



**EDINBURGH TRAM  
Highlight Report to the  
Chief Executive's  
Internal Planning Group  
24 June 2009**



## 1 Background

This 'highlight report' is an update to the Chief Executive's Internal Planning Group (IPG) on the Edinburgh Tram Project to inform on the progress on this project and any decisions required.

A version of this report (with commercially sensitive and confidential material removed) is also to be circulated within the Council as a means of communicating progress with the Tram project.

## 2 Executive Summary

### 2.1 Matters Arising

#### Evaluation of Financial Contingency Measures and Strategic Options

Funding contingency considerations are being developed along with the Strategic Options.

#### Governance Review

The Tram Company Governance Group met on 9 June and reached provisional agreement on a number of issues.

#### Communications Update

An update is provided on the Princes Street Communications Campaign, the tram mock-up, the Open for Business marketing, the Sherlock Holmes statue and the Schools Programme.

#### Statutory Council Approvals and Consents

As the detailed design continues, there are several statutory consents that the Council must provide. These include Planning Prior Approvals, Building Warrants, Roads and Structures Technical Approvals.

#### Progress Update for Mudfa, Infraco and Tramco

An updated position on the major contracts is provided. There remains some concern about the lack of progress with the Infraco mobilisation.

#### Tram Monitoring Officer Update

Concerns remain that **tie ltd** and BSC have still not established a commercially agreed programme. Such an agreement is required to determine the likely outturn cost and delivery timescale.

#### Council Reports

Two reports are proposed in the coming months. An update report to the Tram Sub Committee (following on from Policy and Strategy on 9 June), and a report to Full Council on 20 August on Programme and Budget plus a variety of tram related issues.

#### Building Fixings

Work is continuing with the drafting of the Summary Applications destined for the Sheriff Court.

#### Constitution Street Cemetery Wall

An update on the required repair work to the Council's wall on Constitution Street is provided.

#### West End Tram Stop – Meeting with local businesses

A meeting was held with local businesses where they highlighted their aspirations for development and the future for their area.



## 2.2 Matters to Note or for a Decision

- To note the continuing delay in the discussions between tie Ltd/BSC in reaching an agreed costed programme and to consider the Council's options if an agreed programme is unobtainable.
- To decide on appropriate escalation of this critical issue, suggesting urgent dialogue between the respective Chief Executives of the Council and tie given the expectation of reporting to August Council an agreed programme.
- To note the position with the evaluation of financial contingency measures and Strategic Options.
- To note the progress made at tie Ltd's Project Management Panel
- To ratify the agreements reached by the Tram Company Governance Group on 9 June, **and to decide the degree of Council control over the risk pots, and how tie Ltd bonuses are to be managed.**
- To note the communications update.
- To note the position with the status of the statutory Council approvals and consents.
- To note the progress on Mudfa, Infraco and Tramco.
- To note the Council reports being prepared.
- To note the Tram Monitoring Officer (TMO) update.
- To note the limited progress with building fixings.
- To note the current status of the Council's Cemetery Wall on Constitution Street.
- To note the desires of the local businesses at the West End to relocate the West End tram stop.

## 3 Evaluation of Financial Contingency Measures & Strategic Options (Presented by Alan Coyle)

### 3.1 Introduction

This section seeks to evaluate funding measures the Council may require to find in the event that either the tram project exceeds the funding envelope of £545m or the Council is unsuccessful in securing the required contributions from developers under Section 75 agreements or from capital receipts due to falling land values. The detail of the Council's contribution secured to date excluding prudential borrowing to date is highlighted in the table below. There is a substantial degree of risk now relating to the planned contributions from developers and from capital receipts due to the economic downturn. These funding streams are currently being evaluated by DTZ with a view to reporting by the end of June on their findings, the result of which will help inform the extent of risk the Council face on the original assumptions. In the event that the Council cannot achieve the planned contribution in these areas we will have to find alternative funding sources to fund our £45m contribution.





