

Joint Tram Project Board and **tie** Board

15 April 2009

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Agenda

Minutes and Matters Arising	D Mackay
Overview	S Clark
HSQE	S Clark
Strategic Options – Update & Forward Planning	S McGarrity
Project Delivery	S Clark
– Princes St - progress	
– Infraco progress	
– Utilities – progress	
– Other key areas	
Finance	S McGarrity
Risk	S Clark
HR, Comms and Stakeholder	S Clark

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Overview (TO BE UPDATED)

- HSQE – AFR risen to 0.38 due to Carillion major reportable accident. Good meeting with HMRI during the period.
- Strategic Options – update & forward planning has been ongoing during the period to supplement success on Princes St so far. DRP1 has now been referred to mediation.
- Infracore Progress – changes with BSC management team starting to show encouraging signs but early days. Good outputs in depot excavation, Princes St concrete excavation and Edinburgh Park but still sluggish in other areas
- MUDFA progress – mixed progress but starting to clear St Andrews Sq and Mound gas diversions proceeding.

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HSQE



- One major reportable accident occurred during Period 13; a Carillion operative jumped into a 1.4m deep excavation and suffered a broken bone in his ankle resulting in the 13-period-rolling AFR rising to 0.38. This is under investigation by **tie** and Carillion.
- The service damage frequency fell for Carillion but increased for BSC. The number of power cables being struck has increased including a significant strike to an 11 KVA cable.
- The average number score for PM inspections was 89%. BSC average score is 95% and Carillion is 81%. During the period there have been six safety tours carried out (six planned). There were 13 Project Manager Inspections planned and 16 carried out.
- A successful meeting was held between **tie** and the HMRI during Period 13. The meeting was part of the continual working relationship with the HMRI and their interest in the design, construction, commissioning, operation and maintenance of the project.

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Strategic Options - Progress Since March

- Work has commenced on Princes Street under a Supplemental Agreement (SA) which provides an equitable and constructive way forward to facilitate the consortium working flexibly when encountering impediments or obstructions and is consistent with obligations under the Infraco Contract.
- A Project Management Panel (PMP) has been established as the forum for the more constructive engagement between tie and BSC which is a key element of the commercial strategy.
- Delivery impetus by BSC at other worksites has improved and work has now commenced by Infraco at the depot site on 6th April.
- Now need to take next steps which:
 - Deliver cost and programme confidence
 - Balances the imperative of a conciliatory outcome against the need for robust protection of commercial position and VfM.

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Strategic Options – Workstreams Approach

- First and foremost – work constructively with BSC
- Deliver increasing certainty by supplementing technical and legal analysis of commercial issues – provides:
 - Support for BSC constructive engagement
 - Evidence for DRP if necessary
 - Basis for VfM settlement where appropriate
 - Increasing certainty on outturn costs and programme
- Analyse and report on “escape value” options on scope and funding.
- Deploy an enhanced Contract & Risk Management regime – with requisite resources – to meet these challenges.

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Strategic Options – Workstreams to end June

- A. Re-baselined Programme agreed commercially
- B. Key commercial and legal disagreements
- C. DRP/Infraco breach
- D. Settlement of existing changes
- E. Review of risk allowance and outturn cost estimates
- F. Review of other cost uncertainties
- G. Contract and risk management regime and governance
- H. Broader scope and funding options

NB – All in the context of assumed constructive engagement and resolution on an equitable basis between the respective project teams.

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Strategic Options – Key commercial and legal disagreements

Headings are:

- 1) Responsibility for design management and evolution;
- 2) Liability for delays to date and risk of future delays;
- 3) Preliminaries %(overhead and profit costs) added to changes;
- 4) Unforeseen ground conditions responsibility and cost impacts;
and
- 5) Failure to provide estimates

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Strategic Options – Critical Success Factors

- Respectful and productive relationships at senior **tie**/CEC/BSC level
- Knowing when middle ground is best VfM - empowered decision making by BSC team is vital
- Constructive engagement around the PMP process and its relationship to current and future DRP action
- Completion of utility diversions and design
- Reinforcement of the **tie** team with experienced and savvy people
- Project governance re-aligned, the family speak with one supportive voice
- External communications treated as a critical part of the plan
- Clarity around the tie/TEL and CEC working and reporting interfaces such that CEC has full visibility of progress and issues

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Strategic Options - Timetable

30th April Council Progress Report – Informed by:

