



4 Week Period Reporting Pack 10/11

Project Title:

Edinburgh Tram Project

Reporting Period:


Period 06 – 2010/11

Transport Scotland Project Manager:

John Ramsay

Progress Meeting Date:

Report authorised by: **Steven Bell**

Signature 

Date: 17 September 2010

For and on behalf of **tie Limited**

Contents	Page
1 Executive Summary	3
2 Progress.....	8
3 Edinburgh Gateway.....	18
4 Headline Cost report	24
Time Schedule Report.....	26

Appendix 'A' Detailed cost report

1 Executive Summary

Progress

The progress achieved in the Period for INFRACO works was 2.1% against a plan of 1.3%. This rate of progress, when compared to the expended site man-hours is similar to that achieved in recent periods, and reflects the level of activity underway, primarily in the off-street sections. BSC are undertaking very limited on-street works in the Leith Docks area at present.

The total cumulative INFRACO completion is 24.3% at the end of Period 6.

Progress Comparison with Period 5 – Infraco

Period	Cumulative Progress (Actual)	Rev 1 Target
2010/11 Period 5	22.2%	94.7%
2010/11 Period 6	24.3%	96.0%

BSC continue to report progress against the agreed Rev.1 contractual programme, although for information only they also include an update against the *“Updated Programme – previously known as Rev 3A”*.

This shows an OFRS date of 31 July 2013 against the contractual Rev.1 programme date of 06 Sep 11 and reports a 17 day slippage in the 28 day period.

Dispute Resolution

In recent weeks, **tie** has adopted a strategy of not launching further DRP's but has instead focussed on the assertive management of the Infraco Contract.

In total, 19 items have now been referred to the formal dispute resolution process – 11 by **tie** and 8 by Infraco. 4 were referred by BSC in Period 6 and relate to landfill tax exemptions, sub-contracts, preliminary payments and drainage on section 7 of the route. In total three have been resolved through negotiation, three through external mediation and nine were decided through adjudication. It is important to note that overall, the application of DRP to disputed matters has reduced BSC's claims for additional payment from £18.2m to £7.6m in relation to those DRPs which have actually reached a financial settlement (9 of the 15).

The Depot Access Bridge dispute is in the adjudication process. The hearings for this have been extended and we now expect a decision on 20/09/10.

tie has continued with the contractually assertive approach to management of the contract. From Period 5 this has included the issue of several contract notices - 6 Remedial Termination Notices (RTN's) and 2 Underperformance Warning Notices (UWN's). A response for the 1st UWN is now overdue and the responses to the first 3 RTN's are due on 21/09/10. Further information on this can be obtained from **tie**'s Project Director.

Design

Design approvals status in Period 06 is summarised below:

Phase 1a only	Number Required								Number
	V26	v31	V55	V56	V58	V59	V60	V61	Granted
Prior Approvals	44	49	56	56	56	56	56	56	54
Technical Approvals	53	71	91	92	92	92	92	92	82*
IFC	71	81	231	233	231	230*	227*	230	182

*Reduction in no of TAA granted due to revision of programme

*reduction in number of IFCs from v59-v60 is due to reduction in no of designs being classified as IFC

Reasons for design slippage are being reviewed and recorded monthly at the design taskforce meeting, which is focused on resolving the outstanding design issues. **tie** is identifying and implementing opportunities to mitigate the impacts of this slippage. It should be noted that this is a consortium issue to manage, and **tie** will provide support in this respect. However, **tie** is testing through audit the management of SDS by BSC.

Design performance by Infraco and their designer is the subject of the RTN's mentioned in the section above.

Utility & Cabling Works

All remaining on-street Utility, remedial & snagging works are on hold until after the Summer Embargo, and Papal visit.

The tender process for Utility work at Baltic street remains on hold until **tie** receive the required IFC drawings from SDS - which remain outstanding.

BT continue to progress their telecom re-cabling activities on-street, with cabling works in St Andrews Square, Torphichen St ongoing and cabling work at York Place commence in Period 7.

Tramworks (INFRACO)

INFRACO progress is primarily focussed on the off-street section between Haymarket and the Airport. Progress in Period 6 is summarised as follows:

Period 06 2010-11	Period		Delta	Cumulative		Delta	Project
INFRACO PERIOD 06 PROGRESS (Contract Rev.01 Programme)	Plan	Actual		Plan	Actual		Wtg
Section 1a Newhaven to Foot of the Walk	3.0%	0.7%	-2.4%	91.4%	4.7%	-86.7%	16.2%
Section 1b Foot of the Walk to McDonald Road	2.3%	0.0%	-2.3%	100.0%	1.3%	-98.7%	7.4%
Section 1c McDonald Road to Princes Street West	2.7%	0.0%	-2.7%	83.1%	0.0%	-83.1%	10.8%
Section 1d Princes Street West to Haymarket	0.0%	0.0%	0.0%	100.0%	42.1%	-57.9%	7.6%
Combined Sections 1A-1B-1C-1D (On-Street) Newhaven Road to Haymarket	2.3%	0.3%	-2.0%	92.4%	9.7%	-82.6%	42.0%
Section 2 Haymarket to Roseburn Junction	0.0%	2.3%	2.3%	100.0%	34.3%	-65.7%	4.2%
Section 5a Roseburn Junction to Balgreen Road	2.2%	2.2%	0.0%	94.0%	9.1%	-85.0%	13.9%
Section 5b Balgreen Road to Edinburgh Park Central	0.0%	0.9%	0.9%	100.0%	43.2%	-56.8%	13.2%
Section 5c Edinburgh Park Central to Gogarburn	0.0%	4.7%	4.7%	100.0%	19.1%	-80.9%	7.2%
Section 6 Gogar Depot	0.0%	4.5%	4.5%	100.0%	59.5%	-40.5%	11.9%
Section 7a Gogarburn to Edinburgh Airport	0.0%	8.3%	8.3%	100.0%	44.8%	-55.2%	7.6%
Combined Sections 2A-5A-5B-5C-6A-7A (Off-Street) Haymarket to Edinburgh Airport	0.5%	3.5%	2.9%	98.6%	34.9%	-63.7%	58.0%
FULL ROUTE PHASE 1A NEWHAVEN ROAD TO EDINBURGH AIRPORT	1.3%	2.1%	0.9%	96.0%	24.3%	-71.6%	100.0%

Issues in the Period

- Flood Report issues at Airport still to be resolved. Meeting set up for 16th Sept with all parties to discuss possible solution, which could also help with final design to main retaining walls in this area.
- Track laying at depot going very slowly. Several issues have been highlighted that could result in rework being required. This is on top of what appears to be an internal dispute between BB and Siemens on level tolerances over the track area.
- Progress in the Haymarket Yards area has been slow due to issues surrounding accommodation works and OHL bases clashing with Gas Main. This is expected to be resolved by next week to allow works to continue in this area.

Tramco

CAF is progressing well against its contractual programme for delivery of trams to Edinburgh, however whilst the depot continues to progress well it is not yet available to receive the trams. The first tram delivered (UT2) continues to attract attention on Princes Street with over 80,000 visitors to date providing positive feedback.

16 trams in total have now completed factory based testing and are delivered or stored ready for delivery. The remaining 11 are at varying stages of assembly along the production line from painting to final assembly and testing.

Preparing for Operations

TEL have been planning in detail the first three stages of preparation for the Testing & Commissioning. The Benefits Realisation & Operational Readiness Sub-Committee of the TEL Board provides the governance overview and monitors the progress of the tasks and decisions required to deliver the Operational Readiness programme. Good progress is being made in all activities except those that are dependent upon progress with the infrastructure works.

The procurement of the ticketing equipment for the tram system, to integrate with the existing Lothian Buses ticketing system has progressed to the stage where we have shortlisted and received and evaluated tender submissions. TEL expect to select a preferred bidder by November.

Edinburgh Gateway

Progress on the Edinburgh Gateway Project in Period 6 2010/11 is summarised as follows:

- **tie** have requested an Estimate from BSC for Edinburgh Gateway construction works as a Change under the Infraco Contract. Receipt of a final estimate will require the design to have achieved IFC and completion of the Design Assurance process.
- **tie** supported CEC with respect to the legal agreements at the meeting on 30th August 2010. **tie** remain concerned that the target completion of October 2010 for legal agreements will not be achieved despite the best efforts of the parties.
- **tie** have expressed concerns regarding the application of NR's designer accepting their responsibility for leading the design co-ordination between both designs. Responsibility in this respect was agreed between TS, NR and **tie** at the outset of the design. This was being progressed at a recent progress meeting.
- Discussions are continuing between **tie** and Transport Scotland to agree Key Milestones to track progress against. Transport Scotland has sought to agree these milestones with **tie** in the period. **tie** are not yet able to agree all of these milestones at the moment due to the lack of agreement with BSC and the number of outstanding issues with Transport Scotland/Network Rail.

