained that he is delighted to part of the team and that he had spent a lot of time meeting the team, gathering information and forming ideas around the key challenges the project faces. He noted that there is a fantastic opportunity in the coming months to make progress on the ground, to build confidence and to change the public perception of the project.	
2.0	Previous meeting	
2.1	The minutes of the previous meeting were approved.	
2.2	2.12 – MP and SMG updated that there is a meeting planned for the afternoon of the 6 th May regarding attendance at the FCL committee. DJM re-iterated the importance of the sub-committees in the governance structure.	MP SMG
2.3	3.1 – DMcG noted that the Policy and Strategy meeting is to be held on the 12 th May and a decision made on the Festival embargo.	
2.4	5.1 – SB noted that the “programme storyboard” will be discussed at the TOG on the 11 th May and the next TPB.	SB
3.0	Presentation	

3.1	<p><u>Overview</u> SB gave an overview of progress to date, including the reducing AFR and progress achieved through the PMP.</p>	
3.2	<p><u>HSQE</u> SB updated the Boards on the current safety performance and noted that the 13-period rolling AFR had fallen to 0.29. In addition, the service strike frequency is also falling and specific initiatives are underway to support this. SB continued by appraising the Boards on the outcome of the meeting with the Health and Safety Executive who were pleased with the progress made by BSC on occupational health since the last meeting.</p>	
3.3	<p><u>Strategic Options</u> SB updated the Boards with the progress to date on the strategic options for Infraco. Specific points of note, discussion and questions are summarised below.</p>	
3.4	<p>The PMP has met three times and will meet again on the 8th May and is proving to be a forum for constructive engagement with BSC. Items on the agenda include the BDDI to IFC design issue, a discussion on other potential disputes to see if they can be resolved, progress on Princes Street under the supplemental agreement and the interface with the city over summer. SB noted that the BSC “entitlement programme” was expected before the meeting.</p>	
3.5	<p>The next steps / outcomes from the PMP will:</p> <ul style="list-style-type: none"> • Deliver cost and programme confidence; • Balance the imperative of a conciliatory outcome against the need for robust protection of commercial position and value for money; and • Enhance engagement, particularly on programme. <p>SB added that the BSC strategy to date has been not to accept any risk. RJ added that there is a need for a shift in BSC approach to decide that they “want” to do the works.</p>	
3.6	<p>In relation to DRP1, planned for mediation from 27th May to 1 June, SB commented that the team was very focused and SMG added that assistance had been sought from DLA and other technical experts. SB added that no more time had been lost at the depot or on Princes Street, but that the structures along the Roseburn corridor were still being delayed. In response to a question from DMcG about other DRPs and progress through the PMP, DJM noted that the others had been delayed until further evidence was gathered and to allow progress to be made at the PMP. SB concurred and added that the updated paper on potential future DRPs is available to Board members separately if requested. He also noted that tie continue to push for agreement of fair changes within the ranges presented to previous Board meetings. SB agreed to put values on the outstanding changes for the next Board meeting.</p>	SB
3.7	<p>DMcG expressed his satisfaction with the engagement between tie and CEC in relation to financial information. He believed that this enhanced engagement should stay in place through the strategic options review until a revised programme was agreed with BSC. He noted the difficulty in communicating commercially sensitive information to elected members. DJM reiterated to all present the importance of protecting commercial confidentiality.</p>	
3.8	<p>MP agreed DMcG’s comments and added his frustration about the lack of an agreed programme. SMG, SB and DJM all echoed MP’s frustration regarding</p>	