CEC Contribution Breakdown	Planned Contribution	Achieved Contribution
Council Cash	£2.5m	£2.5m
Council Land	£6.2m	£4.3m
Developer Contributions – Cash	£25.4m	£3.2m
Developer Contributions – Land	£1.2m	£1.2m
Capital Receipts (Development Gains)	£2.8m	£0.0m
Capital Receipts	£6.9m	£2.0m
<b>TOTAL</b>	<b>£45.0m</b>	<b>£13.2m</b>

### 3.2 Current Risks to Funding

Currently there are risks to the Council’s funding position related to both any potential cost overrun of Phase 1a and funding gaps related to the Council’s current funding of the £45m.

The current position assumes funding of £45m from the Council comprising contributions from developers’ contributions and capital receipts. To date, the Council have secured £3.2m of developers’ contributions. Agreement with Forth Ports on their level of contribution for the Leith Docks development would significantly de-risk the Council’s current funding requirement. In assessing the affordability of Phase 1a of the tram, which may lead to suggestions of curtailment of the line before Newhaven, the impact on developers’ contributions as a result of this action will have to be considered. Curtailment at Ocean Terminal produces no great loss in contributions. Should curtailment at the foot of the Leith walk, or any point before be considered, the impact on contributions would be very significant with lost contributions of £30m if Phase 1a doesn’t run to Ocean Terminal.

Capital receipts contribute £9.7m to the £45m. The original estimate of the sites in relation to tram was in the region of £13m. A reassessment of these values has subsequently been undertaken which show that these sites are now worth £7.4m although any upturn in the market would obviously have a positive effect.

### 3.3 Strategic Options

Following the delay on commencement of Princes Street infrastructure works in February 2009 **tie ltd** produced a range of options on the commercial position with Infraco. These options range from replacing Infraco to continuing all matters through the Dispute Resolution Process and highlighting the monetary impact of these options. Following engagement with Council officers these options were expanded to look at scope truncation and cancellation costs. **tie ltd** have been refining the strategic options work streams as more information becomes available on programme and costs issues arising from the Project Management Panel and the DRP process. Regular updates have been given to the Tram Project Board on the outputs of this work with the preferred option being continuation with BSC while working through the commercial issues in PMP and DRP.

**tie ltd** have committed to providing a commercially agreed programme and re-calibrated budget with BSC in time for a report going to the Council meeting of 20 August 2009. However early indications are that this may not be possible and it would be appropriate to consider the Council’s options if an agreed programme is unobtainable.





It is recommended that a letter is drafted to **tie ltd** to instruct them on our requirements, which include a range of costs and confidence levels on the project being delivered within the £545m budget.

It is imperative that Council officers have full visibility and understanding of the assumptions that back up the numbers. **tie ltd** have also been asked to provide the most up to date view at various time intervals as to the cost of project cancellation and scope truncation. **tie ltd** confirmed at the last FCL Committee that all potential DRP claims could be contained within the current cost estimate for the Project, although this has to be formally reflected in the minutes. Once this information is available it will provide some indication as to any further funding requirement in tandem with the expected revised agreed programme.

### 3.4 DTZ Evaluation

As previously noted, DTZ are currently working with Council officers from City Development and Finance on the robustness of the Councils funding strategy for tram in light of the current economic crisis. The main areas under evaluation are;

- Funding assumptions relating to Developer’s contributions
- Funding assumptions relating to Capital Receipts
- Financial Modelling assumptions

It is expected that DTZ will report back to Council officers by the end of June, though it is envisaged that this exercise be reviewed on a six monthly basis given the uncertainty in the economy.

A further update will be produced once the report from DTZ is available and the financial impact has been assessed.

### 3.5 Potential Funding Options (Presented by Alan Coyle)

In light of the risks highlighted above it is prudent that the Council look at contingency planning should we require further funding sources. Some initial options are explored below.

#### 3.5.1 Prudential Borrowing secured against future TEL revenues.

The TEL Business Plan assumes a level of profits from which could support interests costs of £2m per annum from 2016. This translates to £25m worth of borrowing. Lothian Buses have historically paid the Council an annual dividend of £2m.

The risks related to this option would be that the operating profits of TEL are adversely affected by external factors that cannot support the level of borrowing the Council has made.