- Transport Scotland has verbally advised that they have delayed seeking investment authority pending receipt of a robust estimate. **tie** has not been advised of any specific concerns that TS may have with the estimate information provided to TS to date.
- Network Rail have previously advised of a delay of 2 – 3 months for their implementation of the Scottish Power 33Kv cable diversion which should have been completed to allow **tie** to commence works on 18th October 2010. **tie** are considering the implications of this with respect to the Change process (the request for an Estimate) and the construction programme for both ETN and Edinburgh Gateway with a view to mitigating the effects of this delay where reasonable to do so. No further update has been received from Transport Scotland/Network Rail.
- **tie** met with Transport Scotland and BSC in period to review the requirements for commissioning of the tram system test track and the impact of Edinburgh Gateway project on this. Edinburgh Gateway does not appear to have a significant impact in this respect, however a number of minor issues were identified as requiring consideration. **tie** have now written to BSC requesting an Estimate on these matters.

BSC now include a narrative on Gogar Interchange (Design and Construction staging activity) within their period report. The content and quality of reporting is improving, but not yet unsatisfactory.

Cost

The 'AFC' (£545m) in this report does not reflect an approved and reliable Anticipated Final Cost for the Edinburgh Tram Project. Rather, the forecast presented reflects the best view of the spend profile of the funding currently available for the delivery of phase 1a. Given the commercial uncertainties with Infracore and continuing delays to the project it is now considered unlikely that the full scope of Phase 1a will be completed within the available funding envelope of £545m.

Until the key issues are resolved through the contractual and legal process, it will not be possible to accurately forecast a revised budget outturn.

Key cost related items to note in Period 6 are:

- COWD to date is £381.4m, with funding to date split to TS (£349.9m) and CEC (£31.5m).
- The budget for ETP in 2010/11, established in April 2010 is £142.2m (£153.3m 09/10). Transport Scotland funding for 2010/11 is £130.5m for ETP, with £11.7m funding available from CEC. See detailed cost report (section 3.1) for an explanation of budget and reforecast differences.
- Full year forecast for 2010/11 has been held at £120.3m in-line with the FOG update. According to the latest forecast the TS share of funding has reduced (-£20.2m) from £130.5m (budget) to £110.3m (Q2 reforecast).
- Key sensitivities to the reforecast are identified in the main report.
- **tie presented an updated forecast for 2010/11 and 2011/12 project spend to TS and CEC on 8th July 2010. The presentation was a follow-up action to The Funders Operators Group (Transport Scotland, Edinburgh Council and tie) action minuted on 17th June 2010.**

Actual YTD P6 & forecast P7-P13 FY10/11

£m	YTD P6	Forecast P7-P13,10/11	Forecast FY10/11
Infrastructure and vehicles	26.3	82.0	108.3
Utilities diversions	-0.3	-4.5	-4.8
Design	0.9	1.1	2.0
Land and compensation	0.3	0.0	0.3
Resources and insurance	6.4	8.0	14.4
Base costs	33.6	86.6	120.2
Risk allowance	0.0	0.0	0.0
Total Phase 1a	33.6	86.6	120.2

- ETP COWD in FY10/11 to Period 6 is £33.6m (P5 - £27.9m)

As previously reported and agreed with CEC and TS, initial milestones under the Infraco and Tramco contracts in the aggregate amount of £14.4m, in respect of advance material purchases, have been classified as prepayments. These will be reclassified as expenditure against funding in the periods when the related materials are delivered to site and incorporated in the works. The release will occur on the achievement of trackwork and structures milestones in 2010/11 and future years.

2 Progress

2.1 Overall

The cost, programme and risk information in this Period 06 report continues to be based upon an unapproved forecast on the information reported in May 2009. This will be updated once agreement is reached with BSC on a new revised programme.

BSC continue to report progress against the agreed Rev.1 contractual programme, although for information only they also include an update against the “*Updated Programme – previously known as Rev 3A*”.

This shows an OFRS date of 31 July 2013 against the contractual Rev.1 programme date of 06 Sep 11 and reports a 17 day slippage in the 28 day period.

tie continue to monitor progress against the “*live*” programme which is based on the contractual Rev.1 Programme logic, although progress recorded against this programme considers the currently known work-scopes. This indicates a Sectional D completion of 23-March-13, which is a 28 calendar day slippage from Period 5.

Overall the relationship with BSC is suffering in the following key areas:

- Work unable to start on-street where sites are available and accessible as BSC’s contractual obligations are not satisfied;
- Resolution of the contractual interpretation on BDDI-IFC (pricing assumption 1, development and completion of design), and
- Refusal by BSC to progress works under **tie** instruction in relation to Clauses 80/34/22/65

Linked to all of the above is the provision of a programme to completion capable of acceptance.

Progress remains behind the master programme, primarily due to:

- Contractual obligations not met to allow works to commence on street;
- Design slippage since novation of design to INFRACO (now recorded in v61 of the design programme);
- Consortium integrated design programme, assured and validation;
- Finalisation of the agreement of change delaying the commencement of work even though instructed to progress by **tie**;
- Remaining small pockets of incomplete utility diversions in the On-Street sections;
- Slow mobilisation of INFRACO, including lack of formal sub-contracts being in place;
- Failure of INFRACO to submit preparatory paperwork in a timely manner and of a suitable content i.e. Work Package Plans, Method Statements etc;
- Requirement for re-design of temporary works, and
- Design changes as a result of the Prior and Technical Approvals process.

Section	Description	Contract Programme Rev.01	BSC Forecast (P05) Rev.01	BSC Forecast (P06) Rev.01	BSC Movement in Period Cal Days (c) – (b)	tie Live Forecast (P05) Rev.01**	tie Live Forecast (P06) Rev.01**	tie Movement in Period Cal Days (f) – (e)
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Section A	Depot completion	01-Jun-10	20-Jul-11	29-Jul-11	-9	01-Jul-11	26-Jul-11	-25
Section B*	Test Track Available	01-Jul-10	25-Jun-12	12-Jul-12	-17	18-Mar-12	15-Feb-12	31
Section C	All Phase 1a Construction complete	10-Mar-11	15-Jan-13	01-Feb-13	-17	27-Aug-12	24-Sep-12	-28
Section D	Open for Revenue Service	06-Sep-11	14-Jul-13	31-Jul-13	-17	23-Feb-13	23-Mar-13	-28

*The interpretation is that Sectional Completion "B" means that Test Track is available for Tram movements.

Contractual Strategy & Dispute Resolution

Dispute Resolution (Infraco)

In recent weeks, **tie** has adopted a strategy of not launching further DRPs but has instead focussed on the assertive management of the Infraco Contract – more on this is found below.

In total, 19 items have now been referred to the formal dispute resolution process – 11 by **tie** and 8 by Infraco. 4 were referred by BSC in Period 6 and relate to landfill tax exemptions, sub-contracts, preliminary payments and drainage on section 7 of the route. In total three have been resolved through negotiation, three through external mediation and nine were decided through adjudication. It is important to note that overall, the application of DRP to disputed matters has reduced BSC's claims for additional payment from £18.2m to £7.6m in relation to those DRPs which have actually reached a financial settlement (9 of the 15).

The Depot Access Bridge dispute is in the adjudication process. The hearings for this have been extended and we now expect a decision on 20/09/10.

DRP No	Subject	Nature of Dispute	Launched or planned	PD Mtg	Position Papers	CEO Meeting	Referral	Decision
50	Depot Access Bridge	BDDI to IFC	√	√	√	√	√	Referred to financial panel by BSC. Decision due by 20/09
	Landfill tax	Liability for paying landfill tax	√	√	√	√	√	Referred to mediation
	Sub-contracts	Approval of BSC sub-contractors	√	√	√	23/09		
	Preliminary payments	Method for applying for preliminary payments	√	√	√	29/09		
	Section 7 drainage	BDDI - IFC	√	√	17/09	6/10		
Launched by tie								
Launched by BSC								

Contractual Strategy

A strategic review of commercial and contractual options is underway and is reported to the Tram Project Board and Transport Scotland each period.

tie has continued with the contractually assertive approach to management of the contract. From Period 5 this has included the issue of several contract notices - 6 Remedial Termination Notices (RTN's) and 2 Underperformance Warning Notices (UWN's). A response for the 1st UWN is now overdue and the responses to the first 3 RTN's are due on 21/09/10. Further information on this can be obtained from **tie**'s Project Director.

Commercial Update (MUDFA)

Under the DRP brought by Carillion Representatives Meetings have taken place and Position Papers have been exchanged. During this process Carillion have reduced the quantity of the dispute, but a final settlement is not yet agreed. A Chief Executives meeting took place on the 15th September 2010 and as a result the parties agreed to proceed to Mediation.