- This work programme and approach to deliver certainty and provide decision points for CEC and the Board
- First version of the Programme Storyboard – by 27th April
- Updated cost estimate and risk allowance at different confidence levels – by 27th April

6th May and 3rd June Board – informed by:

- Outputs from the technical and legal reviews of liability for delays and other commercial uncertainties
- Further updated cost estimate and risk allowance to reflect these outputs
- Report of progress with BSC engagement, recalibration or contractual programme and physical progress with the works including Princes St

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Strategic Options - Timetable (cont'd)

8th July Board:

- Consolidated review of outputs from this 3mth engagement
- Formal consideration of recommendations regarding scope truncation, incremental funding sources and stop/go decision on project.

Regular stakeholder engagement rhythms:

- TMO – CEC team engagement – Weekly meeting
- CEC integrated into workstreams as they progress
- Financial Commercial and Legal committee – every 4 wks
- Transport Scotland engagement – 4 weekly meeting

Other key engagements:

- Late April / Early May – Dinner for BSC/CEC Principals
- 21st / 22nd May - Peer Review – Contract Management Regime

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Project Delivery Princes Street

- Work resumed on 23rd March.
- Road planing operations commenced on 24th.
- Concrete removed and full track box excavated between Sth Charlotte St and Mound (good productivity achieved on this).
- Works have now commenced on drainage ducts.
- Works starts on section between Mound and Sth St Davids St on 20/04.
- Revised programme due from BSC this week.
- Logistics team operating effectively.

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Project Delivery Infraco

- Good progress at:
 - Spoil removal commenced at depot on 6th April
 - 9328m³ of muck removed against target of 4200m³
 - 10 bridge beams delivered for Edinburgh Park and lifted into position – lift over railway this weekend
 - Verity House access road due to be completed by end April
 - Tram modules progress 2 months ahead of schedule
- Continued slow progress at:
 - Carrick Knowe viaduct
 - Haymarket viaduct(contractor not yet mobilised)

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Project Delivery Utilities Works

- Overall 70.1% of all diversions complete.
- Sections 5a, 5b and 6 complete and BT cabling now commenced.
- SGN connections commence week commencing 13/4.
- BAA through Kier completed portion of diversion at airport.
- Mound diversions progressing well and gas main lifted into position last week.
- A8 sewer turn of flows achieved on 26/3.
- Process for dealing with Carillion delay & disruption claim likely to be difficult due to their poor records.
- Strategy being developed to close down MUDFA contract by end July and transfer remaining diversions.

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Project Delivery Other Issues

- TRO – comments from internal consultation being recycled into final designs.
- Building fixings – only 9 outstanding fixings where referral to the Sherriff Court is likely.
- Fastlink road modifications almost complete – one objection to the TRO and report going to CEC on 5/05.
- Murrayfield pitch relocation – snagging substantially complete.
- Contract awarded for relocation of historic monuments and work to commence in May. CEC facilitating dedication service for Hearts Memorial before it is put into storage.

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Finance

- Outturn costs for FY0809 were **£101m** (as forecast in period 12) against a budget at the start of the year of **£151m** – the underspend due to Financial Close at end May 08 v early April 08 and the well reported delays to commencement of Infraco works.
- We have now spent a total of **£231m** to date and currently forecast **£150m** in FY0910 (**£22m** in the first qtr) on Phase 1a.
- Cost profile based up the “Re-baselined” programme to commence revenue services in Feb 2012.
- We have reported an as yet unapproved outturn estimate for Phase 1a of **£527.1m** which includes a risk allowance of **£35.7m** for Infraco and is based upon the rebaselined opening date of 23/02/12.
- After allowing for the probable costs of Phase 1b postponement of **£6.2m** there is headroom of **£11.7m** against the total approved funding of **£545m**.
- Cost outturn confidence will build with Strategic Options Workstreams.

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HR and Comms

- New CEO Announcement –positive feedback from stakeholders and in media.
- Edinburgh Trams Website
 - over 4,000 RSS subscribers to end of March
 - 17,000 visitors to end of March
 - 98.1% visitors bookmarking
- Tram Mock Up
 - 74,000 visitors
 - 61% very impressed/impressed
 - 55% very good/good idea
 - Relocating to Constitution Street for 4 weeks
- “One Family” Review of Code of Construction Practice.
- Updated tram journey video – filming 15th-16th.

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END

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