	the programme. SB stated that the team were doing all they could do, with the exception of escalating this as an alleged breach of contract.	
3.9	In response to a question from GMac regarding setting a deadline to report to the Council in August, SB replied that August is the current target. However, he added that if the programme is not agreed, the reporting date will be delayed as it could be used by BSC during the negotiations. DJM noted that RJ and he have a meeting with John Swinney and Stewart Stevenson on 7 th May.	
3.10	SB appraised the Boards of the positive feedback received from the Breakfast meeting on 28 th April. The next step is a workshop between all parties to ensure Edinburgh is ready for the influx of visitors during the festival.	
3.11	There was discussion regarding the timing of the meeting between BSC and CEC principals. DJM stated that he would like to see the output from the PMP on the 8 th May and progress on the programme re-calibration as the dinner is to be a celebratory meeting, not a theatre for negotiation. He hoped to use RJs arrival as a catalyst for discussions at this level.	
4.0	Project delivery	
4.1	SB outlined current progress and highlighted that significantly better productivity was being achieved than BSC had planned, both at the depot and on Princes Street. As last period, this is tempered by continued slow progress at the Carrick Knowe bridge and Haymarket viaduct. In addition the BSC subcontractors are all still working under letters of intent and as a result the collateral warranties are still outstanding. The tram production programme is two months ahead of schedule.	
4.2	In addition, the MUDFA programme is 73% complete. SB agreed to spend time with CEC to discuss how the outstanding issues with Carillion will be addressed.	SB
4.3	DMcG queried the status of the design and where it was being held up. SB replied that there are two elements outstanding; the SDS design (some of which has been delayed by tie , some of which is delayed due to re-design) and the Siemens detailed design. He noted that there is no issue with CEC processing the approvals.	
4.4	PW queried the status of the Gogar interchange. SB replied that final comments had been received from CEC legal and estimates had been received from BSC. Four to five months in progress has been lost to date as this should have been concluded on the 5 th January. There is a meeting with TS on the 7 th May to discuss finalisation..	
5.0	Finance	
5.1	SMG presented the headline financial position, including a forecast outturn for 09/10 of £150m for Phase 1a and £3.2m for Phase 1b (TS have allocated £149m for their share) and an unapproved Phase 1a AFC of £527.1m. Allowing for Phase 1b postponement, this leaves £11.7m headroom against total approved funding of £545m. There is £47m in the risk allowance and headroom not yet committed.	
5.2	SMcG stated that part of the reason for the unapproved forecast is the change in risk profile from Financial Close. DMcG added that there have also been increases in TEL, CEC and tie management costs, as well as changes in the traffic management required. SB added that there is a general challenge on all costs. SMcG reminded the Boards that all changes will be approved by the	

	Change Panel and the Board, if necessary through the existing DARs. RJ noted the importance of managing the message surrounding the unapproved forecasts.	
5.3	DMcG wanted to ensure that the £3.2m cancellation costs would not be paid to BSC “as of right” as part of the reason for postponing Phase 1b was the price quoted by them.	
5.4	AC noted that the design for Phase 1b was not yet complete and questioned whether the final cost would change. SMcG replied that the value of the design has been included in the cost accrued to date and the cost would only change if there were further changes to the design.	
5.5	DJM re-iterated to the Boards that there has always been a funding shortfall for Phase 1b.	
6.0	HR / Communications	
6.1	CMcL briefly outlined the communications activity during the period including the sponsorship of the Cockburn Association Open Doors Day and locating the mock-up in Leith.	
6.2	RJ noted that building the brand (of the project and the organisation) is one of the key areas he intends to focus on.	
7.0	Change	
7.1	The Board noted the Period 1 change update, including the approval at the Change Panel for the Tramco and Princes Street changes previously approved by the TPB.	
7.2	The TPB formally approved the risk drawdown for the extra excavation at the depot (£1.43m). SB noted that this is a fair entitlement for BSC that had been resolved by the PMP.	
7.3	The MUDFA risk drawdown will be circulated separately.	SB
7.4	The TPB approved the paper regarding the strategy for the completion of the utility works subject to appropriate tenders being received. SB noted that it is not contractually agreed that Carillion would be completing this work, and that informally, they were receptive to the strategy. In response to a question from AC, SB added that the cost and programme returns would be in late May / early June.	
7.5	The TPB approved the paper regarding the procurement strategy at Burnside Road. SB noted that he had spoken with Gordon Dewar, Managing Director at the Airport and that he is comfortable with the approach taken, provided the coach / cab egress issue can be resolved.	
8.0	Sub-committee updates	
8.1	<u>Traffic Management Peer Group</u> MP reported that the TMPG had a very productive meeting on the 5 th May and that planning and organisation was now happening well in advance of key traffic management implementations.	
8.2	SB added that the committee was confident that the remit remains robust. Allan Duncan has been added as a member and SB and WWC have replaced Willie Gallagher and Neil Renilson, respectively.	
8.3	MP advised that the contingency route was on standby due to a Scottish Water leak in George Street. The leak has since been fixed and the re-instatement should be complete by 7 th May.	
8.4	<u>Financial, Commercial and Legal</u>	