Changes - Iain Allan Associates have been appointed to challenge **tie** assessment of the value of Changes and **tie** deductions for the purposes of verification.

Re-measurement of Works – Within the period Carillion have forwarded documents which purports to be all back-up documentation for work carried out. **tie** has carried out a review of this data and found that significant information is outstanding or erroneous. Deductions from the agreed value of remeasured works are appropriate where information is still outstanding.

Enabling Works – **tie** are continuing to assess the information submitted by Carillion and continue to find that the information provided is vague and does not substantially support their Application for Payment

Disruption Claim – **tie** remains of the opinion that the claim submitted by Carillion does not substantiate their Application for Payment. However Carillion have provided a copy of their QC Opinion in support of the Carillion claim. **tie** have sought legal advice on the Opinion and expect to report in the next period.

Design

IFC Design

v61 was submitted to **tie** on 19 August 2010 with a progress date of 02 August 2010. There are 31 IFC's with a slippage of 28 days or more in the period. These are summarised below:

The final scheduled IFC is now for 'Connection to Path/Ramp & Ocean Drive' is now forecast for delivery 16 Dec 2010.

V61 data has been used to inform the programme updates. **tie** have included these into the live programme.

- IFCs – Phase 1a: 182 issued out of 230 (78%)
- 56 Prior Approvals are included in v61 – 54 of which have been granted – those remaining include the Edinburgh Gateway & Canopy & Boundary Treatment at Airport Kiosk (96%)
- 82 Technical Approvals out of 92 have been granted in v61 (88%)
- Roads approvals - One area remains outstanding for Technical Approval in Phase 1a (1C2- Picardy Place to St Andrew Square);
- Scottish Water has sent formal acceptances to BSC for all sections with the exception of 1C2 (Picardy Place to St Andrew Square) & 1C1 (McDonald Rd to Picardy Place).
- Sections 1A1, 1A2, 1A4, 1B, 1D, 1C3, 5B, 5C & 6 close reports have been signed off by CEC, subject to BSC concluding any concessions included in the reports during construction. CEC are reviewing all other sections based on the prioritisation list provided by BSC.

Design approvals status in Period 06 is summarised below:

Phase 1a only	Number Required								Number
	V26	v31	V55	V56	V58	V59	V60	V61	Granted
Prior Approvals	44	49	56	56	56	56	56	56	54
Technical Approvals	53	71	91	92	92	92	92	92	82*
IFC	71	81	231	233	231	230*	227*	230	182

*Reduction in no of TAA granted due to revision of programme

*reduction in number of IFCs from v59-v60 is due to reduction in no of designs being classified as IFC

Reasons for design slippage are being reviewed and recorded monthly at the design taskforce meeting, which is focused on resolving the outstanding design issues. **tie** is identifying and implementing opportunities to mitigate the impacts of this slippage. It should be noted that this is a consortium issue to manage, and **tie** will provide support in this respect. However, **tie** is testing, through audit, the management of SDS by BSC.

tie has implemented an extensive programme of site based monitoring to validate & verify the installation of works in line with an integrated design assured construction.

tie has been undertaking an audit on management of design by BSC/SDS. This has been ongoing for a number of weeks now with resistance encountered and contractual correspondence is in place in respect of this matter to try and re-start the audit process. A response on this is expected in Period 7.

Design performance by Infraco and their designer is the subject of the RTN's mentioned in the section above.

Utility & Cabling Works

All remaining on-street Utility, remedial & snagging works are on hold until after the Summer Embargo, and Papal visit. The tender process for Utility work at Baltic street remains on hold until **tie** receive the required IFC drawings from SDS - which remain outstanding.

BT continue to progress their telecom re-cabling activities on-street, with cabling works in St Andrews Square, Torphichen St ongoing and cabling work at York Place commence in Period 7.

BT Cabling on the northbound carriageway between MacDonald Rd – Jane St has a forecast completion in Period 7. The completion of Cabling on Leith Walk is compounded by delays to the duct work at York Place; however the Southbound carriageway is available to BSC.

The delay of telecoms cabling work in parts of St Andrew Square would impact upon the commencement of Tram works which were programmed to start in June 2010 if Infraco and **tie** resolved other disputed matters.

Tramworks (INFRACO)

The progress achieved in the Period for INFRACO works was 2.1% against a plan of 1.3%. This rate of progress, when compared to the expended site man-hours is similar to that achieved in recent periods, and reflects the level of activity underway, primarily in the off-street sections. BSC are undertaking very limited on-street works in the Leith Docks area at present. The total cumulative completion is 24.3% at end of Period 6.

Progress continues to be monitored against the Revision 1 programme. The summary milestones against the agreed INFRACO contract and the short term Rev 1 programme milestones are shown in the table below.

Milestone	Period 06		Cumulative (Achieved to date)	Contract Planned to P06
	Planned	Actual	Actual	
Prelims	0	0	69	77
Construction	17	4	153	1109

Contract Milestones

Works are currently not being carried out in line with the original Contract Programme and subsequently cannot be achieved as originally forecast.

Prelim Milestones

Prelim Milestones are no longer being forecast as BSC are not applying for these milestones in accordance with the Infraco Contract. It is also the case that a number of BSC's key subcontractors have not commenced in certain areas of the site therefore the milestones are not being achieved in full at this stage.

(%) Infraco Construction Progress Period 6

Period 06 2010-11	Period		Delta	Cumulative		Delta	Project
INFRACO PERIOD 06 PROGRESS (Contract Rev.01 Programme)	Plan	Actual		Plan	Actual		Wtg
Section 1a Newhaven to Foot of the Walk	3.0%	0.7%	-2.4%	91.4%	4.7%	-86.7%	16.2%
Section 1b Foot of the Walk to McDonald Road	2.3%	0.0%	-2.3%	100.0%	1.3%	-98.7%	7.4%
Section 1c McDonald Road to Princes Street West	2.7%	0.0%	-2.7%	83.1%	0.0%	-83.1%	10.8%
Section 1d Princes Street West to Haymarket	0.0%	0.0%	0.0%	100.0%	42.1%	-57.9%	7.6%
Combined Sections 1A-1B-1C-1D (On-Street) Newhaven Road to Haymarket	2.3%	0.3%	-2.0%	92.4%	9.7%	-82.6%	42.0%
Section 2 Haymarket to Roseburn Junction	0.0%	2.3%	2.3%	100.0%	34.3%	-65.7%	4.2%
Section 5a Roseburn Junction to Balgreen Road	2.2%	2.2%	0.0%	94.0%	9.1%	-85.0%	13.9%
Section 5b Balgreen Road to Edinburgh Park Central	0.0%	0.9%	0.9%	100.0%	43.2%	-56.8%	13.2%
Section 5c Edinburgh Park Central to Gogarburn	0.0%	4.7%	4.7%	100.0%	19.1%	-80.9%	7.2%
Section 6 Gogar Depot	0.0%	4.5%	4.5%	100.0%	59.5%	-40.5%	11.9%
Section 7a Gogarburn to Edinburgh Airport	0.0%	8.3%	8.3%	100.0%	44.8%	-55.2%	7.6%
Combined Sections 2A-5A-5B-5C-6A-7A (Off-Street) Haymarket to Edinburgh Airport	0.5%	3.5%	2.9%	98.6%	34.9%	-63.7%	58.0%
FULL ROUTE PHASE 1A NEWHAVEN ROAD TO EDINBURGH AIRPORT	1.3%	2.1%	0.9%	96.0%	24.3%	-71.6%	100.0%

ON-STREET

Item	Period04 % Comp	Period05 % Comp	Period06 % Comp
Section 1 Newhaven Road to Haymarket			
Lindsay Rd RW's	6.7%	28.6%	40.0%
S17 Tower Place bridge	10.7%	32.2%	34.2%
1B Leith Walk (Foot of the Walk – McDonald Rd)	1.3%	1.3%	1.3%
1D Princes Street to Haymarket	42.1%	42.1%	42.1%

OFF-STREET

Progress Off-street has continued or commenced at the following locations: Note that the (%) completion estimates relate to the full structure.

