



tie Board

9th October 2008

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Overview

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Safety and Quality

- Project Safety AFR to date – 0.08
- MUDFA AFR to date – 0.20
- The revised Carillion RIDDOR report has been received and accepted by **tie** with one recommendation to be concluded.
- MUDFA Audit Action Plan agreed with Carillion and being implemented.
- Safety surveillance increased for InfraCo and their subcontractors.

Organisation	Year to Date AFR
Scottish Water Solutions	0.26
May Gurney Integrated Services	0.16
Carillion Civils	0.22
Carillion Infrastructure	0.26

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MUDFA

GOOD

New management team in place from Carillion, **tie** management reinforced. Reporting improved to reflect week on week targets and performance, 40% increase in productivity targeted.

6 Audit Actions closed out with No 7 in progress. Programme produced for reinstatement and tie has augmented planned site supervision resource. (2 new inspectors being hired).

Haymarket Phase 1 commenced 18 August – on time, targeted to conclude before Christmas 2008.

Programme base-lined at Rev 7, underpinned by detailed programme proposals.

Proposals to significantly reduce diversion towards Newhaven, proposals accepted by Chancelot Mills and SUCs (in principle).

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BAD

Traffic Management proposals to TMRP are not meeting required standard and will be focussed on over the next 2 weeks.

Overall, programme is now predicting an end date of March 2009 with potential impacts on INFRACO particularly if BT overlaps are difficult to address.

Lothian Road will be done in parallel with Mound, this will present TM challenges which the TMRP will review in the next week.

Designs still awaited for Ocean Terminal, still awaiting plates 1-12, being progressed with SDS.

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MUDFA Performance issues

- Meetings on Commercial and contractual issues are continuing, led by Steven Bell with Steve Hudson of Carillion.
- Challenge placed on productivity levels showing mean achievement historically of c~3 metres per man per day, Carillion are now targeting 5 metres per day.
- Technical Query resolution process has been under major review with a focus on shortening timescales, a regular weekly meeting has been established (3 held to date), progress in reduction of timescales is encouraging
- Weekly meeting established between Senior Mgt of Carillion and **tie** to review progress and issues, good traction to date.

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Tramco

- Mock-up technical review 29th & 30th September
- Final Mock-up review 14th October
- Delivery to Edinburgh in December
- System integration work progressing
- CAF motivated to start fabrication as early as possible (Target Dec 08)



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Design and Consents

- Prior and technical approvals progressing but slowed by known 3rd party issues (EAL, Forth Ports)
- Conversion into IFC's slow, principally as a result of roads related delays and drainage consents
- Roads & Drainage approvals being addressed by SDS and BSC are providing a prioritised list to Scottish Water
- Last period's hotspots were addressed by issuing instructions related to Forth Ports and concluding IFC for 1B roads resolving many of the issues in principle
- This period's focus remains on concluding the drainage consents and finalising the roads technical approvals

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INFRACO

Good	Bad
Site office establishment completed. tie move in 24 September 2008	Only 1 package contractor fully mobilised (Farrans)
Demolitions progressing as planned. NCR completed. Viking & Simlok within P7	Construction milestones commenced but not yet achieved
3-month detailed construction plan agreed and being implemented. W/E 20/9 completed as planned – needs to continue to build confidence	Inspection & Test Plans being developed too slowly (but revised plan now prepared)
Leith Walk on street works to commence 2/10/08 at Kirk St – Steads Place	Subcontract strategy for section 1A and 2A/5A to be resolved by InfraCo. Alternative package contractors are being considered.
Structures and site clearance underway	HSQE focus still not consistent across worksites and subcontractors
Systems design and integration underway	

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Overall Programme

Based on current opportunities Open for Revenue Service Range is
May 2011 – December 2011 with July 2011 held

The following elements contribute:

- Design Change V26-V31
- Mobilisation and Delivery InfraCo
- Design/Progress/Change V31-V35
- MUDFA potential overlaps/conflicts
- Detailed construction delivery plan for next 3 months (confidence in delivering measured weekly)
- Recovery, integration and acceleration opportunities during 2009/2010

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Finance – Tram Project

- YTD (P6 13/9) expenditure of £47.4m was £11.5m behind budget 08/09 – main impacts continue to be delay of Infraco close and subsequent slow mobilisation and the delayed completion of land compensation
- Outturn costs for 0809 reported in P6 reduced from £150m to £139m reflecting Infraco programme look ahead – includes a risk allowance of £8m
- At 91.7% TS share is £120m before risk allowance or £127m including risk allowance – TS funding allocation is £120m
- Outturn estimate likely to reduce further as – unlikely to require the whole of the £8m risk allowance and principal catch up opportunities for Infraco are in 0910
- Overall costs remain at £512m including £29m risk allowance

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Finance – General Report

- Other than Tram the only significant variance compared to the Business Plan is addition of Murrayfield Pitch Relocation
- Final account on IPR2 still outstanding – settlement within budget anticipated
- Fastlink to be handed over to Infracore in November
- Legal expenses of EARL objector – Transport Scotland still considering
- Re-procurement of Internal Audit complete – Deloitte & Touche appointed

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Finance – Implications of Financial Crisis

- tie holds no cash and has no borrowings
- Financial stability of contractors:
 - BB, S, CAF, Carrilion and their subcontractors
 - Bonding positions in place – Infraco cash positive on Tram
 - Joint and several – reprocurement of one or more parties
- Business Development – e.g. Impact on Granton growth, confidence to invest, availability of borrowing facilities
- Construction industry demand, prices and inflation
- £ to Euro exchange rate
- Staff attraction and retention
- Long term (5 yrs +) prospects for Edinburgh assumed unaffected

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Business Development – Phase 1b

- Central Government contribution not yet resolved - examination of funding options now progressing in consultation with CEC
- Final negotiated Infraco price based on value engineered design not available till mid December
- Uncertainties may be pointing towards a longer game with regard to support and funding

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Business Development – South East Tramline

- Information paper on approach to 24 Sept TPB / 9 Oct **tie** Board
 - Building upon TL3 preparation up to 2004
 - Expansion of transport modelling and preparation of STAG by JRC
 - Incorporation into integrated TEL Business Plan
 - Capital cost estimates and procurement route based on experience
- Process for pursuing parliamentary approval via the Transport & Works Act route (streamlined since TL1/TL2/EARL) – powers by end of 2010 at a cost of £10m
- Initial feasibility and options study (STAG1) – 6months for £1.5m out of Ph1 funding headroom
- Flexible approach to route and integration optioneering – early workshop w/ senior TEL/CEC stakeholders to clarify

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END

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