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No

	SMcG reported that the meeting planned for 4 th May was cancelled. As per point 2.1 above, the agenda, remit and attendance will be discussed by MP, SMcG and SB and the next meeting will be on 1 st June.	
9.0	Risk	
9.1	SB committed to refreshing the primary risk register.	SB
9.2	WWC updated that Risk 999 related to the TEL Business Case. He updated the Boards that the current understanding is that the existing scheme is under review and that the recommendations are with the Minister. In addition, there is a separate recommendation that the tram should be included in the scheme. He noted that there has been no confirmation that tram is included but the assumption is that it is included.	
9.3	DMcG noted that the TEL Business Plan should be updated following the Council decision on Phase 1b.	SMcG AR
10.0	AOB	
10.1	GB updated the Boards that the delegations for approving changes and claims are being reviewed in light of the unapproved forecasts. The definitions, baselines and inconsistencies in the documents will be updated. GB suggested that this should be done in conjunction with the review of governance and structure. SB noted that he would continue to report to the Boards every period for visibility of change approved at the Change Panel.	
10.2	Finally, DJM thanked Elliot Scott for his work with the TPB and wished him well for the future.	
10.3	The date of the next meeting will be Wednesday 3 rd June.	

Prepared by Elliot Scott on 7th May 2009.

Agenda Item 2.1 – Project Directors Progress Report

Project Directors Report

Period 2 09/10

HSQE

HS&E ACCIDENTS and INCIDENTS SUMMARY											
Project Running Totals	Total Hours	>3 day	Major	Injury	NM/Unsafe Condition	Service Damage	ENV	RTA	MOP	AFR	SFR
Period 02	144,587	0	0	5	11	8	0	1	4	0.00	5.53
Year to Date	275,829	0	0	5	42	18	0	1	9	0.00	6.53
13 period rolling	1,448,260	1	3	31	206	202	3	15	94	0.28	13.95



There were no reportable accidents during Period 2 and the project 13-period rolling AFR is 0.28 (target 0.24, last period 0.29). The frequency of service damages has decreased further during the period on the project and for Carillion but the BSC frequency has slightly increased again, **tie** are investigating these incidents with BSC.

The score for **tie** health and safety inspections on the contractor fell slightly during period 2, however there were only 2 inspections that fell below the 80% compliance level. The number of inspection carried by **tie** PM's was slightly below 100% of those planned (93%). All of the planned safety tours were carried out by **tie** senior management in the period. 3 Safety tours were carried out jointly with the contractors' directors.

The frequency of Member of Public incidents has decreased yet again after the rapid increase seen in period 13 due to the Princes Street works. However, there was a report of the fence along Princes St blowing down at two locations, no injuries were reported and the contractor has carried out an investigation and rectified any deficiencies.

The **tie** SHE board committee met during the period and carried out a safety tour was on Princes St. Concerns were raised regarding the control and co-ordination of BSC subcontractors and these concerns are being addressed.

Progress

There were a number of successes achieved in the period as follows:

- Production rates with the depot excavation exceeded plan with 43,400m³ excavated against a plan of 36,000m³;
- CEC agreed to work continuing on Princes Street through the Festival embargo;
- Works completed to remove the Hearts War Memorial @ Haymarket;
- TRO order made for the Fastlink roadworks;
- Scottish Water consents received;

- SGN and BT works progressed ahead of programme, and
- Good progress made with concrete excavation on Princes Street.