Item	Period04 % Comp	Period05 % Comp	Period06 % Comp
Section 02 Haymarket to Roseburn Junction			
Caley Alehouse Demolition	100.00%	100.00%	100.00%
S19 Haymarket viaduct	68.2%	73.4%	78.6%
Trackwork Haymarket to Roseburn junction	1.7%	2.4%	3.5%
Haymarket Station TS	0.0%	1.8%	1.8%
Section 05A Roseburn Junction to Balgreen Road			
Network Rail Haymarket Sprinter Depot Carpark	0.0%	0.0%	76.0%
Russell Road Retaining Walls	19.7%	22.4%	22.7%
Murrayfield Wanderers Clubhouse Demolition	96.0%	100.0%	100.0%
Murrayfield SRU Accomodation Mods	10.0%	30.0%	75.0%
Section 05B Balgreen Road to Edinburgh Park Central			
S23 Carricknowe bridge	69.7%	72.7%	75.3%
Trackwork Balgreen to Saughton	28.1%	28.1%	29.0%
Trackwork Saughton to Bankhead (includes Guided Busway)	75.0%	75.0%	75.0%
Edinburgh Park Station TS	0.0%	0.0%	4.1%
Trackwork Edinburgh Park Station to Edinburgh Park Central	9.5%	9.5%	17.4%
S27 Edinburgh Park viaduct	93.2%	93.5%	94.1%
Section 05C Edinburgh Park Central to Gogarburn			
Trackwork Edinburgh Park Central to Gyle Centre	10.2%	10.2%	10.2%
A8 underpass (Excluding utilities works)	16.1%	31.0%	39.6%
S32 Depot Access bridge	25.2%	34.8%	39.1%
Trackwork Gyle to Depot Stop	0.9%	1.8%	1.8%
Trackwork Depot Stop to Gogarburn	8.1%	8.1%	27.9%
Section 06 Gogar Depot			
Depot Earthworks & drainage	97.1%	97.1%	97.1%
Depot Trackworks Civils	12.8%	65.0%	70.0%
Depot Trackworks - Track Laying		5.0%	9.0%
Depot building.	55.0%	57.3%	64.3%
Depot Sub-station	21.0%	32.9%	44.8%
Depot Access Roads	43.6%	46.3%	48.1%
Depot in totality	49.4%	55.0%	59.4%
Section 07 Gogarburn to Edinburgh Airport			
Gogar Landfill	10.0%	14.6%	90.0%
Gogarburn Bridge	98.5%	98.5%	98.5%
S30 Gogar Culvert No.1	100.0%	100.0%	100.0%
Trackwork Gogarburn to Ingliston P&R	21.0%	22.8%	24.6%
Hilton Hotel Carpark Phase 1	100.0%	100.0%	100.0%
W14A&B / W15C&D Gogarburn RW's	22.0%	26.0%	50.0%
S31 Gogar Culvert No.2	100.0%	100.0%	100.0%
S34 Gogar Culvert No.3 (Remedial works to be done)	96.0%	97.2%	97.2%
Trackwork Ingliston Park & Ride to Edinburgh Airport	19.8%	22.3%	36.3%

Section	Commentary
Section 1a Newhaven to Foot of the Walk	No agreed programme for recommencing main works in this section Works are progressing on the Lindsay Road RW (1A, 1C & 1D), Bridge deck beams installed on Tower Bridge and demolition of

Section	Commentary
	the old deck has commenced.
Section 1b Foot of the Walk to McDonald Road	No agreed programme for recommencing in this section
Section 1c McDonald Road to Princes Street West	No agreed programme for recommencing in this section
Section 1d Princes Street West to Haymarket	No agreed programme for recommencing in this section
Section 2 Haymarket to Roseburn Junction	<p><u>Haymarket Viaduct</u> East abutment walls have been completed and infilled and the access stair walls have been completed. Work to the tramstop retaining walls continued during the period. Work also commenced on the track slab. One OLE base has been re-detailed and constructed already above an existing water service.</p> <p><u>Haymarket Yards</u> The area for the temporary car park is being prepared for a planned opening on 13th September 10 when Haymarket Yards is closed. OLE bases have been constructed along the boundary with Network Rail however; a number of bases are conflicting with the existing gas main. Discussions have been held with SGN for them to carry out a temporary diversion of the gas main to allow the bases to be constructed as planned.</p>
Section 5a Roseburn Junction to Balgreen Road	<p>Temporary & permanent works re-design along with commercial resolution is delaying various structures. All required consents in place for track installation.</p> <p><u>Russell Road Bridge</u> BSC are preparing a proposal to protect the 24" gas main to allow work to progress in the vicinity</p> <p><u>Russell Road Retaining Wall W4</u> Backfilling to the retaining wall commenced however, this stopped after 1 week with only 3 of the 7 units backfilled. No piling work carried out during the period. Scottish Power HV cables at the Viking Yard were relocated 28th August 10.</p>
Section 5b Balgreen Road to Edinburgh Park Central	<p>Temporary & permanent works re-design along with commercial resolution delaying various structures.</p> <p><u>Balgreen Road to Carrick Knowe Bridge</u> Track drainage commenced during the period. BSC commenced earthworks at both ends of the section with the suitable material being taken to Carrick Knowe Bridge.</p> <p><u>Carrick Knowe Bridge</u> Construction of the wingwalls on both north and south sides continued during the period. Construction of the south approach ramp commenced during the period.</p> <p><u>Guided Busway</u> Snagging works have been completed and 4 of the 8 remaining base plates were installed.</p> <p><u>Fastlink</u> The crossing was commissioned on Monday 30th August 10.</p> <p><u>Bankhead Drive</u> Area being used to store excavated material from across sections 5A and 5B. No ongoing works.</p> <p><u>Edinburgh Park Bridge</u> Organic material was removed between chainage 524+380 and 524+440 to varying depths. CBR verifications were carried out identifying the unsuitable material, which needed to be removed. Mass infill was completed where required and the material brought up to just below formation level from chainage 524+260 to 524+480 by 1st September 10. There are no further works planned in this area until 13th September 10 when the</p>

Section	Commentary
	<p>OLE foundations commence.</p> <p><u>Busgate</u> 90% of the deep drainage between manholes 5B/N07/08-09 has been completed with the remaining section below the HV cables still to be resolved. Drainage work has progressed elsewhere in the section with the piggy-back filter drain to the above deep drain as well as other pipe-runs. 50m of the piggyback drain was removed and re-laid due to the terram layer not having been provided. The IFC drawing does not show the terram however, there was an ongoing TQ with SDS querying the need and hence the installation should not have progressed.</p> <p>Border Rail commenced the excavations for the OLE pile foundations on 2nd September 10 however this work stopped the same day and there has been no further progress. tie was not notified at the time of any problem however, we understand that water and coarse material were encountered at a number of the holes. BSC are discussing this with SDS. Issue with tram drainage conflict with Scottish Power insurance ducts remains unresolved. BSC met SP Transmission and resolved the north side of the tram, however, the conflict on the south side needs to be reviewed by SDS. The ducts were installed by MUDFA and were known to SDS and BSC prior to commencement.</p>
Section 5c Edinburgh Park Central to Gogarburn	<p><u>A8 Underpass</u> Phase 1/2: North portal concrete works completed by period end. Phase 4: No works in period while BSC mobilise for further slew of communication cables.</p> <p><u>Depot Access Bridge</u> North Abutment: Abutment drainage completed and structural backfill commenced. South Abutment: Permanent piling works completed and first concrete pour completed south west wing wall. Excavation to formation level and temporary works completed in period.</p> <p><u>Edinburgh Park Central to Gyle Tram Stop</u> There has been no progress in this section since 13th August 10 when the initial top soil strip was removed to allow CBR verification to be carried out between Lochside Avenue and the South Gyle Broadway.</p>
Section 6 Gogar Depot	<p>Depot Building works: Accommodation area: Building fit out currently 75% completed. Building envelope completed with door installation completed in period. Workshop area tram wash slab works completed in period. External works: Drainage works 90% complete. Ductwork installation commenced and 70% complete by period end. Track Laying: Track from access road crossing towards Depot building for 4 roads and bypass track approximately 80% completed. Track installation commenced in period from road crossing east.</p>
Section 7a Gogarburn to Edinburgh Airport	<p>Gogarburn Bridge: Area available for Siemens track laying. No works in period. IPR to EAL: Drainage and ductwork 80% completed. OLE foundations 90% complete. Sub base installation 15% complete. BAA phase B north of Eastfield Avenue works approximately 65% complete. No works to NIL crossings in period. Gogarburn to IPR: Drainage and Ductwork 65% completed. OLE Foundations 80% completed. No works to NIL crossings in period. Gogar Landfill: Surcharge installed and being monitored during period.</p> <p><u>Stakeholder Management</u> BAA approvals in place for Construction Phase A and B. Works cannot commence to Construction Phase C until BSC have</p>

Section	Commentary
	obtained CEC/BAA approvals for the revised retaining wall design (W14C and D).

Other Progress Points to note in Period 6:

- Removal and re-instatement of the hardcore ramp leading to the Road Rail Access Point (RRAP) at Edinburgh Park station to facilitate installation in cable troughing of the new tail cable for FETR was complete on 15th Aug 2010 (currently expected to cost approx. £4k).
- Asbestos recovery works completed on 25th Aug 2010. No incidents to report.

