

Transport Edinburgh
Trams for Edinburgh
Lothian Buses

Tram Project Board
April Report
Papers for Meeting 24th May 2007

09:00am – 12:00pm

Distribution:-

David Mackay
Willie Gallagher
Neil Renilson
Bill Campbell
Bill Reeve
Andrew Holmes
Matthew Crosse
Graeme Bissett
James Stewart

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Agenda - Tram Project Board

24 May 2007

09.00 – 12.00

Verity House, Boardroom

- 1. Apologies**
- 2. Review of previous minutes**
- 3. Matters arising**
- 4. Project Director's Period Progress Report**
- 5. Traffic Management – verbal update**
- 6. MUDFA – verbal update**
- 7. Infraco / Tramco – verbal update**
- 8. Value Engineering – verbal update**
- 9. Tram Business Case – verbal update**
- 10. Tram Funding – verbal update**
- 11. AOB**

Edinburgh Tram Network minutes

Tram Project Board

19 April 2007

tie offices – Verity House, Board Room

Members Present:		Participants:	
David Mackay	DJM (chair)	Damian Sharp (representing	
Willie Gallagher	WG	Bill Reeve)	DS
Neil Renilson	NR	Matthew Crosse	MC
Bill Campbell	WWC	Stewart McGarrity	SMcG
Andrew Holmes	AH	Geoff Gilbert	GG
		Susan Clark	SC
		James Papps	JP
		Steven Bell	SB
		Jim Harries	JH
		Keith Rimmer	KR
		Miriam Thorne (minutes)	MT

Apologies: Bill Reeve; Norman Strachan, Alastair Richards, James Stewart, Graeme Bissett

		Action
1.0	REVIEW OF PREVIOUS MEETING	
1.1	Previous minutes were accepted as read	
1.2	Previous actions were accepted as completed - verbal updates and exceptions are listed below:	
1.3	<u>Action 1.3:</u> Agreement on funding for cost overrun between CEC/TS outstanding. DS reported further progress being made but that it was unlikely to resolve quickly. Feedback will continue to be provided to the TPB (<i>See section 11.2 below</i>)	DS / AH
2.0	Abbreviations register	
2.1	An abbreviations register was handed out, with regular updates to be provided.	MT
3.0	DPD update	
3.1	WG gave apologies for the cancellation of the April DPD due to the absence of a large number of participants. He provided an update on the topics which had arisen as part of project progress and for which papers had been prepared. (<i>See section 12.0 below</i>)	
3.2	WG explained that the next DPD will focus on the programme update expected in May, discussions on progress regarding Infraco, and discussions on SDS in relation to the historic claims and way forward.	

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4.0	MUDFA Sub-Committee	
4.1	WG provided an update on the MUDFA Sub-committee which had taken place after the Trial Dig on 2 April.	
4.2	The committee had been pleased with the performance of the customer handling team and the testing of various protocols.	
4.3	The Trial dig did find a number of unexpected utilities. Questions were raised with the survey providers and re-surveying of critical points would be undertaken.	
4.4	WG explained that the rescheduled programme was in the process of being agreed in consultation with TEL and other operators.	
4.5	WG outlined the discussion at the sub-committee regarding certain key junctions (Haymarket, Lothian Road, St. Andrew Square) where there may be an opportunity to align MUDFA and Infracore work programmes (<i>See section 8.7 below</i>).	
5.0	Project Director's Progress Report	
5.1	MC presented the progress report as detailed below.	
5.2	<u>Engineering – critical issues:</u> MC presented the current critical design issues map. He explained that the initial fast pace of issue resolution had slowed somewhat. This was in part due to the underlying administrative processes. However, it was recognised that the outstanding issues were very difficult to resolve and that compromise would be essential.	
5.3	<u>Engineering – programme:</u> MC explained that SDS had accepted the proposed dashboard reporting to allow more efficient monitoring of progress by deliverables rather than hours billed. He confirmed that progress was broadly in line with the revised engineering programme. This was currently being aligned with the overall project programme and a detailed update would be provided in May.	MC
5.4	AH stated that in light of SDS's previous performance, he was concerned how the project could be confident that the revised programme would be met. MC explained that he shared the concern to some extent, but that the project team were learning from previous shortcomings which included being able to anticipate CEC requirements. MC assured the board that the revised programme would be realistic and fully underwritten by SDS at senior level.	
5.5	In relation to clearing of critical issues, MC proposed to provide an updated critical issues list w/c 23 April to give the TPB greater assurance that progress was being made.	MC
5.6	DS raised the point that the delays of the engineering programme impacted on progress of the commercial arrangements between TS and Network Rail. (<i>see section 6.0 below</i>)	
5.7	<u>Forth Ports interface:</u> AH raised a question regarding Forth Port's position in relation to tram. He was concerned that Forth Ports may try to amalgamate issues and discussions regarding the project with issues in relation to their planning aspirations and other discussions with CEC. There was therefore a risk of delay to the tram project where it depended on Forth Ports sign-off.	