However, overall progress remains behind both the current three month look-ahead and the master programme, primarily due to:

- Finalisation of the agreement of change delaying the commencement of work;
- Incomplete utility diversions caused in part by traffic management constraints
- Slow mobilisation of Infracore, including lack of formal sub-contracts being in place;
- Failure of Infracore to submit preparatory paperwork in a timely manner;
- Requirement for re-design of temporary works;
- Design slippage since novation of design to Infracore (now recorded in v45 of the design programme);
- Design changes as a result of the Prior and Technical Approvals process; and
- Consortium integrated design programme and validation.

tie presented a range of programme dates in the Period 1 report as follows:

Un-approved recalibrated baseline programme	Feb 2012
Live programme	July 2012
Un-mitigated programme	Oct 2012

The **tie** live programme currently predicts an Open for Revenue Service date of July 2012. This remains the same as last period as the improved productivity rates experienced on Princes Street and at the depot have only partially been introduced to re-forecast the live programme and have been tempered slightly by some slippage in other areas. Should this productivity be maintained then there may be scope for further improvement to the Period 03 forecasts. Again, these may of course be offset by delays / impacts elsewhere.

The recalibration of the programme was one of the key priorities for the PMP in Period 2 with submission of a recalibrated programme from the consortium received by **tie** during week 4 of Period 2. Review of this programme is underway and following agreement further discussions will be held with BSC to identify and agree the formal Revision 2 programme.

A total of 6 PMP meetings have now been held between **tie**/BSC to focus on the top priority issues affecting progress including the programme, depot and key structures.

tie has continued to work on the Strategic Options and in the next period the first mediation between **tie**/BSC will be held, briefing with Queen’s Counsel will take place, work will progress with preparation on future DRP items and the forensic planning work will continue to assist with the discussions on recalibrated programme with BSC.

Progress – Design

No new Prior Approval or Technical Approval applications were submitted in the Period. One outstanding Technical Approval has been granted, bringing the completion up to 86%.

A number of submissions are subject to re-design process as a result of, for example, the approvals process or value engineering, and these are captured in the programme analysis and the integrated design programme which was received from BSC in Period 2, and is now under review.

Phase 1a only	Number required		Number	
	v31	v44	Submitted	Granted
Prior Approvals	49	54	51 (94%)	49 (91%)
Technical Approvals	71	80	72 (90%)	69 (86%)

Reasons for design slippage are being reviewed and recorded each week at the design taskforce meeting which is focused on resolving outstanding design issues. This slippage is being addressed

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as part of the re-calibration of the programme. **tie** are identifying and implementing opportunities to mitigate the impacts of this slippage.

Although there is evidence of better management of SDS by BSC, this has not yet resulted in improved design performance.

Progress – MUDFA (Utilities)

Period 2 has seen MUDFA progress as follows:

Rev. 08 Figures	Period		Delta	Cumulative		Delta
	Plan	Actual		Plan	Actual	
MUDFA PERIOD 02 PROGRESS						
Section 1a Newhaven to Foot of the Walk	1.9%	0.5%	-1.4%	41.5%	40.8%	-0.7%
Section 1b Foot of the Walk to McDonald Road	0.1%	0.1%	0.0%	100.0%	99.9%	-0.1%
Section 1c McDonald Road to Princes Street West	12.0%	7.5%	-4.5%	88.2%	76.0%	-12.2%
Section 1d Princes Street West to Haymarket	6.5%	5.6%	-0.9%	90.8%	88.0%	-2.8%
Combined Sections 1A-1B-1C-1D (On-Street) Newhaven Road to Haymarket	4.9%	3.1%	-1.8%	75.8%	71.9%	-3.9%
Section 2 Haymarket to Roseburn Junction	2.9%	4.9%	2.0%	100.0%	100.0%	0.0%
Section 5a Roseburn Junction to Balgreen Road	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Section 5b Balgreen Road to Edinburgh Park Central	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Section 5c Edinburgh Park Central to Gogarburn	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Section 6 Gogar Depot	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Section 7a Gogarburn to Edinburgh Airport	0.0%	0.0%	0.0%	100.0%	100.0%	0.0%
Combined Sections 2A-5A-5B-5C-6A-7A (Off-Street) Haymarket to Edinburgh Airport	0.4%	0.6%	0.2%	100.0%	100.0%	0.0%
FULL ROUTE PHASE 1A NEWHAVEN ROAD TO EDINBURGH AIRPORT	4.1%	2.7%	-1.4%	79.9%	76.7%	-3.2%