Issues in the Period

- Flood Report issues at Airport still to be resolved. Meeting set up for 16th Sept with all parties to discuss possible solution, which could also help with final design to main retaining walls in this area.
- Track laying at depot going very slowly. Several issues have been highlighted that could result in rework being required. This is on top of what appears to be an internal dispute between BB and Siemens on level tolerances over the track area.
- Progress in the Haymarket Yards area has been slow due to issues surrounding accommodation works and OHL bases clashing with Gas Main. This is expected to be resolved by next week to allow works to continue in this area.

Tram Construction (Tramco)

CAF is progressing well against its contractual programme for delivery of trams to Edinburgh, however whilst the depot continues to progress well it is not yet available to receive the trams. The first tram delivered (UT2) continues to attract attention on Princes Street with over 80,000 visitors to date providing positive feedback.

16 trams in total have now completed factory based testing and are delivered or stored ready for delivery. The remaining 11 are at varying stages of assembly along the production line from painting to final assembly and testing.

The full Operational Readiness detailed programme is incorporated in the Master Tram Project Programme.

The Operational Readiness team are working closely with the BSC planners and the construction teams to focus progress at the Depot in order to allow tram deliveries and the start of tram testing on site with a 'mini' test track adjacent to the depot as early as possible in the new year.

Preparing for Operations

We have been planning in detail the first three stages of preparation for the Testing & Commissioning. The Benefits Realisation & Operational Readiness Sub-Committee of the TEL Board provides the governance overview and monitors the progress of the tasks and decisions required to deliver the Operational Readiness programme. Good progress is being made in all activities except those that are dependent upon progress with the infrastructure works.

Lloyds Register Rail have been appointed to provide a review of the plans and procedures for managing the safety of the tram system and provide audit report at the key stages of the testing and commissioning process. The quarterly meeting with the ORR (HMRI) went very well with a visit to the depot and presentation of the operational preparations.

The procurement of the ticketing equipment for the tram system, to integrate with the existing Lothian Buses ticketing system has progressed to the stage where we have shortlisted and

received and evaluated tender submissions. We expect to select a preferred bidder by November.

The maintenance of completed infrastructure assets continues to be developed with BSC maintenance representatives.

3 Edinburgh Gateway

Key Issues in Period 6

Design interface co-ordination responsibility

tie have expressed concerns regarding the application of NR's designer accepting their responsibility for leading the design co-ordination between both designs. Responsibility in this respect was agreed between TS, NR and **tie** at the outset of the design. This was being progressed at a recent progress meeting.

tie understands Transport Scotland and Network Rail discussed this matter at a meeting in the period. **tie** was not party to these discussions and has not been formally advised of the detail of these discussions. The lack of any formal agreement on this responsibility gives **tie** concern as to the quality of design at any areas of interface. Likely delay will occur on Technical Approval for Edinburgh Gateway due to 2 no. design issues with retaining wall anchors and sewer diversion for Scottish Water.

Baseline for milestone reporting

Discussions are continuing between **tie** and Transport Scotland to agree Key Milestones to track progress against. Transport Scotland has sought to agree these milestones with **tie** in the period. **tie** are not yet able to agree all of these milestones at the moment due to the lack of agreement with BSC and the number of outstanding issues with Transport Scotland/Network Rail. **tie** will however review these milestones to determine which, if any, of the individual milestones can be agreed prior to a full agreement.

Delay to TS seeking investment authority pending robust cost estimate.

Transport Scotland has verbally advised that they have delayed seeking investment authority pending receipt of a robust estimate. **tie** has not been advised of any specific concerns that TS may have with the estimate information provided to TS to date.

Staging for the Scottish Power 33kV Cable Diversion works

Network Rail have previously advised of a delay of 2 – 3 months for their implementation of the Scottish Power 33Kv cable diversion which should have been completed to allow **tie** to commence works on 18th October 2010. **tie** are considering the implications of this with respect to the Change process (the request for an Estimate) and the construction programme for both ETN and Edinburgh Gateway with a view to mitigating the effects of this delay where reasonable to do so. No further update has been received from Transport Scotland/Network Rail.

Arrangements for tram testing

tie met with Transport Scotland and BSC in period to review the requirements for commissioning of the tram system test track and the impact of Edinburgh Gateway project on this. Edinburgh Gateway does not appear to have a significant impact in this respect, however a number of minor issues were identified as requiring consideration. **tie** have now written to BSC requesting an Estimate on these matters.

Legal Agreements

tie remain concerned that the target completion of October 2010 for legal agreements will not be achieved.

Summary

Progress on the Edinburgh Gateway Project in Period 6 2010/11 is summarised as follows:

- **tie** supported CEC with respect to the legal agreements at the meeting on 30th August 2010. **tie** remain concerned that the target completion of October 2010 for legal agreements will not be achieved. **tie** will not accept responsibility for any delay associated with legal agreements not being reached in line with the needs of the construction programme. The land transfer from CEC to Network Rail cannot proceed ahead of other agreements being substantially complete because the land transfer needs to include servitudes in favour of **tie**/TEL to allow access to and through this land for the operation and maintenance of the ETN.
- **tie** met with Transport Scotland on 13th August 2010 to review a revised **tie** Estimate for the Edinburgh Gateway project based on the approved Prior Approval drawings and anticipated technical solutions. **tie** presented the revised Estimate and arranged a follow up meeting to allow other Transport Scotland staff the opportunity to review the Estimate. A draft risk register was presented at this follow up meeting. A QCRA meeting is planned for 8th September to review the risk register.

BSC now include a narrative on Gogar Interchange (Design and Construction staging activity) within their period report. The content and quality of reporting is improving, but not yet unsatisfactory.

Forecast Cost to Complete Design

Forecast outturn is now at £1,162k (revised in period) against an original £880k:

£880k Breakdown

SDS	£400k
JRC	£ 30k
tie	£100k
Siemens	£350k

£1,162k Breakdown

SDS	£540k
JRC	£ 45k
tie	£120k
Siemens	£327k
Const. Staging	£ 30k
ICP	£ 20k
Name Change	£ 3k
A8 Drainage	£ 27k
Legal Costs	£ 50k

Transport Scotland has agreed the required additional Grant funding subject to **tie** providing substantiation of these costs which will be reimbursed.

tie have discussed outstanding milestone applications with BSC in an effort to ensure cash flow is consistent with progress.

Period 6 Design progress

At the end of Period 5 **tie** assessed the design phase as 87% complete for the increased scope. Due to lack of information from BSC this has not been revised for the period.

Cost of work done to date is £1,000k versus the £880k originally forecast and the £1162k revised AFC.

The Prior Approval application for Edinburgh Gateway was approved on 28th July 2010.

Design Management meetings have continued between **tie**, TS and NR and fortnightly conference calls have taken place between **tie**, NR and the respective designers.

tie have expressed concerns regarding the application of NR's designer accepting their responsibility for leading the design co-ordination between both designs. Responsibility in this respect was agreed between TS, NR and **tie** at the outset of the design. This was being progressed at a recent progress meeting. **tie** understands a Transport Scotland and Network rail discussed this matter at a meeting in the period. **tie** was not party to these discussions and has not been formally advised of the detail of these discussions. The lack of any formal agreement on this responsibility gives **tie** concern as to the quality of design at any areas of interface.

Tram Design Issues

BSC previously identified a need to discuss the reduced headroom for the OLE through the tramstop with the Independent Competent Person. The **tie** engineering team have discussed this further with BSC and have received confirmation that this is no longer an issue. Final confirmation will be sought during the Design Review carried out in accordance with the Infraco Contract.

Tram Patronage Modelling & Business Case

The purpose of this work was to ascertain the impact of the inclusion of the new Rail/Tram stop at Edinburgh Gateway on the tram patronage and revenue forecasts. The analysis has been completed and a report on the modelling results was issued on 08/09/10 and this document is currently under review by **tie**. It is intended that a review session will be set up with Transport Scotland during Period 7 to consider the findings of the transport modelling exercise.

In broad terms, the overall findings of this assessment indicate a net positive impact for tram operations as a result of Edinburgh Gateway, albeit relatively minor in proportion to the overall tram forecasts.

The introduction of a station at Edinburgh Gateway does attract rail passengers to use the Rail/Tram interchange at Gogar, although this generates a relatively low level of additional tram demand, with demand switching from other Rail/Tram interchanges such as Haymarket and Waverley stations respectively. The emerging results also indicate that there are other more significant impacts and risks observed during the model testing include:

- Although the introduction of EGIP is expected to increase tram patronage interchanging with rail at Edinburgh Gateway, it has the potential to detriment overall TEL patronage by the redistribution of trip making between Edinburgh and Glasgow;
- The rail/tram interchange patronage could be dominated by markets other than the airport, including both destinations between Gogar and Haymarket and the West Edinburgh

Planning Framework area, for which the interchange has a particular relevance in terms of accessibility from outside of Edinburgh. This is a potential upside for TEL.

