

Edinburgh Tram Network Minutes

STRICTLY PRIVATE AND CONFIDENTIAL

Tram Project Board

26th July 2009 (09:30 to 12:45)

tie offices – Citypoint II, Brunel Suite

Members:			
David Mackay (Chair)	DJM	Donald McGougan	DMcG
Cllr Gordon Mackenzie	GM	Bill Campbell	WWC
Richard Jeffrey	RJ		
In Attendance:			
Steven Bell	SB	Andy Conway	AC
Stewart McGarrity	SMcG	Mandy Haeburn-Little	MHL
Brian Cox	BC	Cllr Allan Jackson	AJ
Graeme Bissett	GB	Cllr Phil Wheeler	PW
Neil Scales	NS	Alastair Richards	AR
Kenneth Hogg	KH	Bob Cummins (part time)	BC
Dave Anderson	DA	Alasdair Sim (minutes)	AS

Apologies: Cllr Ian Perry, Marshall Poulton

1.0	Introduction, Review of Previous Minutes and Matters Arising	
1.1	DJM welcomed the participants to the meeting and acknowledged the apologies.	
1.2	A point of clarification from the Minute of the 29/07/09 TPB (item 3.5): DMcG pointed out that under the 'One Family' approach, there should be opportunities to minimise the administrative overhead, rather than just recharge costs.	Noted
1.3	All other actions identified from the previous minutes have been completed or are to be covered in the presentations to this Board meeting.	
1.4	DA noted under item 3.3, that discussions are ongoing with St. Mary's Cathedral regarding the planning implications of the revised Picardy Place junction layout.	
1.5	<i>The minutes were approved as an accurate record.</i>	
2.0	5 Key Business Priorities	
2.1	RJ updated the Board on matters since the previous meeting, noting that a great deal of intensive work has been undertaken across the team during August not only on DRP preparation, but also on providing information to inform the 20 th August Council Meeting including cross-party briefings and dealing with media/press reporting. RJ expressed this thanks to the Councillors who steered the tram motion through the 20 th August Council Meeting unopposed. This sent out a strong message that the Council remain united and committed behind the process. This view was echoed by DJM and DMcG.	

3.0	Building the Tram	
3.1	<p><u>HSQE</u> Bob Cummins (tie Head of HSQE) reported on progress during Period 5. Hazard log reporting prior to commencement of works remains below expectation and this has been raised with BSC, encouraging them to take up a greater level of ownership for the activities within their sub-contractor's worksites.</p> <p>DA asked if the fact that BSC has yet to conclude the process of tying up the sub-contractors into formal contracts could be a factor in this. SB noted that contractual relationships do exist under the Letters of Intent that have been signed – and that BSC have been reminded of their obligation to provide collateral warranties in regard to their sub-contractors. BAM Rail has already provided the required collateral warranty for the track works.</p>	
3.2	<p><u>Overview of Current Progress (INFRACO)</u> SB reported that progress remains slower than desirable for the Infraco works, largely due to ongoing contractual matters. Progress on active worksites was summarised as follows:</p> <ul style="list-style-type: none"> ▪ Princes Street – 61% of track & roadworks complete against a planned 69%. Overhead line wiring and tramstop fit-out will take place with minimum disruption to traffic towards the end of 2010/early 2011. Hand back of Princes Street still on target for end November 2009. ▪ Works at Gogar Depot commenced early August, and works on the depot building (steel erection etc) will be evident from mid September. ▪ Track installation on the Guided Busway will commence during September. ▪ Beams on the Gogarburn Bridge are being installed this week. ▪ Raynesway have started the Burnside Road relocation works at Edinburgh Airport. ▪ Works on Shandwick Place tramstop have not started due to ongoing discussions with BSC regarding treatment of on-street sections. BSC are currently resisting further supplementary agreements with tie pending resolution of the wider contractual matters. 	
3.3	<p><u>Overview of Current Progress (Utilities)</u> SB presented a summary of the increased scope over and above the tendered utilities quantities (46,575m & 295 chambers vs 27,188m & 190 chambers). Most of these scope increases can be attributed to a combination of inaccurate utilities records; unknown apparatus; congestion/obstacles and resulting re-design and alternative routeing. Estimated net outturn costs would indicate considerable value for money benefits, recognising these would be tempered against programme impacts.</p> <p>KH noted that there are positives to be drawn from these comparisons, and asked how this information is to be framed in the media. MHL reported that consideration to this was underway. Other utilities matters discussed were:</p> <ul style="list-style-type: none"> ▪ Carillion are currently at 96% completion – although challenging areas remain to be completed at Haymarket and York Place/Broughton. The Carillion works are expected to be completed by the end of November 2009. ▪ Farrans are undertaking the utilities diversion works to programme at the airport, and are expected to finish in October 2009. 	