The following is of note:

- Approval was granted to a revised procurement strategy for diversions in sections 1A and 7 and this is now being progressed;
- Physical work on the diversion of the medium pressure gas main in the Mound is well underway and progressing to programme;
- Diversions are in the final stages between Foot of the Walk and MacDonald Road and will be complete in late May / early June;
- Utility diversion works are nearing completion in St. Andrews Square and will be completed on South St Andrew Street and the East side of the Square by end of May, following which traffic management arrangements will switch from South St David Street to South St Andrew Street to accommodate INFRACO works;
- The traffic management switch associated with Phase 3 of the Utilities diversions at Haymarket including the closure of Palmerston Place was put in place over the weekend of 23 May;

Progress – Infraco (including Tramco)

The project continues to experience problems with slow progress for INFRACO works and, in particular, the appointment of direct BSC resource and the final appointment of the main package contractors. All BSC sub-contractors continue to operate with Limited Letters of Intent whilst awaiting conclusion of the full sub-contracts.

Haymarket viaduct and Carrick Knowe bridge constructions have been on hold due to BSC's sub contractor issues with the A8 underpass delayed through requirement of temporary works redesign. However, work has continued on a number of worksites including:

- Princes Street with concrete excavations completed, drainage ducts installed and the commencement of installation of OHL bases;
- Edinburgh Park Bridge – additional beams installed;
- Gogarburn Bridge;
- Verity House access road completed, and

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- Depot - spoil removal from the depot continued (58% of total spoil removed in eight weeks).

Progress is now being monitored against the Revision 1 programme. The summary milestones against the agreed Infraco contract and the short term programme milestones are shown in the table below.

Milestones	Period 02		Cumulative (Short-Term)		Contract Planned to P02
	Planned	Actual	Planned	Actual	
Prelims	2	2	44	44	44
Construction	1	1	31	31	459

Good progress on TRAMCO continues to be made with the progress of deliverables against the schedule. The production line has commenced during Q1 2009 with the delivery of the first tram still on schedule for April 2010.

The CAF contract programme is incorporated in the Master Tram Project Programme and the Period 01 update confirmed the following milestone dates:

- 1st Tram delivery – 09-Apr-10
- 5th Tram delivery – 10-May-10
- 27th Tram delivery – 17-Jan-11

The fabrication programme maintains approximately two months ahead of schedule.

Progress – Other

Temporary traffic regulation orders (TTROs)

- Weekly visual summary being produced of all tram traffic management throughout city.

Traffic regulation orders (TROs)

- A TRO programme is in place to ensure that the required TROs for the project are in place by December 2010. The informal consultation process for this has been completed and BSC have been instructed to incorporate minor design revisions into the final design. **tie** are currently awaiting a set of TRO drawings to enable the statutory consultation process to commence (anticipated mid Summer 09).

Network Rail

- Infraco has now delivered its EMC Management Plan and EMC Strategy for NR infrastructure assets and established the scope for the immunisation works. A programme for these works is being developed with Infraco;
- Infraco will be developing the full assurance case for NR acceptance. Preliminary assurance case to enable traction power testing and commissioning will be completed by August 2009. Further assurance will be provided up to, and including, bringing into service;

Third party interfaces

- NR – the Bridge Agreements are not yet concluded. There is an outstanding issue on indemnities to close out. CEC are taking this matter up directly with TS, and **tie** is no longer involved. An Operating Agreement with NR is currently with **tie**/TEL and updated drafting to be returned to NR by 08/06/09;
- Forth Ports – a target date to execute the FP agreement is set for early June. FP and CEC legal are currently reviewing the final draft and **tie** are awaiting comments from both parties;