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5.8	MC proposed to establish a mini-programme to resolve all issues for the project relating to Forth Ports. AH confirmed CEC's support to accelerate those issues which were within its powers. AH/ MC and Ian Spence (CEC) are to meet to discuss what the desired outcome for issues resolution should look like prior, to discussions with Forth Ports.	AH/MC
5.9	<u>Delivery – Inqliston P&R</u> : SC confirmed that the proposal from AMIS for the works was currently being evaluated and the start of on-site works was on target.	
5.10	<u>Finance</u> : The financial report was taken as read. Questions raised are listed below.	MC
5.11	MC explained that the increase in the Anticipated Final Costs (AFC) for the project was due to the inclusion of approved changes in the AFC – these related to CEC staff and JRC modelling costs. MC stated that budget impact arising from the programme revision would be reported to the May TPB.	
5.12	DS asked how the impact of the Infraco bids on the budget would be reported to the TPB. It was recognised by the board that the January 07 financial figures were being monitored closely by the project and it was accepted that matters would be reported through the TPB Procurement sub-committee.	
5.13	JP raised the question of the impact of delaying the OCIP commencement on the AFC. SB / GG confirmed that there should be no overall significant impact and that the current proposals were within budget ranges. GG also confirmed that although any delay in Infraco commencement would result in lower spending in 07/08, this did not represent a real saving on the AFC	
5.14	NR queried whether the funding of £375m indexed, which was agreed in principle by TS for Phase 1a+1b would be available for Phase 1a only. DS confirmed this to be the case and took an action to confirm all relevant letters on this matter had been issued to CEC.	DS
5.15	<u>Approvals / Support – SDS claims</u> : GG explained that the resolution of the SDS historic and prolongation claims was ongoing and would include preparation of a counter-claim by tie . The anticipated end result would be a commercial agreement which would support clean SDS novation to Infraco. The progress would be reported to the TPB Procurement sub-committee with the full proposal for claims settlement being brought to the TPB.	GG - ongoing
5.16	AH questioned the significance of the Edinburgh tram project to the SDS UK portfolio. GG/MC stated that the project was a sizeable project for SDS, a fact reflected by the involvement of a PB UK board member as Project Director and regular visits / monitoring from Keith Hawksworth (PB International President & Worldwide No2 to the CEO). MC also stated that all claims settlement would be inherently linked to future performance.	
5.17	<u>Approvals / Support – Letter of comfort to Infraco bidders</u> : SMcG questioned how the bidders would be comfortable that funding for the project was available. GG explained that this matter was not resolved,	

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	however, it did not appear to be on top of the bidders lists at present. DS confirmed that the letter to the Leader of the Council should help address current concerns pre the elections on 3 rd May. GG stated that further support will be needed before reaching the preferred bidder stage.	
5.18	<u>Risk</u> : The risk register was taken as read. DJM raised a concern about the level of risk reporting and discussion at the TPB. The board agreed that detailed discussions should be held at the DPD. MC confirmed that the risk register was a reporting tool only and key risk issues were being covered under the relevant DPD and TPB agenda items and papers.	
6.0	Network Rail interface	
6.1	SB outlined the current status of discussions around the Network Rail lease and immunisation works. He highlighted that there was some delay on both issues, partly because of Network Rail's lack of engagement on the lease issue, and partly because due to delays within TS to reach a contractual agreement.	
6.2	DS commented that the finalisation of the contractual agreement between TS and Network Rail was being affected by a lack of description of the technical solution. SB stated that relevant meetings had been held with TS and the output technical scope had been set out and was available to TS and Network Rail engineers. A summary was to be provided to DS & Matthew Spence by 20 th April.	SB Output scope provided
6.3	DS confirmed that the imminent (within next 7-10 days) commercial agreement between TS and Network Rail regarding Airdrie-Bathgate was capable of variation to include the works required for Tram. He also confirmed that as soon as the technical scope description was received, this would form the technical specification for the variation to the agreement. DS stated that there would be no further delay to such instruction caused by the wider discussions on funding and risk allocation between TS and CEC. DS further stated he would advise the project w/c 30 April whether TS would require the seconded PM resources identified and being interviewed by the project on 20 th April.	DS Agreement signed between TS & NR for Airdrie Bathgate which can now be varied with Tech Specification. Decision on PM resource expected by 4/5/07
7.0	TRO Strategy	
7.1	KR presented the TRO strategy, which comprised two possible approaches, depending on whether certain statutory and legislative changes could be achieved and whether voluntary hearings would be requested by CEC. Copies of the presentation were handed out at the meeting.	Copy sent to participants
7.2	KR explained that the timescales included in the programme for the TRO strategy were non-discretionary, as there were driven by statutory processes, and that the strategy was dependent on	

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	completed design being available.	
7.3	The board recognised that there was an inherent risk that where core-measures were excepted from public hearings, consequential measures may become the focus of attention. CEC would be required to resist public pressures where it was unreasonably used in such a way. AH stated that clear briefing of CEC transport staff and elected councillors would be provided.	
7.4	JH questioned the impact of design changes on the TRO strategy. KR explained that orders could be relaxed but not fundamentally changed.	
7.5	The board recognised that the key risks in relation to the TRO strategy were in relation to the legal framework and political acceptance of the strategy. DJM questioned whether these risks were on the risk register – KR to provide an update to DJM.	KR - done
7.6	The board welcomed KR's contribution and approved the proposed suite of TRO's and the strategy as presented.	
8.0	MUDFA update	
8.1	GG / SC presented the board with a summary of the commercial arrangements, management and control processes and an update on programme and progress for MUDFA. Copies of the presentation were handed out at the meeting. Key matters were discussed as outlined below.	Copy sent to participants
8.2	<u>Incentivisation</u> : SB queried whether the contract included any “pain-sharing” elements in case milestones were not met. GG explained this was not practicable due to the inherent uncertainty of utilities works and the fact that the MUDFA contract was a remeasurement contract.	
8.3	WG requested that in addition to any VE being applied to work order subsections, consideration should be given to how to incentivise SDS/ tie and AMIS to find innovative and economical solutions to avoid the need for undertaking work in the first place.	GG - ongoing
8.4	AH queried the composition of the cost increase for MUDFA works. GG confirmed that the anticipated increase of £2.8m was due to the sequential work for Phase 1b and the deferral of commencement of physical works to June 07. The board accepted that these costs increases were not new but a restatement of previously advised information.	
8.5	<u>Programme</u> : SC confirmed that although 2 utilities had not yet fully signed up, this was due to legal issues and that all partners were fully involved in the process. It was also confirmed that although the utility companies agreed to avoid undertaking conflicting works, the responsibility to ensure this was the case ultimately lies with CEC.	
8.6	AH questioned what Forth Ports' position was regarding the MUDFA programme. SC confirmed that certain dead periods were agreed per the contract and that similar requirements were likely for Infraco.	
8.7	WG provided a summary of the debate on opportunities to combine the MUDFA and Infraco programmes at certain critical areas. Potential benefits are lesser degree of disruption to the public and	