In terms of risk around the forecasts, confidence intervals from work undertaken previously have been applied to the new, (with Edinburgh Gateway) Planning Case forecast revenue and this has been adjusted to take account of the impact of the recession and other factors. The modelling work has also included a series of sensitivity tests, and these have been undertaken to assess the potential impacts of a range of interventions including an increased dwell time at Gogar tram stop, the potential revenue impact of integrated ticketing and reduced growth at the Airport.

The results of the transportation modelling assessments will be presented in more detail in Period 7 following the proposed review with Transport Scotland.

Programme Milestones

Discussions are continuing between **tie** and Transport Scotland to agree Key Milestones to track progress against. Transport Scotland has sought to agree these milestones with **tie** in the period. **tie** are not yet able to agree all of these milestones at the moment due to the lack of agreement with BSC and the number of outstanding issues with Transport Scotland/Network Rail. **tie** will however review these milestones to determine which, if any, of the individual milestones can be agreed prior to a full agreement.

PERIOD Ending	
----------------------	--

**ALL DATES ARE INDICATIVE ONLY UNTIL BASELINE
PROGRAMMES ARE AGREED**

Progress against milestones in programme				
		Baselined	Forecast	Status / Completion Date
Edinburgh Gateway - Tram Works				
Milestone G1	Completion of Detail Design	30-Aug-10		
Milestone G2	NR Approval (Form B)	30-Sep-10		
Milestone G3	Completion of Technical Approvals	30-Sep-10		
Milestone G4	Completion of Statutory Approval & Consents (Prior Approval)	28-Jul-10		
Milestone G5	Completion of Issue for Construction (IFC) Information	18-Oct-10		
Milestone G6	Completion of Stage 1 Tram/Business Case Modelling	22-Jun-10		
Milestone G7	Completion of Construction Staging and Programme	30-Sep-10		
Milestone G9	Provision of Proposal to TS (Price & Programme)	08-Oct-10		
Milestone G10	Provision of Grant Offer	15-Oct-10		
Milestone G11	Confirmation of Scope of Legal Agreements/Heads of Terms	05-Aug-10		
Milestone G12	Completion of Heads of Terms	19-Aug-10		
Milestone G13	Completion of Legal Agreements	01-Oct-10		
Milestone G14	Commencement of Tram Construction Phase 1	18-Oct-10		
Milestone G15	Completion of Tram Construction Phase 1	31-Mar-11		
Milestone G16	Access to Tram Area 1 for NR Works (Ref.252960/CIV/6001/001)	01-May-11		
Milestone G17	Access to Tram 2 for NR Works (Ref.252960/CIV/6001/002)	01-Jul-11		
Milestone G18	Commence Tram Construction Phase 2	01-Jul-11		
Milestone G19	Commence Network Rail Phase 2	01-Dec-11		
Milestone G20	Commence Commissioning	01-Jan-12		
Milestone G21	Completion of Commissioning	30-Jun-12		
Milestone G22	Entry into Service	01-Jul-12		
Milestone G23				

Item Complete	Strikethrough		
Item due for completion on time	Green	Green	

Legal Agreements

The scope of **tie** works now includes an allowance for external legal costs in relation to land or agreements. It is likely that **tie**/CEC will need legal advice in relation to agreements with Network Rail and in this regard CEC Legal Services have been engaged for this purpose. A number of meetings were held with TS and NR in the period and actions were identified – primarily on NR to prepare draft licence and servitude agreements to facilitate the construction activities in the area.

Long-lead Items / Abortive Works

tie has written to Transport Scotland confirming arrangements put in place with respect to avoiding abortive costs. Transport Scotland has confirmed that **tie** should take steps to minimise the abortive costs on the basis that the Edinburgh Gateway project will go ahead. CEC and Transport Scotland are discussing terms of a grant extension that will also cover abortive costs.

Drainage for the earthworks at the Depot is currently being installed to the west of the Depot Access Bridge. There is no option that does not involve some abortive cost if Edinburgh Gateway goes ahead as drainage must tie into the sewer that will be relocated by Network Rail. **tie** has identified ways of minimising the cost of those abortive works.

Construction Staging

tie met with Transport Scotland and BSC in period to review the requirements for commissioning of the tram system test track and the impact of Edinburgh Gateway project on this. Edinburgh Gateway does not appear to have a significant impact in this respect, however a number of minor issues were identified as requiring consideration. **tie** will now write to BSC formalising a request for an Estimate on these matters.

tie have advised Transport Scotland of areas of work which would require to be implemented immediately to minimise/mitigate delay to the Gogar Interchange works and the impact on ETN. This is very minor work, however Transport Scotland have requested further detail on costs associated with this work. **tie** will provide this, however this will delay commencement of these works. **tie** would suggest contingency funding should be agreed between **tie** and Transport Scotland that will allow similar issues to be actioned immediately by **tie** in future. This matter was again discussed in a meeting between **tie** and Transport Scotland on 1st September 2010. No contingency funding has yet been agreed.

Network Rail have previously advised of a delay of 2 – 3 months for their implementation of the Scottish Power 33Kv cable diversion. **tie** are considering the implications of this with respect to the Change process (the request for an Estimate) and the construction programme for both ETN and Edinburgh Gateway with a view to mitigating the effects of this delay where reasonable to do so. No further update has been received from Transport Scotland/Network Rail.

4 Headline cost report

4.1 Current Financial Year

	FY 10/11			FY 10/11			FY 10/11			COWD To Date	Costs To Go	Total AFC
	COWD Period			COWD Year To Date			COWD Full Year Forecast					
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance	Actual	Forecast	Forecast
Total Project COWD	5.700	13.153	-7.453	33.596	59.759	-26.162	120.236	142.245	-22.009	381.439	163.561	545.000
Other Funding	0.471	1.086	-0.615	2.774	4.934	-2.160	9.928	11.745	-1.817	31.495	13.505	45.000
Demand on TS	5.229	12.067	-6.837	30.822	54.825	-24.002	110.308	130.500	-20.192	349.944	150.056	500.000

The 'AFC' figure of £545m (table above) **does not** reflect an approved and reliable Anticipated Final Cost for the Edinburgh Tram Project. Rather, the forecast presented reflects our best view of the spend profile of the funding currently available for the delivery of the entirety of phase 1a.

Given the continuing commercial uncertainties with the Infraco and continuing delays to the project it is considered unlikely that the full scope of Phase 1a will be completed within the available funding envelope of £545m. It is not however possible at the present time to accurately forecast a reliable outturn cost until the key commercial issues are resolved through the contractual and legal process

tie presented an updated forecast for 2010/11 and 2011/12 project spend to TS and CEC on 8th July. The presentation was a follow-up action to The Funders Operators Group (Transport Scotland, Edinburgh Council and tie) action minuted on 17th June 2010.

The review of spend for 2010/11 has resulted in a tuning down of forecast from £142.3m (budget) and £143.0m (Q1) forecast to a Q2 forecast of £120.2m. Sensitivities to the £120.2m were flagged to CEC and TS, and **tie** committed to keeping TS and CEC updated as to the progress of our commercial engagement and any material impacts on the Projects spend profile.

tie are now escalating all key issues to Dispute Resolution Procedure (DRP) and other contractual measures following the failure of mediation to provide an acceptable outcome. COWD to date is £381.4m, with funding to date split to TS (£349.9m) and CEC (£31.5m).

Actual YTD P6 & forecast P7-P13 FY10/11

£m	2010/11 to P6	Forecast P7-P13,10/11	Forecast FY10/11
Infrastructure and vehicles	26.3	82.0	108.3
Utilities diversions	-0.3	-4.5	-4.8
Design	0.9	1.1	2.0
Land and compensation	0.3	0.0	0.3
Resources and insurance	6.4	8.0	14.4
Base costs	33.6	86.6	120.2
Risk allowance	0.0	0.0	0.0
Total Phase 1a	33.6	86.6	120.2

YTD 2010/11 COWD is £33.6m in period 6, -£0.4m behind the P5 forecast for P6.

The Full year forecast for 2010/11 is £120.3m (£143.0m Q1).

Key Risks and sensitivities to the £120.3m forecast for are:

- SUC betterment +£4.5m

- Infraco Main works progress up to -£27.7m (indicative view of last quarter Infraco spend). OR slippage sensitivity of £9.2m per period
- Commercial engagement – structure of outcome will influence spend profile

As previously reported and agreed with CEC and TS, initial milestones under the Infraco and Tramco contracts in the aggregate amount of £14.4m, in respect of advance material purchases, have been classified as prepayments. These will be reclassified as expenditure against funding in the periods when the related materials are delivered to site and incorporated in the works. The release will occur on the achievement of trackwork and structures milestones in 2010/11 and future years.