	<ul style="list-style-type: none"> ▪ Tenders for the Section 1a utilities works are under review and a recommendation to award will be made mid September. <p>A discussion took place around the implications of awarding this tender in the context of the Phase 1a construction works. It was agreed that the decision to progress the award of tender will be ratified at the next Tram Project Board Meeting.</p>			
3.4	<p><u>Relationship with BSC</u></p> <p>RJ reported that a number of formal and informal discussions had taken place with BSC collectively and individually, particularly in view of recent media reporting. These discussions were generally positive.</p> <p>BSC have expressed their disappointment that the DRP process has been initiated, and have demonstrated a mixed behaviour at audits, exhibited by a lack of substantiation or lack of information readily availability. DJM emphasised that it was very important to maintain pressure on early receipt of audit information.</p>	RJ/SB		
3.5	<p><u>Change Requests and Risk Drawdown</u></p> <p>SB submitted a risk drawdown request for a combined sum of £7.5m, comprising:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;"> <ul style="list-style-type: none"> ▪ COP107 Edinburgh Park Cycleway design @ £52K ▪ COP110 Depot Steelwork & Foundations @ £318K ▪ COP111 Stray Current Monitoring @ £89K ▪ COP113 SGN Diversion at A8 Underpass @ £302K ▪ COP114 Utilities Risk Drawdown @ £6.76m ▪ COP115 Design Changes for MUDFA @ £44K ▪ Stage 1 Design Changes (10 No.) @ £294K </td> <td style="width: 30%; text-align: center; vertical-align: top;"> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> </td> </tr> </table> <p>SB confirmed that the combined drawdown was allocated within the available funding envelope of £545m. A separate paper discussing COP114 Utilities Risk Drawdown was presented to the Board for consideration.</p> <p><i>The Board approved the Change Request and Risk Drawdown for Period 5.</i></p>	<ul style="list-style-type: none"> ▪ COP107 Edinburgh Park Cycleway design @ £52K ▪ COP110 Depot Steelwork & Foundations @ £318K ▪ COP111 Stray Current Monitoring @ £89K ▪ COP113 SGN Diversion at A8 Underpass @ £302K ▪ COP114 Utilities Risk Drawdown @ £6.76m ▪ COP115 Design Changes for MUDFA @ £44K ▪ Stage 1 Design Changes (10 No.) @ £294K 	<p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p> <p>Approved</p>	
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3.6	<p><u>Paper on Traffic Regulation Orders Strategy</u></p> <p>AS confirmed that tie and CEC Transport had discussed the proposed TRO strategy as agreed at the last TPB meeting, and outlined the pertinent points, particularly around the Statutory Consultation for TRO1 and the proposal to upload the TRO drawings, strategy and programme on the tram website in parallel with the Statutory Consultation process as public information.</p> <p>AC/AS with support from Duncan Fraser undertook to provide GMcK with a full briefing on the TRO Strategy as required.</p> <p>Key programme dates are:</p> <ul style="list-style-type: none"> ▪ Statutory Consultation TRO 1 (5 Consultees) – October 2009 ▪ Public Deposit (TRO1) – February 2010 ▪ Report to Council (TRO1) – July 2010 <p><i>The TRO Strategy Paper was noted by the Board.</i></p>	AC/AS		
3.7	<p><u>Paper on Remit of Finance, Legal & Commercial Sub-Committee</u></p> <p><i>The paper was approved by the Board without comment.</i></p>			
3.8	<p><u>Formal Contractual Position with BSC</u></p> <p>SB provided an overview of the proposed approach to DRP. This to be</p>			