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	costs. Conversely, such an approach increased the uncertainty risks from utilities diversions. The MUDFA sub-committee would prepare a risk/benefit analysis & feed back to the TPB.	
8.8	DS raised a concern that the principle of separating Infraco & Utilities diversions is supported by the Infraco bidders and was a key aspect of the procurement strategy and that overlapping Utilities and Infraco works is counter to this strategy. WG confirmed that before any change to the current strategy is implemented, a risk/benefit review was currently being performed and that Infraco's assessment of the risks in such a changed approach would be obtained once greater detail on the design was available. Any decision to progress with this approach would require approval from the TPB.	
9.0	Procurement strategy	
9.1	Due to time pressures, the planned presentations on the Procurement strategy, Cost Control and a detailed VE update were postponed to the May TPB.	
9.2	MC summarised the "risk map" which is the output from the recent "Blue Sky" day. The purpose of that day was a review of the procurement strategy and risk allocations to assess whether it was still fit for purpose. The review was performed in consultation with Transdev, TEL and PUK and it found that the strategy and risk allocation was generally robust.	
10.0	Value Engineering	
10.1	GG outlined the current status of the process. Consultation with CEC and TEL was ongoing, however to achieve desired progress decision on which ideas to take forward for recommendation to the TPB is required within the next 2 weeks.	
10.2	The recommendations were to be presented to the Procurement sub-committee. WG proposed to invite DS to attend this meeting to ensure full TS involvement.	
11.0	Funding and Business Case	
11.1	The board noted that comments from TS on the DFBC had been received early April and that draft responses had been provided to TS by tie and CEC.	
11.2	SMcG stated that Heads of Terms for a funding agreement had been drafted but needed significant further work. Further meetings between TS and CEC with tie 's support were planned before the next TPB and an update on progress would be provided.	SMcG
12.0	Papers for approval	
12.1	<u>Invasive Species</u> : The summary paper was presented by SC and the change request for £300k to allow commencement of the required treatment cycles was approved.	
12.2	<u>Gogar Depot Utilities works – Stage 1</u> : The summary paper was presented by SC and the board approved the recommendation to	

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	commence the works under the MUDFA contract by AMIS.	
13.0	AOB	
13.1	A query was raised whether the CEC initiative to improve Edinburgh's streetscape would have a budget impact for the project. AH confirmed that this was not the case.	

Prepared by Miriam Thorne, 25 Apr. 07



27. IV 07

Progress Report – Period 2

1.0 Executive Summary

1.1 *Previous Period Update*

Delivery

1.1.1 MUDFA

The trial dig commenced on 2nd April. Many protocols were tested during the period, including communications, traffic management and issuing of licences to allow access to construct. During the trial a number of utilities were discovered that were not indicated on any drawings. Adien, who performed the survey work for SDS have been carrying out an investigation into this and the results show that there was a problem with survey quality at the trial site. Re-surveys are being arranged and a full report into findings will be available in early May. The overall conclusion is that the trial was a success.

1.1.2 Advance Works

Depot

Approval was received from the Tram Project Board in April to commence Phase 1 excavation works. This allowed fencing, vegetation and site clearance works all to be completed to programme. A detailed plan for further Advance Works has been prepared and a detailed procurement plan is being prepared for the end of Period 2.

Invasive species

Approval was given at the Tram Project Board in April to commence Phase 1a of the 3 year treatment cycle. Work is ongoing to define programme and provide clarity on access and licence requirements.

Badgers

An agreement has been reached with RBS to use their own in house contractor. This has the benefit of lower costs than quoted by AMIS, as well as building on an existing understanding of RBS protocols.

1.1.3 Land & Property

Legal title was taken to the first tranche of land on 24th April. CEC are the legal owner of the land acquired and an asset management plan is being prepared by CEC.

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1.1.4 IPR Temporary

A review was undertaken of AMIS prices and some concerns were raised about specification and ongoing maintenance. Rev 5 of the MUDFA programme indicates that the car park does not need to be in place until August 2007. Based on the programme requirements, the work will be competitively tendered to ensure that VfM requirements and adequate maintenance provisions are met.

1.1.5 IPR2

Detailed design has been progressed and is now close to completion. Five organisations have returned an expression of interest for the works and contract documents have been drafted in preparation of contract award in period 2.

1.1.6 Traffic Management

The TRO Strategy was presented to the Tram Project Board in April. The Strategy sets out the TTRO measures for INFRACO, their interrelationship with the TRO's, and a description of the suite of 5 TRO's covering all of the requirements for changes to traffic arrangements. Based on the presentation, the Board approved the strategy in principle.

The Traffic Model Suite has undergone re-calibration which is currently being reviewed for sign-off by tie and CEC. A preliminary run of the new model allowed a first pass assessment of the displaced traffic, the nature of the wider area issues and, the geographical extent of the 'wider area'. The results have been advised to SDS so that a formal resource allocation plan can be drawn up for the work to design the necessary wider area traffic measures.