Current Financial Year Profile

Profile for FY10/11

£m	Q1 (p1-3)	Q2 (p4-6)	Q3 (p7-10)	Q4 (p11-13)	Total FY10/11
Infrastructure and vehicles	16.7	9.6	42.2	39.8	108.3
Utilities diversions	-0.4	0.1	-1.8	-2.8	-4.8
Design	0.5	0.4	0.6	0.6	2.0
Land and compensation	0.2	0.1	0.0	0.0	0.3
Resources and insurance	3.2	3.2	4.4	3.6	14.4
Base costs	20.1	13.5	45.4	41.2	120.2
Risk allowance	0.0	0.0	0.0	0.0	0.0
Total Tram	20.1	13.5	45.4	41.2	120.2

- Costs for 2010/11 are forecast at £120.2m. *Note: This forecast is sensitive to the key risks as identified above.*
- The latest forecast is based upon **tie** Project Managers view as at the end of period 4, updated and amended in-line with the assumptions presented to TS on 8th July.
- **The original TS share of the budget (£130.5m) has been reduced to a forecast of £110.3m.**

Project Cashflow Forecast

Re-baselined Phase 1a Cash Profiling

£m	Cum FY07/08	Actual 08/09	Actual 09/10	FY 10/11	FY 11/12	AFC
Infrastructure and vehicles	30.6	45.2	83.5	108.3	66.9	334.5
Utilities diversions	18.4	33.4	10.6	-4.8	0.0	57.6
Design	24.4	4.7	2.1	2.0	0.9	34.2
Land and compensation	16.8	1.7	1.6	0.3	0.0	20.5
Resources and insurance	42.9	16.0	15.9	14.4	9.1	98.3
Base costs (inc 1b)	133.1	101.0	113.8	120.2	76.9	545.0
Risk Allowance	0.0	0.0	0.0	0.0	0.0	0.0
Total	133.1	101.0	113.8	120.2	76.9	545.0

Note: Base costs include £6.2m for ph 1b.

Per the note in 3.1 the 'AFC' figures of £545m does not reflect an approved and reliable Anticipated Final Cost for the Edinburgh Tram Project, but point to 'our best view' of the spend profile of the funding currently made available for the delivery of the entirety of phase 1a.

The TEL board have approved a risk allowance within the current funding arrangements of up to £53.2m, which takes the current agreed budget up to £535.0m.

5 Time schedule report

5.1 Report against key milestones

The table below reflects the milestones set out against the Rev1 programme.

Milestones	Baseline programme date	Actual / current forecast date tie live prgm
Approval of DFBC by CEC	21 Dec 06A	21 Dec 06A
MUDFA – commencement of utility diversions	02 Apr 07A	02 Apr 07A
TRO process commences	14Dec07A	10-Dec-07A
Approval of FBC by TS – approval and funding for INFRACO / Tramco	09 Jan 08	Dec 07A
Princes Street closed	03-Feb-09	22-Feb-09A
Tramco / INFRACO – award following CEC / TS approval and cooling off period and SDS novation.	28 Jan 08	14 May 08A
Construction commences	14-Apr-08	14-May-08A
First track installation commences – on street	03-Nov-08	Jun 2009A
Carrick Knowe Bridge commences	21-Aug-08	19-Aug-08A
A8 underpass commences	08-Aug-08	28-Aug-08A
Haymarket viaduct commences	08-May-08	01-Sep-08A
Edinburgh Park viaduct commences	06-Aug-08	01-Sep-08A
Tram mock-up delivered	Oct 2008	Nov 2008A
Demolition of Wanderers clubhouse	25-Aug-08	05-Jan-10A
Edinburgh Park viaduct complete	24-May-09	Oct-10
Princes Street re-opened	01-Aug-09	29-Nov-09A
NR immunisation complete	Nov 2009	Sep-10
Utilities works complete (including telecoms)	Nov 2008	Mar-11
All demolition work complete (S21C)	22-Aug-08	Feb-11
All Issue for Construction (IFC) drawings delivered (inc Gogar interchange design)	21-Jan-09	Dec-10
Haymarket viaduct complete	08-Dec-08	Feb-11
All consents and approvals granted	18-May-09	Nov-10
Design assurance complete	20-Jan-09	Nov-10
1 st Tram delivered	09-Apr-10	25-Apr-10A
Carrick Knowe bridge complete	11-May-09	Mar-11
A8 underpass complete	14-Jul-09	May-11
Roseburn viaduct commences	20-Jan-09	Jan-11
TRO1 process complete	01-Dec-09	Sept-10
Recruitment commences for Operations	July 2010	Dec-10
1 st OHL installed (Section 6 Depot)	11-Dec-09	May-11
1 st section (other than depot) complete ready for energisation (2)	25-June-10	Oct-11
Commission Section 2 (Haymarket to Roseburn junction)	11-Jan-10	Oct-11
Final tram delivered	17-Jan-11	Jan-11
Commission Section 6 (depot)	25-Mar-10	Sep-11
Roseburn viaduct complete	20-Apr-10	Dec-11
Test track complete (Ready for tram testing)	23-Apr-10	Feb-12
Commission Section 7 (Gogar to Edinburgh Airport)	25-June-10	Sep-11 to Feb-12
Commission Section 1 (Newhaven to Haymarket)	11-Mar-11	Jan-12 to Sep-12

Milestones	Baseline programme date	Actual / current forecast date tie live prgm
Commission Section 5 (Roseburn junction to Gogar)	09-Nov-10	Jul-11 to Jul-12
Driver training commences (excludes depot)	Nov 2010	Jun-12
System testing complete off street	09-Dec-10	Aug-12
Construction Line 1a complete	17-Jan-11	Sep-12
System testing complete on street	16-Feb-11	Oct-12
Letter of "no objection" from Independent Competent Person to commence tram running	17-Apr-11	Nov-12
Shadow running starts	18-Apr-11	Dec-12
Shadow running complete	July 2011	Mar-13
Letter of "no objection" from Independent Competent Person to commence revenue service	July 2011	Mar-13
Open for revenue service	July 2011	Mar-13

Guidance for Completion:

Legend for colouring of Actual / forecast date text

Green:	Actual / forecast date is ahead or in line with baseline
Yellow:	Slight slippage – readily recoverable with action.
Pink:	Significant slippage but expect recovery can be achieved
Red:	Notable / significant slippage – difficult to recover, even with action.

Key Issues Affecting Schedule

- Lack of agreement with BSC regarding on-street construction programme;
- Completion of redesign of the permanent works to allow commencement of the construction of structures from Baird Drive through to Balgreen Road.

12-Week Look-Ahead

Until the revised programme is in place the forecast for the next 12 weeks continues to be generated from the **tie** Live programme including latest updated information from both BSC and **tie** Project Managers.

Note that due to the uncertainty surrounding the On-street section of the Infraco works, that these works have been removed from the 12 week forecast other than for areas that are currently underway.

Milestones	Actual / current forecast date
1A3 – S17 Construction Works Tower Place bridge	13-Sep-10C
1A4 - Lindsay Rd Retaining Wall A+C	13-Sep-10C
1B – Telecoms Works Jane Street to McDonald road	13-Sep-10F
1C2 - Telecoms Works Picardy Place to St Andrew Square	13-Sep-10C
2A –Trackworks Haymarket to Roseburn Junction -1135m	13-Sep-10C
2A – Haymarket viaduct	13-Sep-10C
5A - Construct New Scotrail Carpark	13-Sep-10C
5A - Murrayfield Stadium SRU Accommodation Works (excludes clubhouse)	13-Sep-10C
5A - W4 Russell Road retaining wall	13-Sep-10C
5B - Trackworks Balgreen Rd Saughton Road North	13-Sep-10C

Milestones	Actual / current forecast date
5B - S23 Carricknowe bridge	13-Sep-10C
5B - Trackworks Saughton Rd to Bankhead (incl Guided Busway)	13-Sep-10C
5B – Edinburgh Park Stn – Edinburgh Park Central Trackworks	13-Sep-10C
5B – S26 South Gyle Access bridge Sewer Diversion	13-Sep-10C
5B – Trackworks Bankhead to Edinburgh Park Station	13-Sep-10C
5C – W16 Gyle TS RW	13-Sep-10S
5C – Trackworks Edinburgh Park to Gyle	13-Sep-10C
5C - A8 Underpass	13-Sep-10C
5C - S32 Depot Access bridge	13-Sep-10C
5C – Trackworks Gyle to Depot	13-Sep-10C
5C - Trackworks Depot Stop to Gogarburn	13-Sep-10C
6 – Depot Sub-station	13-Sep-10C
6 - Depot Building	13-Sep-10C
6 – Depot Access Roads	13-Sep-10C
6 – Depot Track Works	13-Sep-10C
7 – Trackworks Gogarburn to Ingliston Park and Ride	13-Sep-10C
7 - W14A-B-C-D/W15A-B-C Gogarburn RWs	13-Sep-10C
7 – Trackworks Ingliston Park and Ride to Edinburgh Airport	13-Sep-10C
5B – Bankhead Drive TS	15-Sep-10S
5A – W8 Baird Drive RW	16-Sep-10S
1D – Telecoms cabling Haymarket to Crescents	21-Sep-10F
5A - W18 Murrayfield TS RW	27-Sep-10S
5A – S22 Balgreen Road Bridge	27-Sep-10S
5A - S20 Russell Road bridge	29-Oct-10S
7 – Gogar Landfill (settlement period)	29-Sep-10F
5A – S21E Water of Leith Bridge	04-Oct-10S
5B – Saughton Road North TS	05-Oct-10S
6 – Complete Depot Earthworks	06-Oct-10F
5C - Complete S27 Edinburgh Park Station bridge	21-Oct-10F
5A – S21B Murrayfield Stadium RW	25-Oct-10S
5B – Bankhead Drive RW	08-Nov-10S
5B – S26 South Gyle bridge substructure	08-Nov-10S
1C3 – Telecoms Works St Andrew Square to Princes Street West	15-Nov-10F

