Tram Project Board 7 May 2008 Transport Edinburgh Edinburgh Trams Lothian Buses Strictly Confidential

Agenda

- Overview
- HSQE
- Contract Close
 - Negotiations with Infraco
 - Close process
 - Infraco terms reprise and next steps
- Operations
 - MUDFA
 - SDS Underlying Performance
 - Infraco mobilisation / Milestones for next 3 months
 - Business Support Scheme

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Overview

Willie Gallagher

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HSQE

Steven Bell

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HSQE

- P1 RIDDOR Accident Investigation completed & being reviewed
 - HSE meeting May 08; HSE unannounced visit to Shandwick Place
- · Traffic Management Near Miss Constitution Street
 - Panel of Inquiry underway led by independent director
- Overall
 - AFR now 0.15
 - Increase in incidents
 - Revised and enhanced Safety tours and audit regime underway
 - Contractor Initiatives progressing and being challenged

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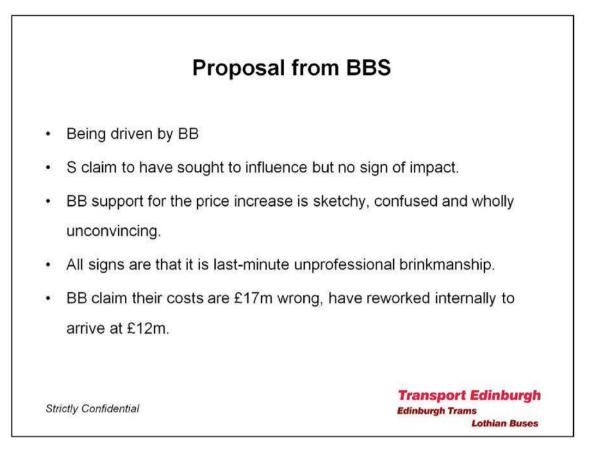
Negotiations with Infraco

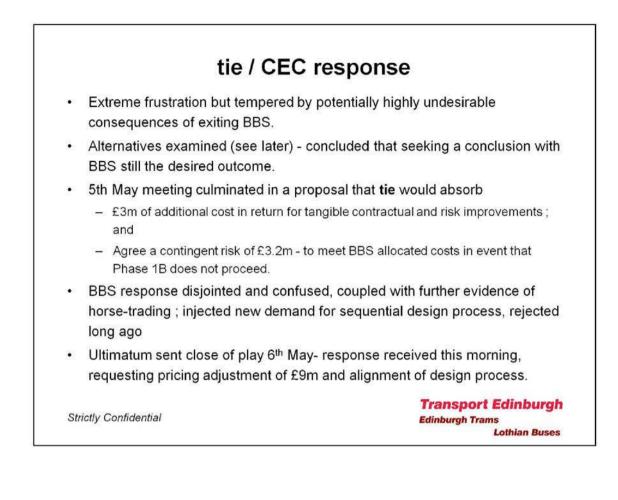
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Background

- Full set of legal documentation sent to BBS on 22nd April as agreed.
- Meeting with BB & S on 24th April (senior representatives) confirmed all commercial matters concluded.
- · Legal diligence proceeds
- WG receives call from BB (Walker) on 30th April a.m. requesting £12m price increase.
- Emergency TPB held same day to discuss
- · Meeting of senior principals held 5th May

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Procurement Background

- Alternative procurement options are :
 - Siemens led consortium with BB replaced (fired by S)
 - Re-introduce Tramlines as under-bidder
 - Full re-procurement
- · Each has significant cost and programme risk
 - Cost almost certain to increase above the £12m grab by BBS
 - Programme likely to extend by 3 / 6 / 12 mths under the 3 options
- Must be mindful of regulations at the £508m deal level, we have concluded that scope for challenge is remote, but further price increases also increase risk of challenge or subsequent criticism.