#### 3.5.2 Prudential Borrowing with costs of borrowing paid by CEC revenue budgets.

The Council could borrow £25m that would have a revenue impact of £2m per annum. This option would create further pressure on the Council’s revenue budget and would have to be taken into account when the Council sets its budget.





### 3.5.3 Substitute against spending on other CEC Capital projects

The Council set its capital programme in February 2009 that highlighted £67m for 2011/12 £64m for 2012/13. Should the Council take the decision to re-direct funding from other projects this would have a serious impact on important priorities such as Asset Maintenance, Schools and Flood Prevention.

### 3.5.4 Prudential Borrowing funded by future lease payments

Once tram is operation, current tax planning assumptions are that the Council, who will own the assets from the project, will lease the assets to TEL. This will allow TEL to reduce their Corporate Tax exposure and will allow the Council to benefit from an additional revenue stream. By structuring the lease agreement to dovetail with the expected ramp up in TEL's operating profits would mean that the Council could borrow on future income streams while making the leasing arrangements affordable to TEL.

### 3.5.5 Further Scottish Government Funding

Given the current pressures on the public purse and competing priorities it is unlikely that this option could provide any additional funding. This is not to say that should the need arise that the option should not be explored.

### 3.5.6 Tax Incremental Financing (TIF)

TIF had previously been explored as a funding stream for Phase 1b. This proposal works through ring-fencing the uplift in business rates for new businesses in a particular area to fund investment. It is unlikely that this proposal would provide any other funding.

### 3.5.7 Sale of Assets to Private Sector

The Council could choose, subject always to legal competency, to sell tram assets to a private sector partner to free up capital. The Council would then lease the assets back at an annual charge. This option would be impacted on by the terms of the funding agreement with Transport Scotland whereby sale out with the Council group would result in the Council having to payback 91.7% of the funded assets.

### 3.5.8 Tram Line 3

Consideration also needs to be given on the funding options to allow the development of Tram Line 3.

## 3.6 Update on the Project Management Panel (PMP) (Presented by Colin Mackenzie)

At the last Financial Commercial and Legal (FCL) Committee meeting on 1 June **tie ltd** reported that a conclusion had been reached at the mediation of DRP1 on 29 May, with good engagement on both sides. This would result in a consequential amendment to Schedule 4, Appendix G (Preliminaries). Written confirmation of this amendment is still awaited from **tie ltd**.

DLA Piper asked some further questions of Senior Counsel and the resulting Note was received by Legal Services on 22 June. The implications of the Note are being considered and a verbal update will be given to IPG meeting on 24 June.



**4 Governance Arrangements Update (Presented by Jim Inch/Legal Services)**

The Tram Company Governance Group met on 9 June and was chaired by Jim Inch. Appendix 3 shows the action plan from that meeting. Constructive discussions have taken place subsequently between Legal Services and **tie ltd**/TEL. Subject to overall approval by the Internal Planning Group provisional agreement has been reached with **tie ltd**/TEL on a number of matters as follows:

- the two existing Operating Agreements between the Council and **tie ltd** will remain in place.
- the TEL Operating Agreement will need some minor alterations to reflect that this company now controls **tie ltd** in relation to delivery of the Tram Project. (Timescale 1-2 weeks)
- the revised TEL Operating Agreement to be considered and agreed by CEC Directors and TEL Directors and then executed.
- the TEL board when newly constituted will meet on a quarterly basis, with the TPB to assume full power over **tie ltd**, cutting out duplication of administration. The **tie ltd** board would thereafter meet only to comply with its statutory requirements.
- the TEL status be as lead company, reflected by a board composition to be agreed upon in discussions between Tom Aitchison and David Mackay.
- the relationship among the three parties will be determined in a Memorandum of Understanding setting out the primacy of TEL/TPB. The main thrust of this short document will be to enshrine the principle that where TEL has already performed an obligation, there is no requirement for **tie ltd** to duplicate performance. (Timescale 1-2 weeks)
- settlement of claims should be underpinned by the Council exercising immediate control in writing over the variation or movement of costs between the separate risk pots in the QRA. **Direction is sought from the IPG on this and whether to concede to tie ltd's desire to have full autonomy up to the £533/£545 Million figure.**
- question whether there will be a need in future for an annual **tie ltd** Business Plan with the alternative that it is replaced by a TEL plan.
- issue of bonus scheme to be addressed by IPG. One option for the Council would be to control this through an instruction under the current Operating Agreement, linked to appropriate Council defined milestones and a cap on the total pot available for bonus payments. **A decision is required to allow this matter to be concluded.**
- the Council's delegation of various powers in December 2007 to be checked to ensure risk of challenge following governance changes is minimised or eliminated. (Timescale 1-2 weeks )