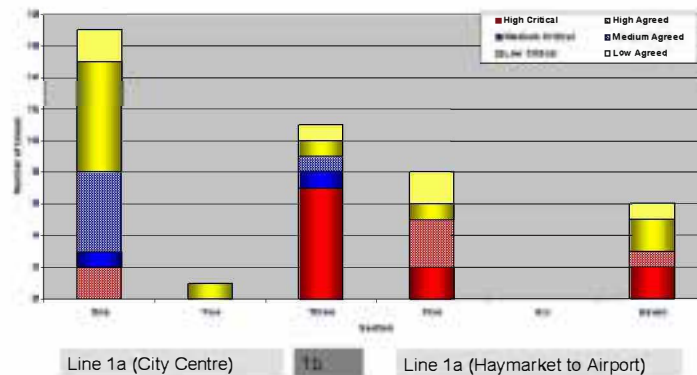
Engineering, Approvals & Assurance

1.1.7 Critical issues resolution.

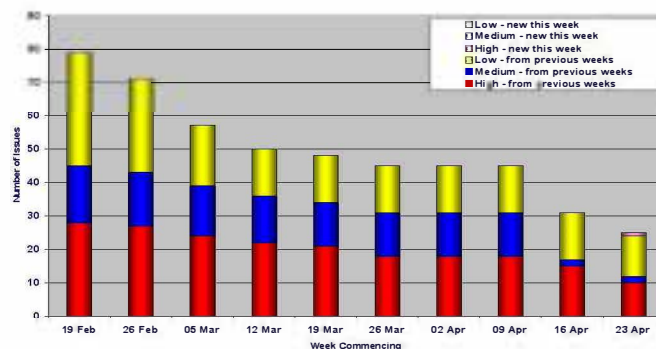
An additional forum for ("clearing house") resolving the major SDS issues (those affecting programme and progress) has been established and meets weekly to ensure progress. All relevant stakeholders are actively engaged in the process.

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Critical Issues by Section at 26 April
 (subject to closure of paper work)



Critical Issues Closure progress - All Sections



1.1.8 Design programme monitoring.

The new dashboard for deliverables measurement has been accepted by SDS and is being implemented as planned. The first issue of the Dashboard has been prepared and indicates the total number of physical design deliverables due against the V14 programme.

Progress will be measured in terms of changes to the contracted position (depending on change orders being issued to SDS) and the cumulative actual deliverables achieved against so far. The dashboard will provide reliable data which demonstrates physical progress on design and approvals.

1.1.9 Design Review

The new approach has been further developed with a visit to a PB's design office in Birmingham to verify that self-assurance processes and documentation are in place and adequate. The size and contents for design packages, together with an accompanying check-list of assurance documentation, has been agreed.

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1.1.10 Other progress:

- Project Safety Certification Committee has been set up and the first meeting has now been held.
- Transfer of NR infrastructure immunisation responsibility to NR achieved through joint workshop held on 27th March.
- Resolution of engineering major issues through continuing, focused weekly meetings with the team is making good progress.

Commercial & Procurement

1.1.11 Procurement programme

The review of the programme for this phase of the project (to financial close) has continued with the testing of the new detailed milestones to ascertain the robustness of the new baseline schedule. The programme has been agreed with SDS and bidders have been consulted with a view to obtaining their agreement.

1.1.12 Infraco

Consolidated Proposals are due back on 8th May. Both bidders have confirmed that they will return bids.

1.1.13 Tramco

Plans for the next phase of the evaluation and negotiation have been finalised. These set out the detailed objectives and steps to selecting preferred bidder and obtaining the best deal. Given that neither of the remaining Tramco bidders are part of the Infraco consortia the risks of a Tramco bidder manipulating the tender process and thereby 'dictating' the outcome of Infraco are considerably reduced. After consultation with both the Infraco and Tramco bidders it is proposed to conclude the Tramco evaluation and negotiation and nominate preferred bidder ahead of Infraco. Any major issues relating to technical, commercial and programme alignment between Infraco and Tramco will be concluded before such selection.

1.1.14 MUDFA

Proposals for the clarification of the approach to remeasuring and valuing work have been agreed in principle with AMIS. Detailed proposals are currently under review by AMIS with the intention to have these revised arrangements in place by the end of May. Various amendments to the incentivisation arrangements are currently being

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considered to encourage minimising both the volume of work and incentivising its efficient delivery.

1.1.15 OCIP

An approach has been developed to enable selection of a preferred bidder for OCIP based on the application of tendered unit rates for the key elements of the cover. This avoids the need to release confidential Infraco and Tramco cost information at this sensitive stage. A recommendation paper to approve selection of a preferred OCIP provider will be brought to the June TPB Procurement Sub Committee.

1.1.16 Value Engineering

Value Engineering schemes have been identified with a majority now evaluated. A recommendation for implementation of selected items is being prepared for review and approval at the TPB Procurement sub-committee.

Finance and Business Case

1.1.17 Business Case

Comments were received from Transport Scotland on the DFBC and a joint response with CEC was prepared to outline the proposed governance, activities and timetable for the preparation of the FBC.

1.1 *Key Issues for forthcoming period*

Delivery

1.2.1 MUDFA

A proposal to carry out some additional trial work outside Ocean Terminal has been agreed and work will start on 28/05 for around 9 weeks. Traffic management has been approved and an agreement has been reached with Forth Ports. The agreed Rev 5 of the programme sees full programme commencement from July.

1.2.3 Advance Works

Depot

Main spoil removal work planned to commence following the delivery of wheel washes and installation of required access roads.

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Invasive species

The programme of works for phase 2 will be confirmed during this period. Details of the programme depends on licences for access being agreed.

Badgers

Construction of new sett planned to take place from 14th – 25th May

1.2.4 Land & Property

Date for the issue of second tranche GVD notices is to be agreed with CEC.

Asset management arrangements for land now in CEC ownership require to be agreed.

1.2.5 IPR Temporary

Tenders are being sought from 6 contractors. Tender documentation is to be released on 9th May with response due back by 18th May to allow commencement on site early June.

1.2.6 IPR2

A new Project Manager, David Burns will take over from Lindsay Murphy during May. Detailed design is planned to be completed during the period.