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- Haymarket carpark compensation – **tie** have agreed compensation with NR and will settle this in Q1 09/10. **tie** continue to discuss with TS the additional compensation payable to First ScotRail, as a result of the extension of the FSR franchise from Nov 2011 to Nov 2014, as it is believed to be a TS cost. A meeting is arranged with TS to address this in Period 3;

Fast link modifications (Front Line)

- Front Line has completed all the civil works with the remaining signage erected to coincide with the new traffic regulation order;
- TRO order comes into force on 26/05/09;

Murrayfield Pitches (Souters)

- Final account settled.

Ancient Monuments (Land Engineering)

Hearts War Memorial

- Work started 04/05/09. Removal of the monument completed 19/05/09.

BAA - Burnside road (BAA)

- Scheme Design for Option 4 is complete. An alternative Option 4B has been proposed to BAA with an informal approval, this needs to be ratified. Formal sign off of the alternative scheme Option 4B target end w/c 25th May. Detailed Design due to commence by 1st June (will take 6 weeks)
- Target site start date of 27th July

Cost

Current Financial Year

The budget for Phase 1a in 2009/10 is £150.1m which has been produced linking the tie re-baselined programme to Infraco construction milestones. **tie** are currently in the process of agreeing an updated programme with the Infraco contractor.

In addition to phase 1a (£150.1m) 2009/10 costs, the budget includes anticipated costs of £3.2m which relate to the postponement of Phase 1b Infraco construction contract and funding available from TS for the project in 2009/10 is £149m. The TS share of this year's budget (£153.3m) is £140.6m, giving available headroom of £8.4m.

Actual YTD P2 & forecast P3-P13 FY09/10

£m	YTD P 2	Forecast P3- P13,09/10	Total FY09/10
Infrastructure and vehicles	9.1	113.3	122.5
Utilities diversions	12.5	1.0	3.5
Design	0.6	0.4	1.0
Land and compensation	0.6	1.0	1.6
Resources and insurance	2.4	10.4	12.8
Base costs	15.2	126.2	141.4
Risk allowance	0.0	8.7	8.7
Total Phase 1a	15.2	134.9	150.1

COWD to Period 2 is £15.2m against budget £10.2m.

Total project anticipated forecast cost

Re-baselined Phase 1a AFC and profiling

£m	Cum FY07/08	Actual 08/09	FY 09/10	FY 10/11	FY 11/12	AFC
Infrastructure and vehicles	30.7	45.4	122.5	92.1	19.0	309.5
Utilities diversions	18.4	33.4	3.5	0.0	0.0	55.3
Design	21.4	4.7	1.0	0.0	0.0	27.2
Land and compensation	16.8	1.7	1.6	0.0	0.2	20.3
Resources and insurance	42.7	15.8	12.8	7.8	2.9	81.9
Base costs	130.0	101.0	141.4	99.8	22.0	494.2
Risk Allowance	0.0	0.0	8.7	19.0	5.2	32.9
Total Phase 1a	130.0	101.0	150.1	118.9	27.1	527.1
Phase 1b postponement	3.0	0.0	3.2	0.0	0.0	6.2
Total Phase 1a and Phase 1b	133.1	101.0	153.3	118.9	27.1	533.3

The table above reflects the base costs and risks aligned to the re-baselined programme and re-alignment of the Infraco milestones schedule. The AFC for Phase 1a above includes an unapproved increase of £15.1m to the project risk allowance. The approved cost estimate for delivery of Phase 1a of the project remains at £512m.

