

Joint Tram Project Board and **tie** Board

26 August 2009

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Building the Tram (Project Director's Report page 12)

- HSQE Report
- Overview of current progress
- Change requests and risk drawdowns (page 22)
- Traffic Regulation Orders (page 27)
- Remit of FCL (page 31)
- Contractual Infraco Progress since last TPB
- Next steps with BSC Consortium strategy
- Cost and programme update

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HSQE

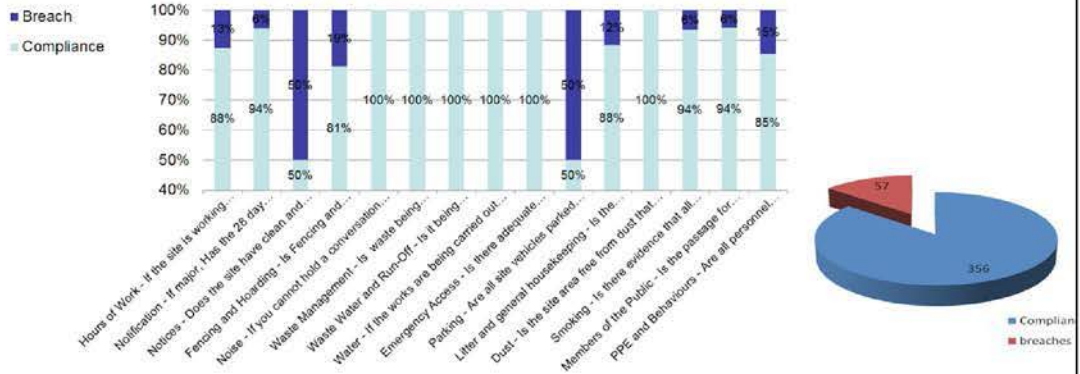


- There have been no reportable accidents during Period 5. The Accident Frequency Rate remains at 0.26 for the 13 period rolling hours worked. Service strike frequency has decreased for the period from 13.4 (P4) to (7.4) P5, however, there has been an increase in service damage caused by Front Line Construction and Farrans during the period.
- There were two environmental incidents reported during period 5, one of which was significant. The significant incident occurred at the site set up at Gogarburn. Farrans, working for BSC lost approximately 200 litres of diesel due to a leaking pipe from a bunded diesel tank to a generator. The incident has been reported to SEPA and a full report is awaited from BSC (risk of contractor prosecution)
- The Period 5 “Deliver a Safe Tram” inspection metrics were carried out on 2 activities in Princes Street. Results have shown slight improvement from the last period.

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CoCP: Period 4 & 5



- An inspection on CoCP compliance has been introduced by **tie** over the last 2 periods. **tie** HSQE and project management have carried out 413 observations, of which there were 57 breaches noted. The average score for the inspections carried out was 88% compliance. Main issues noted were; Contractor not parking in designated areas and public signs with 0800 number not displayed in prominent area.

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Overview of current progress

- Tramworks
 - Princes Street
 - Depot
 - Guided busway
 - Tram manufacture
 - Haymarket / Shandwick Place
- Relationship with BSC
- Utilities

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Utilities – Increased Scope

- There has been an increase on scope from the tendered quantities.
- Original Tender Quantities - 27,188 meters, 190 chambers
- Original Programme Timescales - 70 weeks
- Quantities Achieved at 70 weeks - 27, 618 metres
- Quantities Achieved to Aug 2009 - 38, 151 metres
- MUDFA Forecast Out-turn Quantities - 39,476 metres
- Undertaken outwith MUDFA - 7,099 metres
- Total 46,575 metres, 295 chambers

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Utilities Outturn Costs

| | <u>Gross</u> | <u>Betterment</u> | <u>Net Outturn</u> |
|---|--------------|-------------------|--------------------|
| Original Budget (at Financial Close) | 57.2 | - | 57.2 |
| Current Approved Budget | 60.1 | (6.8) | 53.3 |
| Forecast Outturn | 67.3 | (7.2) | 60.1* |

* Included for estimated increases in quantities and time plus £Xm settlement of claims by Carillion on a conservative basis.