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Recommendation

- **tie** believes we can justify the final deal under the regulations with the contingent Phase 1B payment and £3m adjustment of terms.
 - If 1B proceeds no £3.2m payment; 1B doesn't proceed we have other sunk costs to deal with – design, management and possibly utilities.
 - £3m buys benefit, difficult to quantify definitively but real
- Gets the contract signed cost and programme risk of further elongation is material.
- · Alternative options exist but are highly risky
- · tie recommend proceeding on basis of ultimatum
- Clear risk that BB may exploit position further and that Siemens / CAF / SDS may also hold out the hat

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Infraco – Contract Close

- Infraco Contract Suite
- · Formal documents required by BBS
- Close Report
- DLA Report
- QC programme
- + tie management sign-off \rightarrow Letter from tie Chairman to CEC CE
- · CEC CE approval
- Approvals Committee WG / DM / NR
- · Confirmation from DLA on BBS / SDS signing authority
- tie and TEL Operating Agreements
- Close

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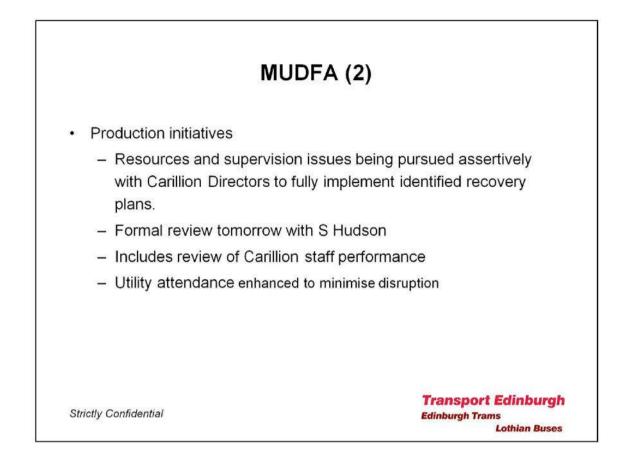


Operational update

MUDFA SDS Infraco Mobilisation/ Milestones for next 3 months Comms and Stakeholders

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MUDFA(1) HSQE Follow up of RIDDOR including close out of actions & **Constitution Street Traffic Management** Progress vs. Programme - West End Traffic Management Phase 2 implemented as planned 26.04.08 - Further slippage to revision 06 but critical path delay remains at 2 weeks - Rescheduling undertaken to mitigate impact - Proposed REV 07 Programme being agreed & involving stakeholders · Reinstatement initiative being very actively pursued for - Leith Walk - Constitution Street Shandwick Place **Transport Edinburgh** Strictly Confidential **Edinburgh Trams** Lothian Buses



SDS – Underlying Performance

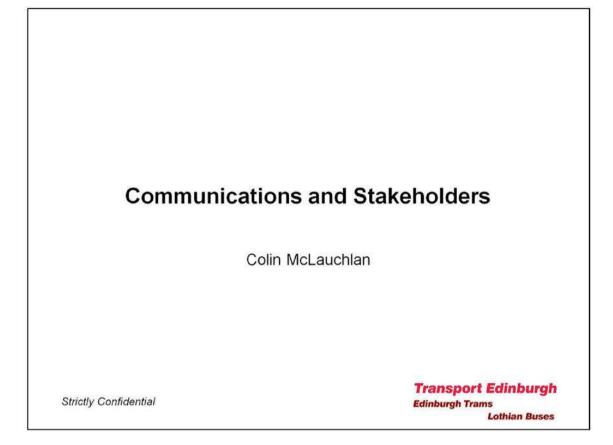
- · Detailed deliverables progressing
- Task Force Approach to unblock Prior and Technical approvals
 - Underway with good input from CEC Planning, Technical and SDS as well as tie.
 - Still some days lost but visible and mitigated
- Issued For Construction Drawings now being issued by SDS and are becoming available for InfraCo.
- Mitigation plans clear and being managed in detail by both tie, SDS CEC.

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Infraco Mobilisation / Milestones

- · Consortium Site Accommodation at Gogar to be solved
- · Planning for Demolitions, Systems support and early works ongoing
- <u>May</u>
 - Gogarburn surcharging
 - Caledonian Ale House Demolition
 - Russell Road site prep
- June
 - Roseburn Demolition
 - Commence Haymarket Viaduct, Murrayfield Tramstop and Earthworks
 - Commence Gogarburn Bridge prep
- July
 - Trackworks commence
 - Murrayfield underpass
 - Depot Building foundations

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Communications and Stakeholder

- Six Tram Construction Advisers
- Leith Walk Clearance Plan
- Two Tram Logistic Teams third by July
- Tram Information Boards eleven in situ since 1st May
- · Sponsoring Community stream of Leith Festival May
- 1770 contacts in April over 1400 directly with Tram Construction Advisers.
- Business Support Scheme 160 plus applications with over £600,000 committed by end April.

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