The latest forecast view includes £3.2m of costs relating to Phase 1b which may crystallise as contractually payable to BSC due to the postponement of Phase 1b (this will require to be covered by current funding). Coupled with the re-baselined forecast, there is £11.7m of funding headroom within the £545m total funding available; and the Project Management Panel (PMP) is up and running and being used by tie and INFRACO senior management to flag key issues and ensure proactive engagement to resolve issues and progress Tram construction works

Risk

There were no new risks added to the Project Risk Register in the period, and there are 47 risks in the risk register. The top five project risks are:

- Tram works price based upon a design which may have been altered; unclear who authorised design changes (BDDI – IFC)
- Cost of works at Burnside Road exceed those allowed for in Project budget
- Ground Conditions
- Programme Delay
- INFRACO commercial behaviour

Treatment plans are in place for each risk in the Register, and these are being monitored.

The following items were added to the Infraco Concerns Register in the period.

Discipline	Risk description			
	Risk Number	Cause	Risk Event	Effect
General	97	Delay in completion of Mudfa or BT take longer than planned to complete cabling works	Delay to BT cabling works impacts on Infraco works	Delay to programme, extension of time claim. Additional costs.
SCC	98	TEL do not supply required information regarding Lothian Bus's tracking system (INEO) to enable BSC to design a system which will successfully interface with INEO	Failure of BSC's Passenger Information Display System (PID) to interface with INEO.	Delay to programme, extension of time claim. Additional costs.
SCC	99	Essential requirement omitted from ERs	Output from Design and Operational Reviews results in increased changes to Infraco contract	Additional cost
General	101	Contractor is building 'at risk' with agreed control measures	Agreed control measures are not being applied by contractor with regard to checks being made on the design	Delay to programme, dispute between tie and contractor
General	102		Behaviour of BSC commercial management resulting in unreasonable estimates being submitted	Programme delay while disputes over estimates are resolved

The following items in the Infraco Concerns Register were were closed in the period:

Discipline	Risk description		
	Risk Number	Cause	Effect
Structures	42	Due to being behind programme bridge beams may have to be installed using other possession.	BSC may try to install the beams during RotR possessions
NR	16	De-watering of Gogar Depot	Movement below track support zone
Drainage	38	Lack of information from SDS Delay in application and/or delay in assessment of application by SW	Scottish Water do not approve connections in line with programme dates
Depot	43	Construction delay on airport works due to operational constraints	Late completion of alternative BAA emergency access route (Crashgate 11)

QRA

The Project Risk Allocation has reduced by £222,851 in the period. All drawdowns are shown in the Table below. The current Project Risk Allocation (based on the approved budget) is £19,969,623.

The following table includes the approved drawdown applications on the project risk allocation in Period 1.

CEC costs - delays to approvals	Alan Coyle	-200,000
Infraco risk 173 drawdown	Mike Paterson	-22,851
Total		-222,851

All existing risks, as well as those recently added, are being reviewed to ensure the QRA output is as accurate as is reasonably possible. It is accepted that the additional risks and increase in QRA output are currently unapproved. These are within the unapproved range in costs provided to TS on 26th May. **tie** will continue to report on the risk allocation at Financial Close until a new budget (with an updated QRA) is approved

Communications / Customer Service

The HR and Communications Director left **tie** at the end of the period.

tie, CEC and other key parties continue to work closely together to enhance the ongoing communications strategy. All parties continue to meet regularly and the next Communications Group meeting is due to be held in June 2009.

The design and creation of banners for businesses affected by individual worksites have been created. Locations include St John's Church and various locations on Leith Walk.

Media activity has included contribution to a news story on tender proposal for utility diversion work. Radio and TV filming of Steven Bell on delayed utility works and interviews about Constitution Street and the discovery of skeletons. The Edinburgh Evening news featured the appointment of Richard Jeffrey and the Scotsman published a similar story on Friday 22 May.

There were 31 media enquiries during April 2009 which represented a quiet period for media contacts. Much of this was the preparation for the announcement of Richard Jeffrey's appointment. Other issues during this period were to do with the Hearts Memorial and human remains discovered on Constitution Street. During May, Further media profile work was done for the city centre closure remaining open during the festival.

The only media activity planned for next period at the moment is the potential of tram tracks being laid on Princes Street and a Sunday Herald interview with Richard Jeffrey.