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Change Requests and Risk Drawdowns (p22)

- Drawdown in period - £7,507,036
- Includes for :
 - Utilities
 - Cycleway @ Edinburgh Park
 - Depot Steelwork
 - Stray current monitoring
 - SGN diversion @ A8
 - Design changes for MUDFA
 - Stage 1 Design Changes

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Traffic Regulation Orders (p27)

- Presented to TPB in July
- Subsequent meeting held with CEC officials to agree:
 - TRO 1 – revoke all existing orders and make new orders. Statutory consultation limited to 5 Consultees
 - TRO 1 – supported by public information exercise to inform public on strategy, key dates and make drawings available
 - TRO 2 – to capture adjustments/alternatives that arise out of TRO1 process & TAL 505
 - TRO3 – post operation adjustments
 - Statutory consultation (TRO1) – October 2009
 - Public deposit (TRO1) – February 2010
 - Report to Council (TRO1) – July 2010

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FCL Remit (page 31)

- Assessment of legal strategy deployed to resolve the disputed items
- Monitoring of legal & commercial mechanisms designed to resolve specific material items
- Assessing financial & risk implications of specific material issues
- Monitoring progress and assessment of proposed resolution terms

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Formal Contractual Approach

BSC Strategy to date.....

- Keep it simple (high level) and use protection/assumptions of Schedule Part 4
- Argue that the contract is too complex/doesn't work and therefore needs to be changed for our benefit (e.g. Princes St)
- Argue that the contract prevents them from starting any items which they consider are changed until they are agreed
- Argue exclusive access to the works is required and any impact on that needs to be addresses before they can mitigate
- Resist information provision on differences because it is "not available" or "**tie** should have it already"

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Formal Contractual Approach

DRP Tranches

- Tranche 1 :
 - EOT 1 – (tie Notice of Change 1) – DRP launched, audit complete, position papers swapped
 - Hilton Car Park – DRP launched, clause 61 letter sent, position papers swapped
- Tranche 2 :
 - BDDI – Gogarburn Bridge – launched into DRP on 24th August, audit complete
 - BDDI – Carrick Knowe Bridge – launched into DRP on 25th August, audit complete
- Tranche 3 :
 - BDDI – Russell Road Bridge – in internal challenge process prior to formal launch, audit notified 26th August.
 - BDDI – Earthworks Section 7, audit notified 26th August
 - Value engineering
- Tranche 4 :
 - EOT 2 – Proposed Revision 2 programme rejected by tie
 - SDS – spilt into 5 DRP's
- Tranche 5 :
 - Valuation of Edinburgh Park – informal resolution reached without need to go to DRP – awaiting formal close out

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Formal Contractual Approach

Readiness and Governance

- Challenge team in place to challenge each DRP as it is prepared
- Challenge team includes team from McGrigors
- Role is to:
 - Test the strength of the case documents/arguments and identify any weaknesses
 - Anticipate BSC strategy and counter arguments
 - Check readiness for launch of DRP
- Authority to “activate” delegated to CEO using FCL as steering group.
- Has met 4 times since last TPB and helped refine arguments but identified nothing that has prevented a DRP launch

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Formal Contractual Approach – BSC Response

- BSC claim to be disappointed that we have launched the DRP process
- General behaviour at audits has been mixed and lack of substantiation evident - information not available at time
- Position papers for DRP 3 & 4 have revealed no hidden arguments thus far
- Starting to get feedback that management too busy to deal with day to day issues as they are tied up in dealing with audits and DRP's – this will be monitored

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Cost Estimates

| £m | Original Budget | Updated Estimate |
|--|-----------------|------------------|
| Utilities (Incl risk) | 57.2 | 60.1 |
| Design (Incl risk) | 30.9 | 31.4 |
| Project costs (PM, Ops, CEC, TEL, Legal etc) | 66.4 | 73.7 |
| Other Costs (Incl land) | 34.3 | 36.1 |
| CAF (Incl risk) | 58.2 | 58.2 |
| BB and Siemens (Excluding Risk) | 245.5 | 245.5 |
| Other Infrastructure Costs | 6.2 | 6.2 |
| Unspent or uncommitted risk not included above | 13.3 | 13.3+X |
| Total Ph1a | 512.0 | 524.5+X |

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Costs and Funding

- Transport Scotland report continues to report outturn of **£527m** for Phase 1a but highlights uncertainties in the same manner as the Council report of 20th August
- We continue to report forecast outturn for the current year as **£150.1m** for Phase 1a plus **£3.2m** for Phase 1b.
- Transport Scotland report highlights a possible underspend of as much as **£30m** based on our best judgement as what activities will and wont be progressed and when by BSC in light of our contractual disputes.
- Transport Scotland will be kept fully apprised of this sensitivity as we get further information

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Preparing for Operations



- 125k visitors to tram mock-up,
 - Feedback still positive and unflustered by dispute;
- First tram ready to start factory acceptance type test;
- TEL business plan distributed;
- 4 workshops held on preparing for operations
 - providing input for resource and activity planning;
- Intention to in-source communicated to Transdev.

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Bus / Tram Integration

Bill Campbell

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Bus / Tram Integration



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