Satisfactory clearance on the steps described above, coupled with the appropriate letter of comfort from DLA Piper to the Council Solicitor on **tie ltd's** in-house provider status and risk assessment on the delegation of powers issue above, would then allow the Council to transfer its **tie ltd** shareholding to TEL. The plan is to effect this transfer by mid July.



## 5 Communications Update (Presented by Isobel Reid)

### 5.1 Princes Street Tracks Delivered

A photo call involving Councillor Mackenzie and Steven Bell from **tie ltd** was held on Monday 8 June for the first tram tracks arriving on Princes Street. It generated excellent coverage on TV, radio and in the national press. This is an important milestone for the project and a tangible sign of progress towards our integrated transport system.

### 5.2 Mitigation measures for Festival Period

A workshop was hosted by Apex Hotels Ltd and facilitated by the Council on Friday 29 May. It was attended by stakeholders from major traders on each block of Princes Street, the National Galleries of Scotland, Essential Edinburgh, **tie ltd** and Festivals Edinburgh.

Four areas were identified for discussion on the day and delegates were given the opportunity to contribute their ideas under each of the subject areas: space management, direction, information and promotion.

A communications plan was agreed by the Policy and Strategy Committee on Tuesday 12 May and work is now underway to implement a number of mitigation measures including the production of a map and additional signage for pedestrians a promotional campaign for the city, as well as refreshing the current dressing on the fencing in Princes Street. The Fringe has also agreed to manage the area at the bottom of The Mound to be used by performers in August. These options are being costed at the moment which is estimated to cost approximately £100K. It is anticipated that this funding will be split between equally between **tie ltd** and Council.

The proposals for the Winter Festival and Hogmanay remain to be confirmed with the available space on Princes Street needing to be confirmed by **tie ltd**.

### 5.3 Tram mock up

The tram mock-up moved to Ocean Terminal to coincide with the start of the Leith Festival which ran from 5-14 June. Within the first week it attracted around 6,000 visitors and it will remain at Ocean Terminal until the end of July. Display material and eight large posters were created for the inside of Ocean Terminal to direct people out to the main entrance to view the mock-up.

A press release was issued to generate publicity for the move to Ocean Terminal which received local coverage.

### 5.4 Open for Business

This year's Spa in the City (Sunday 24 May) was a huge success and gained coverage in several national newspapers. St Andrews Square was transformed into a glamorous outdoor spa. Open for Business brought together retailers from across the city to offer free advice, free demonstrations and free product promotions. Designed to drive up store footfall and sales, the event saw hundreds of Edinburgh locals and tourists descend upon the city centre.

Spa in the City will return next year and is part of the many events and initiatives organised by the Open for Business Group.





Other campaigns include:

- www.edinburghshopper.com, an online guide to shopping in the city
- EHliving magazine, a pocket size, glossy magazine - the next issue will be out in late September.

### 5.5 Sherlock Holmes statue

Several media outlets have expressed interest in covering the removal of the Sherlock Holmes statue in Picardy Place. It will be moved week commencing 22 June after completion of the MUDFA works. The statue will be put into storage for the duration of the tram works.

When tram works are complete the statue will be relocated in the area. An exact location is still to be decided, and will depend on the final public realm design for the area. The storage facilities will be provided by the contractor (who also removed the Haymarket War Memorial).