Agenda Item 2.1 – Change Requests & Risk Drawdown

Paper to: TPB**Meeting date: 3/6/09****Subject: Project change control update – Period 2, 2009/10****Preparer: Mark Hamill****Summary**

This paper is intended to update the Tram Project Board with the current status regarding approved project change orders and their implications on the overall Tram Project Budget. To the end of Period 1, £10.14m had been drawn down from the original risk allowance of £30.3 at Financial Close. In Period 2, an additional £223k has been drawn down. The table below summarises the approved project changes that have financially impacted the project risk allowance since Financial Close in May 2008.

Description	Base cost	Risk	Total
Position at Financial Close (PCB)	481,680,811	30,336,196	512,017,007
Changes to end Period 1	10,143,722	-10,143,722	0
Position at end Period 1	491,824,533*	20,192,474	512,017,007
Period 2 changes	222,851	-222,851	0
Position at end Period 2 (CAB)	492,047,384	19,969,623	512,017,007

*£360 adjustment to correct end Period 1 figure

Changes in PeriodCEC Costs – Delay to Approvals (COP047 - £200k)

This change represents the elements of CEC costs which are required to deal with the slippage of the design process and the resultant CEC staff costs associated with the approvals process going beyond the budget in the current financial year.

Unsuitable Ground Conditions (COP091 - £23k)

Soft ground conditions was encountered at the west and east abutments of Gogarburn Bridge. Additionally, the piling work at the A8 underpass was disrupted by the discovery of hard material. The additional cost of these issues was funded from the Project Risk Allowance.

Mudfa Risk Drawdown (COP087 - £1.64m)

This was approved by the Project Change Panel (subject to TPB approval) and is covered in a separate paper. The figure was included in the Period 1 Project change paper.

Decision(s) / support required

The TPB is requested to:

1. Note the Project Change Control status at Period 2; and
2. Review the additional paper covering the Mudfa risk drawdown requiring Board approval

Proposed	Name: Mark Hamill Title: Risk & Insurance Manager	Date: 26/05/09
Recommended	Name: Steven Bell Title: Tram Project Director	Date: 26/05/09
Approved David Mackay on behalf of the Tram Project Board	Date:

Paper to: TPB
Subject: Mudfa Risk Drawdown
Preparer: Mark Hamill

Meeting date: 3/6/09

Summary

This paper is intended to request authorisation from the Tram Project Board to drawdown £1.64m from the project risk allowance for the additional costs associated with increase in scope of the utility diversion works. The full £1.64m was identified and allowed for in the unapproved forecast provided to TS on 26th March and the TPB on 15th April 2009. There is no impact of this change to the unapproved Open for Revenue Service date of 23rd February 2012.

Impact on programme

The extent of the works have previously been included in the programme schedule and as such there is no change to the current expected programme schedule and no additional affect to Infraco works.

Impact on budget

The figure has been included in previous AFC expectations and there is therefore no change to the current anticipated AFC. The drawdown is required to increase the Approved Budget to accommodate the actual costs incurred to date.

Impact on scope

The high level scope of the required works was identified prior to Period 12 2008/2009 and an assessment of the scope was made at that time. The current extent of scope undertaken is within the assessment previously made and as such there is no impact on the current anticipated scope.

Risks and opportunities

This sum is to be drawn from a risk allowance which was allocated to Mudfa at Financial Close.

Decision(s) / support required

The TPB is requested to:

1. Formally approve the drawdown for £1.64m to cover the increase in scope of utility diversions

Proposed

Name: Mark Hamill
Title: Risk & Insurance Manager

Date: 29/05/09

Recommended

Name: Steven Bell
Title: Tram Project Director

Date: 29/05/09

Approved

..... Date:
David Mackay on behalf of the Tram Project Board

Primary risk register

FOISA exempt

Yes
 No

FOISA exempt

Yes
 No

FOISA exempt

Yes
 No

FOISA exempt

Yes
 No

Period 2 Transport Scotland report Sections 2-7

On following pages are Sections 2-7 of the Transport Scotland report (Section 1 is the Project Directors report).