1.2.7 Traffic Management

A resource allocation plan is due to be drawn up for the work necessary from tie, SDS and third parties in order to design and deliver the TROs.

Engineering, Approvals & Assurance

1.2.8 Critical issues resolution.

The critical issues “clearing house” will to continue until complete closure of all matters, including emerging issues.

1.2.9 Programme

Planned roll-out of the schedule for SDS deliverables based revised programme.

1.2.10 Design Review.

The process is to become fully operational during May.

1.2.11 Other activities

Plan to appoint the Competent Person as required by ROGS by the end of May. Scott Wilson have been charged with sourcing the role.

Final resolution of Balgreen Road alignment with Network Rail. This requires formal confirmation from Network Rail of the agreed solution.

Commercial & Procurement

1.2.12 Programme

The new schedule baseline for the procurement phase will be confirmed at the project Board for approval on 17th May. This will follow separate consultations with key stakeholders. Implementation of the recommendations will follow during May.

1.2.13 Infraco

Commence evaluation of the Consolidated Proposals.

1.2.14 Tramco

No major milestones planned for the Period.

1.2.15 MUDFA

Formalise clarification of the remeasurement and valuation of work and amended value engineering mechanisms.

1.2.16 Advance Works

Finalisation of procurement plan for the remainder of the Advance Works.

1.2.17 Value Engineering

Recommendations for the implementation of Value Engineering initiatives will be presented and discussed at a special Procurement Sub Committee on 10th May – scheduled in advance of the TPB on 17th May where VE proposals and decisions will be ratified.

Commencement of the review of Infraco bidders Value Engineering proposals returned with consolidated proposals.

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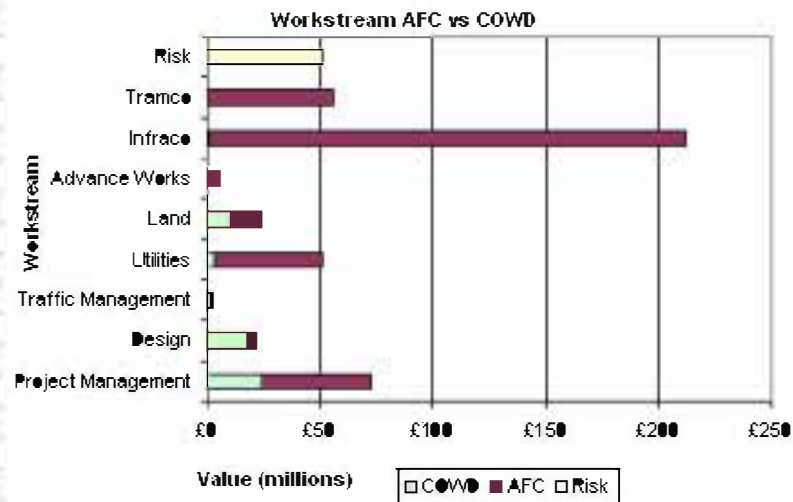
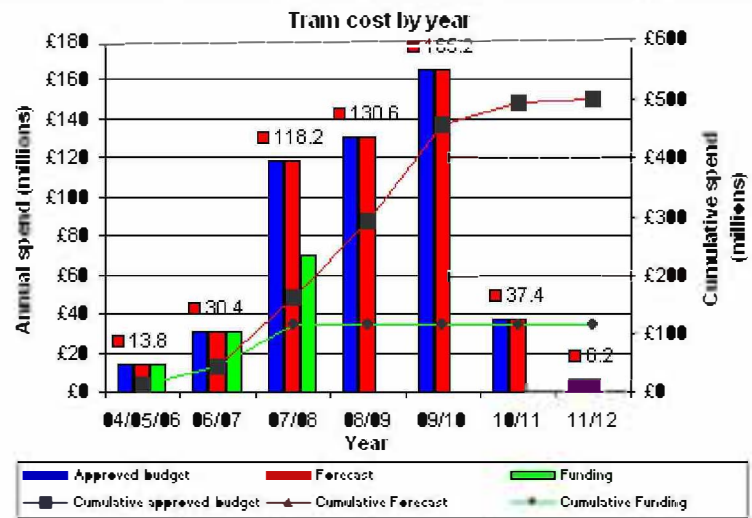
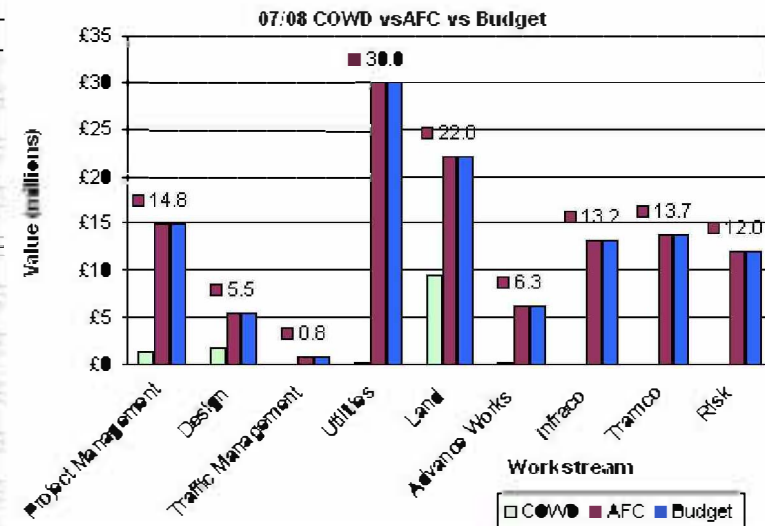
1.2 Cost

	COWD Period	-	COWD (YTD)	COWD YTD + f/cast to year end	AFC
Phase 1a	£12.8m		£12.8m	£118.2m	£501.8m
Phase 1b	-		-	-	£ 92.0m
Phase 1a+1b	£12.8m		£12.8m	£118.2m	£593.8m

- The spend in the period includes £7.7m in relation of Land acquisitions.
- The forecast COWD for the year includes a total of £20m in relation to land costs, including £7.3m for CEC /s75 issue land.
- The AFC does not yet include certain anticipated changes which have previously been discussed at the Tram Project Board (other than formally approved changes). Given the tight probity requirements in respect of the current major procurements, any changes to the AFC are reported against the AFC as detailed in the DFBC. The AFC will be updated and advised to the Board Procurement sub-committee with the emerging evaluation and negotiation programme.
- The delivery of the AFC for Phase 1a within the current forecast is contingent on achieving negotiation and value engineering savings.