### 5.6 Schools Programme

- Health and Safety visits are now complete with good feedback from the Head Teachers involved.
- The second factsheet for primary children has now been produced and is being distributed to schools via a 10-15 minute assembly. The factsheet explains to children what exactly is involved in moving and replacing utilities.
- Tramformers (Junior Tram Construction Advisors) will be introduced after the summer break. Materials, logos and characters are currently being produced. A group of communications staff from CEC and **tie ltd** will visit schools before the summer holidays to introduce the scheme and to discuss the recruitment of pupils in P6 after the summer break.
- Secondary Schools debating competitions/workshops - We are looking to establish a working relationship with ESU Scotland to encourage schools to use trams as a topic to be used in debating competitions/workshops.

## 6 Statutory Council Approvals and Consents (Presented by Andy Conway)

The table below provides an updated summary position on all the necessary approvals required from the Council for the tram project. A further detailed breakdown is attached as Appendix 1.

CEC Statutory Council Approvals and Consents	Total Number of Submissions	Total number of Approvals	% Complete
Prior Approval	63	59	94%
Full Planning Permission	9	7	78%
Listed Building Consent	11	11	100%
Scheduled Monument Consent	1	1	100%
Building Warrant	17	14	82%
Technical Approvals (including Structures, Roads and Drainage)	119	103	87%
<b>Total</b>	<b>220</b>	<b>195</b>	<b>87%</b>





An approvals tracker that identifies each of the approvals and their status has been developed. An extract from that tracker is also included as Appendix 2. The status of the approvals relates to the Issue for Construction drawings which is on the critical path for the project construction. However, there remains many 'conditioned matters' that need to be closed out. A programme is awaited from tie ltd.

**7 Mudfa (Presented by Andy Conway)**

Period 2 has seen MUDFA progress as follows:

Rev. 08 Figures	Cumulative	
	Plan	Actual
<b>MUDFA PERIOD 02 PROGRESS</b>		
Section 1a Newhaven to Foot of the Walk	41.5%	40.8%
Section 1b Foot of the Walk to McDonald Road	100.0%	99.9%
Section 1c McDonald Road to Princes Street West	88.2%	76.0%
Section 1d Princes Street West to Haymarket	90.8%	88.0%
Combined Sections 1A-1B-1C-1D (On-Street) Newhaven Rd to Haymarket	75.8%	71.9%
Section 2 Haymarket to Roseburn Junction	100.0%	100.0%
Section 5a Roseburn Junction to Balgreen Road	100.0%	100.0%
Section 5b Balgreen Road to Edinburgh Park Central	100.0%	100.0%
Section 5c Edinburgh Park Central to Gogarburn	100.0%	100.0%
Section 6 Gogar Depot	100.0%	100.0%
Section 7a Gogarburn to Edinburgh Airport	100.0%	100.0%
Combined Sections 2A-5A-5B-5C-6A-7A (Off-Street) Hay - Edinburgh Airport	100.0%	100.0%
FULL ROUTE PHASE 1A NEWHAVEN ROAD TO EDINBURGH AIRPORT	79.9%	76.7%

The following is of note:

- Approval was granted to a revised procurement strategy for diversions in sections 1A and 7 and this is now being progressed;
- Physical work on the diversion of the medium pressure gas main in the Mound is well underway and progressing to programme;
- Diversions are in the final stages between Foot of the Walk and MacDonald Road and will be complete in late May / early June;
- Utility diversion works are nearing completion in St. Andrews Square and will be completed on South St Andrew Street and the East side of the Square by end of May, following which traffic management arrangements will switch from South St David Street to South St Andrew Street to accommodate INFRACO works;

**8 Infraco (Presented by Andy Conway)**

The project continues to experience problems with slow progress for INFRACO works and, in particular, the appointment of direct BSC resource and the final appointment of the main package contractors. All BSC sub-contractors continue to operate with Limited Letters of Intent whilst awaiting conclusion of the full sub-contracts.

Haymarket viaduct and Carrick Knowe bridge constructions have been on hold due to BSC's sub-contractor issues with the A8 underpass delayed through requirement of temporary works redesign.