Key: A=Actual; C=Continues in period;S=Start; F=Finish

Appendix 'A' Detailed cost report

Headline Financial Information	Edinburgh Trams	FY 10/11	Period Nr: 6
--------------------------------	-----------------	----------	--------------

FY 10/11: Demand on TS	110.308
-------------------------------	----------------

1: HEADLINE FINANCIAL COMMENTARY

PERIOD (PD):
Period is for Phase 1a, which now includes £6.2m of lost economies of scale opportunities following the cancellation of 1b. See Section 3 of the TS report for further commentary.

YEAR TO DATE (YTD):
See Section 3 of the TS report for further commentary.

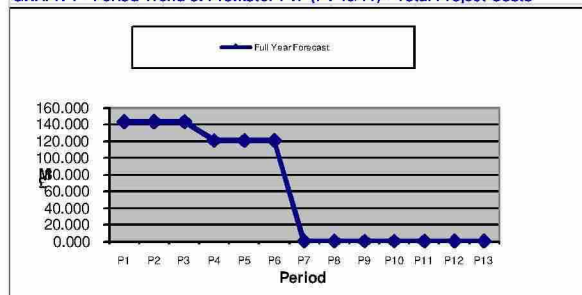
FULL YEAR FORECAST (FYF):
See Section 3 of the TS report for further commentary.

ANTICIPATED FINAL COST (AFC):
See Section 3 of the TS report for further commentary.

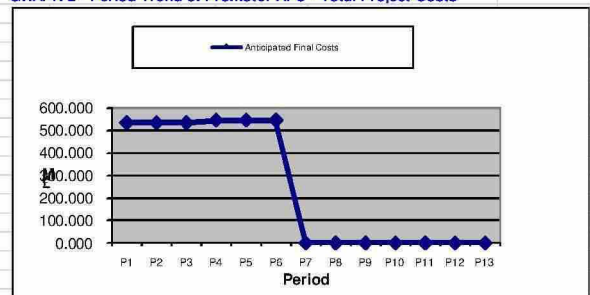
2: SUMMARY

	FY 10/11 COWD Period			FY 10/11 COWD Year To Date			FY 10/11 COWD Full Year Forecast			COWD To Date Actual	Costs To Go Forecast	Total AFC Forecast
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance			
Total Project COWD	5.700	13.153	-7.453	33.596	59.759	-26.162	120.236	142.245	-22.009	381.439	163.561	545.000
Other Funding	0.471	1.086	-0.615	2.774	4.934	-2.160	9.928	11.745	-1.817	31.495	13.505	45.000
Demand on TS	5.229	12.067	-6.837	30.822	54.825	-24.002	110.308	130.500	-20.192	349.944	150.056	500.000

GRAPH 1 - Period Trend of Promoter FYF (FY 10/11) - Total Project Costs



GRAPH 2 - Period Trend of Promoter AFC - Total Project Costs



3: RISK AND OPPORTUNITIES TO

FULL YEAR FORECAST:
See Section 3 of the TS report for further commentary.

ANTICIPATED FINAL COST:
See Section 3 of the TS report for further commentary.

4: ACCRUALS COMMENTARY

5: TOTAL PROJECT ELEMENT SPEND BREAKDOWN (Total Project Costs)

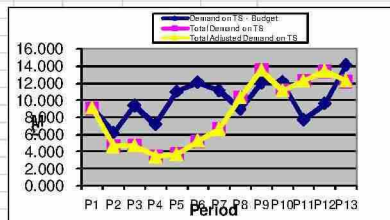
PLANNED/EMERGING/FORECAST

Allocated in accordance with standard WBS. Values relevant to business case or other agreed baseline data to be known as original estimate.

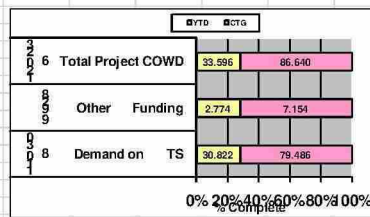
	Estimated Cost			Actual Cost/Forecast			Variance	
	Total Project Costs			Total Project Costs				
	Original Estimate	Escalated Original Estimate	Escalated Latest Estimate	Cost Of Work Done (COWD)	Forecast to Completion	Anticipated Final Costs (AFC)		
Relevant Baseline date : General Overall	FBC 20/12/2007	28.233	28.233	29.994	28.251	1.743	29.994	0.000

Detailed Financial Information		Edinburgh Trams										FY 10/11		Period N
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	
6: Current Year 10/11 - Baseline Budget														
1	Total Project COWD - Budget	9.920	6.714	10.220	7.767	11.984	13.153	12.106	9.767	13.148	13.246	8.382	10.459	
2	Other Funding - Budget	0.819	0.554	0.844	0.641	0.990	1.086	1.000	0.806	1.086	1.094	0.692	0.864	
3	Demand on TS - Budget	9.101	6.160	9.376	7.126	10.995	12.067	11.107	8.961	12.063	12.152	7.690	9.595	
7: Current Year 10/11 - Actuals (Updated 4 weekly)														
4	Total Project COWD + Revised Forecast	9.920	5.055	5.122	3.751	4.048	5.700	7.260	11.226	14.757	12.152	13.341	14.606	
7	Other Funding + Revised Forecast	0.819	0.417	0.423	0.310	0.334	0.471	0.599	0.927	1.218	1.003	1.102	1.206	
10	Total Demand on TS	9.101	4.638	4.699	3.441	3.714	5.229	6.660	10.299	13.539	11.149	12.240	13.400	
8: Variance tracker														
12	Variance Line 1 to Line 4 - Project Actual vs Budget	0.000	-1.659	-5.098	-4.016	-7.937	-7.453	-4.847	1.459	1.609	-1.094	4.959	4.147	
13	Variance Line 2 to Line 7 - Oth Funding Actual vs Budget	0.000	-0.137	-0.421	-0.332	-0.655	-0.615	-0.400	0.120	0.133	-0.090	0.409	0.342	
14	Variance Line 3 to Line 10 - Demand on TS vs Budget	0.000	-1.522	-4.677	-3.684	-7.281	-6.837	-4.446	1.339	1.476	-1.003	4.650	3.805	
9: Next Year 11/12 - Forecast (Updated 4 weekly)														
18	Total Project COWD	33.449	39.882	3.276	0.315	76.922	Financial Commentary - FY 11/12 Onwards							
21	Other Funding	2.762	3.293	0.270	0.026	6.351								
24	Total Demand on TS	30.687	36.589	3.005	0.289	70.570								
10: All Years (Escalated) (Updated 4 weekly)														
26	Total Project COWD	133.051	100.979	113.813	120.236	76.922	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
29	Other Funding	10.986	8.338	9.397	9.928	6.351	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
32	Total Demand on TS	122.065	92.641	104.415	110.308	70.570	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

GRAPH 3 - Demand on TS: Actual/Budget Run Rate - Current Year FY 10/11



GRAPH 4 - Year To Date/ Costs To Go - % Complete - Current Year FY 10/11



11: Other Funding		P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Budget (Current Year 10/11)													
	RAB Funding (If Applicable)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Other Funding Stream	0.819	0.554	0.844	0.641	0.990	1.086	1.000	0.806	1.086	1.094	0.692	0.864
	Other Funding Stream	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Other Funding Stream	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Other Funding Stream	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Total Budget Other Funding	0.819	0.554	0.844	0.641	0.990	1.086	1.000	0.806	1.086	1.094	0.692	0.864
Actual (Current Year 10/11)													
	RAB Funding (If Applicable)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Other Funding Stream	0.819	0.417	0.423	0.310	0.334	0.471	0.599	0.927	1.218	1.003	1.102	1.206
	Other Funding Stream	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Other Funding Stream	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000