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Period 1 - 07/08				
Workstream	Forecast	Actual	Variance	Comments (Values are £000s)
Project Management	1,202	1,279	77	
Design	1,957	1,660	(297)	Delay due to discussions with Forth Ports & CEC to conclude approvals process
Traffic Management	158	58	(100)	Delay to TRM strategy due to lack of design availability
Utilities	3	203	200	Costs to cover delay in commencement of MUDFA works - as previously reported
Land	8,041	9,436	1,394	Value - AFC impact is offset by future period reduction on non-cash lands
Advance Works	74	135	60	Increase due to Depot works - reflects vegetation clearance & fencing
Infraco	23	38	15	
Tramco	0	0	0	
Risk	0	0	0	
Total	11,458	12,808	1,350	



1.4 Change Control

The current change control position is summarised in the table below.

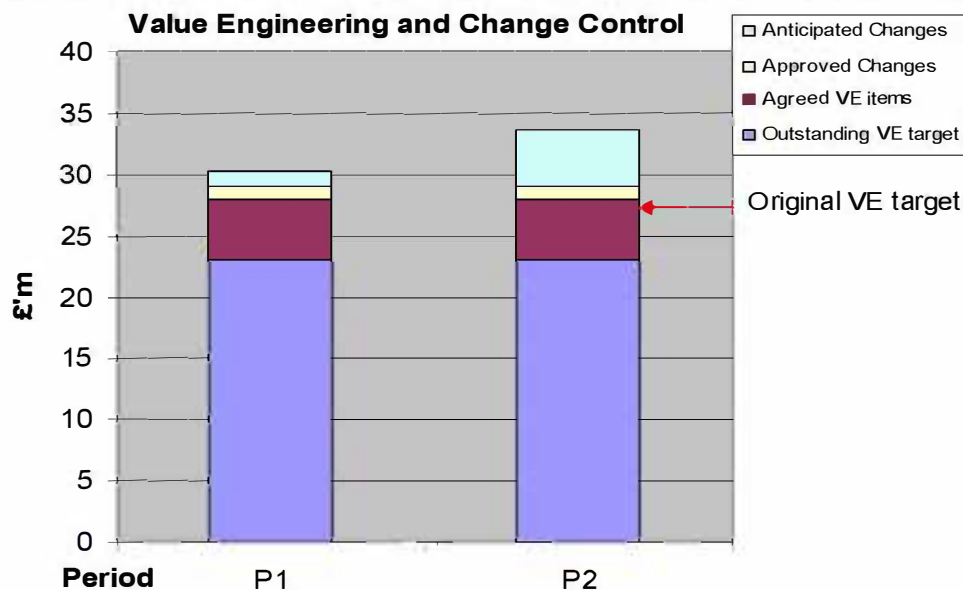
	Phase 1a £m	Phase 1b £m	Phase 1a + 1b £m
Project Baseline (DFBC)	500.8	92.0	592.8
Authorised Changes	1.0	-	1.0
Current AFC	501.8	92.0	593.8
Anticipated Changes	4.7	-	4.7
Potential AFC	506.5	92.0	598.5

Certain anticipated changes relate to items previously discussed at the Tram Project Board and formal change notices are yet to be raised. These changes include:

- Citypoint II: Fit out and costs of leasing additional office space
- Costs of eradication of invasive weeds
- Additional costs arising from the delay of MUDFA works to June

A number of Anticipated Changes relate to items excluded from the Preliminary Design Stage Project Estimate Update following a review undertaken at that time. Inclusion of these items in the scheme will result in an increase in the AFC requiring either additional funding or increased savings through value engineering savings to maintain affordability.

As several anticipated changes are directly related to engineering solutions, it is proposed that these Anticipated Changes are reviewed in conjunction with the forthcoming recommendation for Value Engineering Package 1 savings.



1.5 **Health, Safety, Quality and Environment**

Safety

There have been **zero** accidents in the period.
Two safety tours of the MUDFA trail site were undertaken in the period. No issues were raised.

Quality

1 audit was undertaken in the period of the structures design. No NCR's and 3 observations raised.
1 NCR was raised in the period on the MUDFA trial site works regarding the treatment of unidentified services. The AMIS procedure is being amended.

Environment

There were no environmental incidents in the period.
There are no other environmental issues to report.

1.6 **Risks**

The principal changes in the risk position since last Period are:-

- | | |
|--|---|
| ▪ Risks closed / removed from Primary Risk Register (946, 947, 273, 938, 936) | 5 |
| ▪ Risks added (<i>for details see Primary Risk Register</i>) (Risks 52, 952) | 2 |
| ▪ Red status risk treatment dates slipped (Risk 917) | 0 |

1.6.1 The following risks were removed from the Primary Risk Register:-

Risk 946 (Vegetation clearance at Gogar Depot not achieved on time) has been closed due to successful treatment.

Risk 947 (Delay to start of Phase One Advance Works at Gogar Depot) has been closed due to successful treatment. The Phase One works are ongoing.

Risk 273 (Business case is not approved during February 2007) has been closed as Draft FBC approval was achieved.