	<p>undertaken in 5 tranches:</p> <ul style="list-style-type: none"> ▪ Tranche 1 <ul style="list-style-type: none"> ○ EOT1 – DRP launched 11 Aug 09 ○ Hilton Car Park – DRP launched 11 Aug 09 ▪ Tranche 2 <ul style="list-style-type: none"> ○ BDDI Gogarburn Bridge – DRP launched 24 Aug 09 ○ BDDI Carrick Knowe Bridge – DRP launched 25 Aug 09 ▪ Tranche 3 <ul style="list-style-type: none"> ○ BDDI Russell Road Bridge – audit notified to BSC 26 Aug 09 and under internal challenge review ○ BDDI Earthworks Section 7 – audit notified to BSC 26 Aug 09 and under internal challenge review ○ Value Engineering ▪ Tranche 4 to be notified, but encompasses <ul style="list-style-type: none"> ○ EOT 2 ○ SDS ▪ Tranche 5 <ul style="list-style-type: none"> ○ Edinburgh Park valuation – agreed without the need for DRP (settlement @ £50K vs claim of £405K) <p>RJ reiterated that a robust and rigorous challenge exercise is in progress on all DRP matters and that the outputs of this are reported in full to the FLC Sub Committee (as a Steering Group) prior to activation by the CEO under delegated authority. RJ stressed that he has in no way underestimated the challenges ahead and that it is accepted that a 100% success in each matter considered is highly unlikely. RJ and SB explained the contractual mechanisms available within the contract to maintain contractor progress whilst in DRP.</p>	
3.9	<p><u>Costs & Funding</u></p> <p>SMcG presented the Period 5 cost overview to the Board, and reported a possible underspend in the region of £30m based upon forecast for the 2009/10 financial year (of £153.3m). This is largely attributed to contractor progress and the ongoing dispute.</p> <p>DMcG asked about the £3.2m payment to BSC resulting from the postponement of Phase 1b. RJ reported that this invoice had been paid following advice on the contractual position from DLA Piper. This paper to be forwarded to DMcG.</p>	RJ
4.0	<p>Preparing for Operations</p>	
4.1	<p><u>TRAMCO & DPOFA</u></p> <p>Pertinent points arising from the AR report to the Board were:</p> <ul style="list-style-type: none"> ▪ 125,000 visitors have now been to the mock-up, feedback is still positive and the intention is that the mock-up will be moved to the West End, then onto The Gyle and the Airport by the end of the year. ▪ 9 trams are in various stages of construction and the first tram is ready to start Factory Acceptance Testing. ▪ The TEL Business Plan has been circulated but remains a commercially sensitive document. <p>In line with the previous Board recommendation, Transdev have been approached with regard to the in-sourcing of the operations role, and have reacted with understanding in the circumstances. DJM reinforced the point that</p>	