However, work has continued on a number of worksites including:

- Princes Street with concrete excavations completed, drainage ducts installed and the commencement of installation of OHL bases;
- Edinburgh Park Bridge – additional beams installed;
- Gogarburn Bridge;
- Verity House access road completed; and
- Depot - spoil removal from the depot continued (58% of total spoil removed in eight weeks).

Good progress on TRAMCO continues to be made with the progress of deliverables against the schedule. The production line has commenced during Q1 2009 with the delivery of the first tram still on schedule for April 2010.

The CAF contract programme is incorporated in the Master Tram Project Programme and the Period 01 update confirmed the following milestone dates:

- 1st Tram delivery – 09-Apr-10
- 5th Tram delivery – 10-May-10
- 27th Tram delivery – 17-Jan-11

The fabrication programme maintains approximately two months ahead of schedule.

#### 9 Tram Monitoring Officer (TMO) Update (Presented by Andy Conway)

The TMO remains concerned that **tie ltd** and the BSC consortium have still not established a commercially agreed programme. Such agreement is vital to establishing likely outturn cost and delivery timescale and fundamental to our intention to supply Council with a major project update report in August.

In the meantime, since the last IPG meeting, **tie ltd** have not submitted any contractor claims for consideration. The TMO has been briefed that the Newhaven to Bernard Street and Edinburgh Airport elements of the utility works have been deleted from the MUDFA contract and will now be separately procured.

#### 10 Council Reports (Presented by Andy Conway)

Two reports are required in the next three months. They are as follows:

An update report on the businesses mitigation measures a progress of the tram construction work is required to the Tram Sub Committee as a result of the decision taken at Policy and Strategy Committee on 9 June. The next Tram Sub Committee meeting date is still to be confirmed, but it is likely to be in late July), and;

Full Council on 20 August covering;

- Programme/Budget update following recalibrated programme
- Revised Governance arrangements
- **tie ltd** Business Plan
- TEL Business Plan update
- Report on CEC Contribution
- An update on the work undertaken for the Festival Mitigation Strategy



**11 Building Fixings (Presented by Colin Mackenzie)**

Progress with the applications to the Sheriff Court has not been as planned. This matter is not yet on the critical path. Other matters within the Project have performed better given higher priority. Several meetings have taken place with **tie ltd**, City Development and Legal Services to consider and deal with correspondence received from owners refusing to give consent to the Building Fixings.

It is clear that some owners are determined to have their say in Court, indicating that they refuse point blank to give consent whatever technical justification submitted by the Council. Efforts are now being directed to ensuring that the Council has robust technical and legal justification for maintaining that a Building Fixing is the only or best option. We have a commitment from BSC to provide support in the presentations to the Sheriff. Work is continuing with the drafting of the Summary Applications destined for the Sheriff Court.

**12 Constitution Street Cemetery Wall (Presented by Andy Conway)**

When undertaking archaeological excavations on Constitution Street in advance of the main Infraco works, the contractor discovered that the South Leith Parish Church cemetery wall, a Category A listed structure, is in poor condition and has no foundation. It will likely collapse if tram construction work is undertaken.

**tie ltd** has now confirmed their position in writing and it is estimated that it will cost the Council £300K to rebuild the wall. The wall is in SfC's account and they are currently considering their options. Given the nature of the wall and its heritage listing, good communications will be required with local residents and business. **A decision is required by SfC on how they intend to proceed.**

**13 West End Tram Stop – Meeting with the local businesses (Presented by Dave Anderson)**

A productive meeting was held with the west end businesses on Friday 19 June where they outlined their desires for development and improvements for the area. With regard to tram – this focused mainly on the tram stop position and 'shared space' with pedestrians and public transport. The meeting was chaired by Councillor Tom Buchanan. There was strong support for moving the tram stop into Shandwick Place, rather than Coates Crescent. This was investigated during the design process and considered to be impracticable and very costly (as it would require a design change). A briefing paper is being prepared to inform business of the design work undertaken.