Risk 938 (Immunisation Project not adequately managed or controlled by Client i.e. Transport Scotland) and Risk 936 (Information not accurately and/or timeously passed between tie and Network Rail for Immunisation Works Project) have been removed from the Primary Risk Register. This is because they are of relatively low significance and their management is ongoing within the ARM Project Risk Register. They were placed on last month's Primary Risk Register as actions relating to the Immunisation Works Project were critical at that time.

Risk Treatment Status

- 1.6.2 The treatment status of the active actions of the risk treatment plans has changed little since last period, although there are 22 treatment actions that are currently behind programme. These are noted as behind programme either because they were not completed by the due date or because it is thought that they are unlikely to be completed by the stated due date.

1.7 Stakeholder and Communication

Communication and Stakeholder work effectively halted during the pre-election period.

1.8 Approvals / Support required

Decisions Required

TPB Procurement Sub Committee

- Endorsement of Programme Review recommendations at TPB
- Approval of the recommendations of the Value Engineering Recommendation

Decisions/support required from TS

- Letter of comfort for Infracore bidders.
- Clarification of funding / process to achieve for funding for whole of 07/08
- Confirmation of funding draw-down to permit confirmation of payment arrangements to bidders
- Resolution of the TS/CEC funding and risk sharing agreements

Decisions/ support required from CEC

- Resolution of the TS/CEC funding and risk sharing agreements

Paper to: TPB **Meeting Date:** 24 May 2007

Subject: Summary update to Period 2 Report for TPB
For Information

1.0 DELIVERY & PROGRAMME

1.1 MUDFA

RATS proposals for sections 1A/1 & 1A/2

These planned works allow us to advance works ahead of programme whilst mitigating additional costs to the project due to downtime and also allow continuation of the 'trial' process. These works have been suspended in view of the political situation. The project team view these as low profile. The cost of delay will be some £350k for each period. A Change Request will be prepared for the next TPB. A TPB decision is required asap.

1.2 Advance Works

The Phase 1 depot advance works is progressing ahead of programme with some 200 lorry loads of soil being removed each day (around 1 lorry every 4 minutes). The roads around the site are being maintained in a clean state as a result of the wheel wash process.

A new badger sett has been constructed successfully within programme and budget. Full relocation will not take place until the autumn.

Invasive species contract award is on hold pending political situation. Delays beyond 18th June may result in Change Request. A TPB decision is required asap.

2.0 ENGINEERING, ASSURANCE & APPROVALS

2.1 Critical Issues: Good progress continues such that there are emerging just a handful of issues that are deemed insolvable through the critical issues clearing house. These issues are to be raised as a standing item on the DPD Agenda:

- Forth Ports. The SDS track and roads design relevant to the Forth Ports redesign needs a Forth Ports and CEC agreement.
- Haymarket junction. There are conflicting views on the use of the space at Haymarket for the roads design.
- Wide area traffic management issues are unresolved. CEC require resolution to confirm SDS designs (e.g. Picardy Place).
- Balgreen Road Bridge close out with Network Rail
- A position with SRU is required on pitches and flood mitigation arrangements. SDS are working at risk and need an instruction.
- Decision required on 1A/1B ability to operate only together, or separately, in respect of power design.

2.2 New Review/ Self Assurance Process. This is now operational.

3.0 COMMERCIAL & PROCUREMENT

3.1 Programme Review. Stakeholder consultation is now complete. Further stress testing and development of milestones and gates together with pre-conditions for SDS/CEC sign off is planned. This will enable submission of the results of the review at the June TPB.

3.2 Bids. Consolidated proposals from Infracore bidders have been received and are being evaluated. All four bidding parties have expressed major concerns over the political situation and the impact of delays.

3.3 Value Engineering. A Procurement Sub Committee meeting was held on 10th May to approve the VE approach and specifically depot related savings worth £4.13m. The detail behind these savings have since been reviewed by stakeholders and agreed. The Board is asked to ratify these savings.

Bidder VE meetings are due to commence on 1st June

3.4 Tram Branding. The process to select a designer to advise on Tram branding across the entire scheme is underway. This design activity is deemed essential since it influences all aspects of the infrastructure and tram design. The advisory contract is currently outwith the DFBC budget. A change request is to be issued for the June TPB for circa £100k.

4.0 DPD Meeting

4.1 The Procurement Strategy was presented and discussed in detail.

4.2 A paper on Cost Control was presented and discussed in detail.

Matthew Crosse
23 May 2007

Paper to: TPB **Meeting Date:** 24 May 2007
Subject: Project Board and Sub-Committees
Agenda Item: AOB
Preparer: Matthew Crosse

1.0 Introduction / Issue

Over recent months tram project activities have grown in line with programme. Three new sub-committees have been established to deal with the emerging challenges (MUDFA, Traffic Management and Procurement). Added to these formal meetings is the requirement for new 4-weekly period reporting in adherence with Transport Scotland's reporting template. The result has been a proliferation of activities aimed (mostly) at satisfying reporting requirements to the new timetable and the preparation of formal papers for the various sub-committees. Whilst there are some useful benefits, the distraction from the main project activities is not always helpful or productive. Further, the governance processes that should be applied are not always clear. This has resulted some overlaps and duplications in the nature and remit of these sub committees. The meetings have also tended to be seen as gates prior to the TPB, meaning too much focus on what should properly be seen as working groups. The paper summarises the principles and proposes processes that should apply in accordance Tram Governance rules; it also notes the current approach and proposes some changes.