	<p>it is essential that the position is handled properly in the public domain, and that the decision to proceed in this direction is in no way attributable to Transdev's performance but rather as a result of the wider governance direction.</p>	
4.2	<p>Service Integration Plan</p> <p>WWC briefed the Board on the Bus/Tram Service Integration Plan that is included within the TEL Business Plan. He explained that this integration plan was originally developed in 2006 and was included in the transport modelling and patronage forecasting that was documented in the Final Business Case. The plan has been updated slightly to reflect the current Lothian Bus network, and remains flexible for future updating. The plan was summarised as follows:</p> <ul style="list-style-type: none"> ▪ Services No.10 & 12 will be truncated at St Andrew Square. ▪ Services No. 22 & 25 will be truncated at Leith Street. ▪ A high quality tram bus interchange at Foot of the Walk will provide E/W integration with Services 21, 34 and 35 re-routed with two new Services (40 & 40A) introduced. ▪ A 10 minute frequency service (No. 16) will provide the core bus service on Leith Walk to provide accessibility benefits. ▪ In West Edinburgh, the Service No. 22 will operate at a reduced frequency along the Stenhouse corridor (to be determined), and the Airlink Service will operate at a reduced frequency of up to 50%. <p>DJM requested that the Service Integration Plan slides be forwarded to the Board members and that WWC be available to brief Cllr Ian Perry at the earliest opportunity.</p>	WWC
5.0	Building the Brand	
5.1	<p>MHL presented a Media Analysis to the Board, this analysis indicating the volume of press/media attention that the tram project generated (on average) 6 articles/reports per day during Period 5. The tie and CEC media teams have been constantly proactive and a number of positive stories have emerged during the period. MHL reported that a regular email on progress is being sent to the major retailers/stakeholders across the City – this is available to Board members on request.</p> <p>DA noted that the Festival has been a major success this year, and that the One Family Team has contributed greatly toward this and has helped to restore credibility within the City.</p> <p>Communications issues that have emerged (or continue to generate concern) during the Period are:</p> <ul style="list-style-type: none"> ▪ Code of Construction Practice breaches ▪ Leith Walk remains a sensitive area ▪ Business losses/compensation ▪ The Festival Fireworks ▪ Hogmanny 2009 ▪ Buses back on Princes Street – November or in January? <p>On the return of buses to Princes Street, DA reported that it would be his preference to leave the buses off Princes Street until January 2010 and create the opportunity to maximise the available public realm space to encourage visitors to the City Centre in the run up to Christmas. This is to be discussed at TOG (7th September). DJM acknowledged that it is a CEC matter, but asked that Lothian Buses be involved in the discussions prior to a decision being</p>	DA

	made.	
6.0	Building The Team	
6.1	<p>RJ briefly updated the Board on progress to implement the Organisational Effectiveness Model across tie, and the development of objectives/responsibilities for the Executive Team. A revised bonus structure will be considered by the remuneration committee during September, and a leadership development strategy is under review.</p> <p>RJ reported that with regret, he has accepted the resignation of Gordon Rae, who has decided to pursue a more formalised HR Director Role than tie is currently able to offer.</p> <p>DJM noted that bonus payments to the tune of circa £12K (in total) will be paid out to several members of staff in September.</p>	
7.0	Preparing for the Future	
7.1	Nothing to report at this time.	
8.0	Governance	
8.1	<p>GB updated the Board on the previously agreed governance structure with TEL operating as the parent organisation with tie and Lothian Buses operating as subsidiary companies. It was agreed in February 2009 that steps would be taken to establishing this structure in two phases, the first being the arrangements in regard to tie. This has yet to be formalised, with the various documents required to achieve this under consideration by CEC Legal Services (Operating Agreement and a Memorandum of Understanding). DA to press for a swift resolution to conclude the drafting internally within CEC.</p> <p>The composition of the tie/TEL Boards to be agreed and ratified, and the appointment of non-executive Directors to be confirmed. It was noted that the contracts of the current non-exec members of the tie Board are due to expire at the end of September 2009.</p> <p>Various supporting document with regard to tax, legal status and H&S Management to be updated to advise the process. GB to action.</p> <p>GMcK to liaise with DA in regard to the recommendation to be put before the Council on 18 September 2009.</p> <p>It was confirmed that the points raised by KH delivered to BC in note form were addressed during the governance discussions.</p>	<p>DA</p> <p>GB GMcK/ DA</p>
9.0	AOB	
9.1	A site tour has been arranged for interested Board members at the conclusion of the meeting.	
9.2	DJM thanked the Board for their participation and input, and the meeting closed at 12:45.	
10.0	Date of Next Meeting	
10.1	The date of the next meeting will be Wednesday 23rd September 2009 commencing at 09:30hrs . It was noted that GMcK and KH tendered their apologies in advance.	

Prepared by Alasdair Sim on 31st August 2009.