**List of Appendices:**

- 1 Statutory Council Approvals – Tables 1 and 2
- 2 Statutory Council Approvals – Tracker
- 3 Revised Governance Arrangement Update



## Statutory Council Approvals Summary Table

CEC Statutory Council Approvals and Consents	Total Number of Submissions	Total number of Approvals	% Complete
Prior Approval	62	58	94%
Full Planning Permission	9	7	78%
Listed Building Consent	11	11	100%
Scheduled Monument Consent	1	1	100%
Building Warrant	17	14	82%
Technical Approvals (including Structures, Roads and Drainage)	119	103	87%
<b>Total</b>	<b>220</b>	<b>195</b>	<b>87%</b>

**Table 1 - Planning and Building Warrant Approvals**

CURRENT STATUS	Sub Totals	Prior Approval	Full Planning Permission	Listed Building Consent	Scheduled Monument Consent	Building Warrant
Informal consultation not required	0	0	0	0	0	0
Informal consultation not started	2	2	0	0	0	0
Informal consultation started	1	0	1	0	0	0
Application submitted	6	2	1	0	0	3
Approval granted	92	59	7	11	1	14
<b>GRAND TOTAL and Sub Totals</b>	<b>100</b>	<b>63</b>	<b>9</b>	<b>11</b>	<b>1</b>	<b>17</b>
<b>% Complete</b>	<b>92%</b>	<b>94%</b>	<b>78%</b>	<b>100%</b>	<b>100%</b>	<b>82%</b>

**Table 2 - Roads & Structures Technical Approvals**

CURRENT STATUS	Sub Totals	CEC Technical Approval	*Network Rail Form A	*SW Drainage Outfall Consent	*SNH	*BAA Approval	Roads Construction Consent
TA delayed due to recent change	0	0	0	0	0	0	0
Issued for informal consultation	0	0	0	0	0	0	0
Issued for Technical Approval	12	6	1	4	0	1	0
Technical Approval Granted	103	81	11	10	1	0	0
Not Yet Due	4	4	0	0	0	0	1
Delay	0	0	0	0	0	0	0
<b>GRAND TOTAL and Sub Totals</b>	<b>119</b>	<b>91</b>	<b>12</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>% Complete</b>	<b>87%</b>	<b>89%</b>	<b>92%</b>	<b>71%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>

\* These consents are not CEC's responsibility, but for completeness they have been included as they are required to allow construction to commence.



## APPENDIX 2

### Prior Approvals Status

Prior Approvals Status					Approved by CEC	IFC	
Section	Batch	CEC Delay	SDS/ TIE/ BSC Delay	Activity ID	Current forecast (live)	v31	Notes
1	1/02a			Ocean Terminal Bypass Road			Pending Consideration; SDS issued change estimate 11/05/09
1	1/14a			Cafhedral Lane toilet block (building warrant)			Pending Consideration; SDS addressing comments to submit additional information 12/06/09
3B	3/16			Tram Stop West Pilton	06/08/2008	15/08/2008	Change estimate issued 27/02/09. Section 3 currently on hold.
5A	5/05c			29 Roseburn Street – JB McLean (Building Warrant)			Pending Consideration. BSC to provide additional information. SN to advise on timescale 09/06/09
5A	5/06			Murrayfield Stadium Tramstop and Retaining Wall	01/08/2008	27/06/2008	SDS resubmitted revised drawings 11/05/09. CEC issued letter 28/05/09. SDS to respond 12/06/09
5A	5/07a			Murrayfield Accommodation Works – Full PP	17/10/2008	?	SDS has received change order
	5/23			Redesign of Retaining Wall/Roseburn Street Bridge			SDS has received change order
5C	5/30			Tram Stop Gogarburn	11/09/2008	11/09/2008	SDS submitted change estimate 13/02/09



Technical Approvals Status - Structures

Technical Approvals Status - Structures					Approved by CEC	IFC	
Section		CEC Delay	SDS/TIE/BSC Delay	Activity ID	Current forecast (live)	v31	Notes
5A				S22B Balgreen Road NR Access Bridge		16/01/2009	SDS has responded to NR concerns. NR is re-evaluating its points following clarification and will provide a response. Potential meeting required dependent on NR response.

Technical Approvals Status - Roads & Drainage

Technical Approvals Status - Roads & Drainage					Approved by CEC	IFC	
Section		CEC Delay	SDS/TIE/BSC Delay	Activity ID	Current forecast (live)	v31	Notes
1A3	Roads & Drainage			Roads – detailed		21/01/2009	Revised submission date unconfirmed; subject to change order
1C2	Roads & Drainage					24/11/2008	On hold, pending review of technical design
3A	Roads & Drainage				31/10/09		Progressing application in accordance with priority list, submission of Road Safety Audit still outstanding
3B	Roads & Drainage				31/10/09		
3C	Roads & Drainage				31/10/09		



## Revised Governance Arrangement Update

## APPENDIX 3

<u>NO</u>	<u>ACTION</u>	<u>LEAD RESPONSIBILITY</u>	<u>DATE</u>	<u>COMMENTS FROM LEAD OFFICERS</u>
<b>1</b>	<b>Due Diligence</b>			
	Collate detailed information on tie, TEL and Lothian Buses: <ul style="list-style-type: none"> <li>• Directors and their terms and conditions</li> <li>• Annual accounts</li> <li>• Analysis of contracts, leases and other commitments</li> <li>• Auditor details including term of office</li> <li>• Staffing numbers and terms and conditions (including pension arrangements)</li> </ul>	Alan Coyle	30 April 2009	Completed and data held by Alan Coyle.
<b>2</b>	<b>Contractual Issues</b>			
	<ul style="list-style-type: none"> <li>• Formal re-confirmation that DPOFA assignation is painless</li> <li>• Formal re-confirmation that Competition Law / State Aid / TA85 aspects are not prejudiced</li> <li>• Tie share transfer from CEC to TEL execution</li> </ul>	Colin Mackenzie	30/06/09	Complete Complete Tasks are in hand to achieve a share transfer in June 2009.
<b>3</b>	<b>Financial Issues</b>			
	<ul style="list-style-type: none"> <li>• Formal re-confirmation that interim structure does not jeopardize tax planning</li> <li>• Initial high-level only examination of LLP option</li> <li>• Financial cut-off, Grant Letter – no action other than notification to Transport Scotland</li> </ul>	Alan Coyle	30/06/09	GB has confirmation in writing from PWC. Legal advice suggests that an LLP would not comply with the statute concerning bus company de-regulation. AC probing this further. Complete
<b>4</b>	<b>Governance</b>			
	<ul style="list-style-type: none"> <li>• Confirmation that TEL's Articles permit tie shareholding, or amendment</li> <li>• Review of tie's Articles to ensure no impediments, or amendment</li> <li>• Revised CEC / TEL Operating Agreement (OA) as necessary</li> <li>• Revised CEC / tie OA as necessary</li> <li>• Re-assessment of Trams Monitoring Officer role and responsibilities</li> </ul>	Colin Mackenzie	30/06/09	



## Revised Governance Arrangement Update

## APPENDIX 3

5	<p align="center"><b>Board Composition</b></p>			
	<ul style="list-style-type: none"> <li>• Review of tie Board, Tram Project Board and TEL Board composition</li> <li>• Consideration of role and positioning of prospective CEO appointees</li> <li>• Initial discussion with David Mackay as Chair of tie / TEL / TPB on Board composition principles.</li> </ul>	Jim Inch	31/12/09	
6	<p align="center"><b>Health &amp; Safety</b></p>			
	<ul style="list-style-type: none"> <li>• H&amp;S responsibilities to be re-assessed</li> <li>• Confirmation that no changes are required in Insurance cover arrangements</li> </ul>	tie	29/05/09	Changes are required once the new Board of TEL is responsible for H&S breaches.
7	<p align="center"><b>Communications</b></p>			
	<ul style="list-style-type: none"> <li>• Develop a strategy to communicate the outcome of the Governance exercise in a proactive manner.</li> </ul>	JI	30/06/09	
8	<p align="center"><b>Reporting</b></p>			
	<ul style="list-style-type: none"> <li>• Report on progress to Council – AC to draft a starter for ten and email to group members for input.</li> </ul>	Alan Coyle	30/06/09	