2.0 The Principles

For a capital project like Tram, the committees and reporting requirements that underpin the governance process should seek to achieve the following:

- Compliance with current Tram Governance in respect of control and Delegated Authority Rules (DAR)
- Ensure strategic alignment between the main stakeholders
- Provide good period reporting and the opportunity for an appropriate level of understanding of critical issues to ensure rapid decision making
- Be project focussed and streamlined to operate with minimal bureaucracy
- Be an efficient and effective use of all participants time both in preparation for, and attendance of the meetings

3.0 The Period Reporting and Governance Cycle

Figure 1 shows the Period reporting process and TPB working as it is practically envisaged by the Governance and DAR.

The Project Director has a mandate to manage the project within prescribed control limits¹. In order to achieve this, he participates in routine period reviews with each of the project managers (Project Director Review (PDR)). Prior to the PDR, specific Contract Reviews are also separately held with AMIS, TSS and SDS etc to cover progress and deal with detailed issues on a formal basis. From the PDR a 4-week Period Report (previously monthly) is produced for the TPB which includes all the Stakeholders. The report is now prepared to Transport Scotland's own template. The report is available for questions at the TPB once per Period and is challenged accordingly. Sub-committees should not hold up this 4 weekly process but act as useful forums to review and discuss critical issues for key work streams where support is needed.

4.0 Changes to the Board and Committees.

Table 1 shows all of the project committees, summarises their status and reviews areas where change might be beneficial. From the table four areas are recommended for change:

- Attendance appears to have grown at TPB, MUDFA and DPD making management of the meetings more difficult. Attendance should be streamlined to a level appropriate without over representation. Table 2 specifically proposes attendees for each of the meetings, separating core members from those that are invited by the Chair.
- The DPD should be re-focussed as a working committee to discuss and challenge detailed DPD subject issues prior to any recommended TPB decisions. It should avoid 'dress rehearsing' all TPB subjects. So far as possible, there should be a forward schedule of issues likely to need DPD consideration, perhaps on a 3-month rolling basis. The DPD agenda should include a more general heading where issues relevant to design, procurement and delivery (including funding) can be addressed, but this should not dominate the agenda. Where applicable, final papers for the TPB should flow from the DPD, rather than be issued before hand other than in summary or draft form.
- The TM & TRO committee should meet on an ad-hoc basis.
- The Terms of Reference of the MUDFA sub-committee should be revisited in order to gain clarity and avoid overlaps with other meeting bodies and control processes. Proposed Terms of Reference are provided in Table 3.

5.0 Timing and format of documentation for TPB

The issuing of the Period Report and TPB papers should be separated. The period report requires substantial effort at the beginning of the cycle. At this time, effort is needed to inform the Report rather than to prepare for the Board papers. Further, the TPB Agenda and supporting papers are unlikely to be ready at the beginning of the reporting cycle.

Greater use should be made of well prepared and delivered summary presentations in PowerPoint that seek to explain the subject areas, rather than through lengthy

¹ DFBC changes of: £100k capex, 1 month+ to programme, material changes to functional specification, impact on BCR of more than 0.1

FOISA Exempt
 Yes
 No

formal narrative papers which are time consuming to prepare and review. Papers are still required however, either as a pre-meeting warm-up or where decisions are required that cannot be readily summarised in a Board Minute and that are required for governance and audit purposes. All papers should be concise and set out the benefits and disbenefits, the decisions needed and their impact on budget, programme where appropriate.

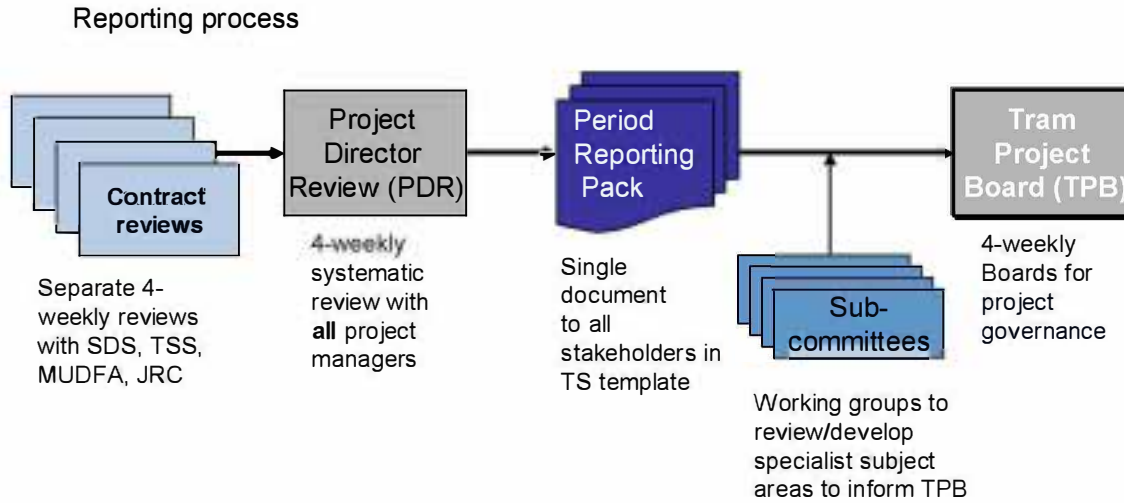
The issuing of decision/ information papers for all meetings should be reasonably in advance of the meeting (ideally at least three days). It is noted however that occasionally, the development of papers cannot be achieved owing to the timing of events and evolving project circumstances. In these exceptional cases, papers may need to be issued far closer to, or during the meeting itself.

6.0 Proposed recommendation

- The contents of the paper are noted and accepted.
- That the TPB confirm the attendees for the respective committees and the frequency as shown in Table 2
- That TPB members agree ToR for MUDFA as shown in Table 3.

Proposed	Matthew Crosse Project Director	Date:-
Recommended	David Mackay Chair Tram Project Board	Date:-
Approved	<p>*****</p> David Mackay on behalf of the Tram Project Board	Date:-

Fig 1: Reporting Cycle



Reporting cycle timing

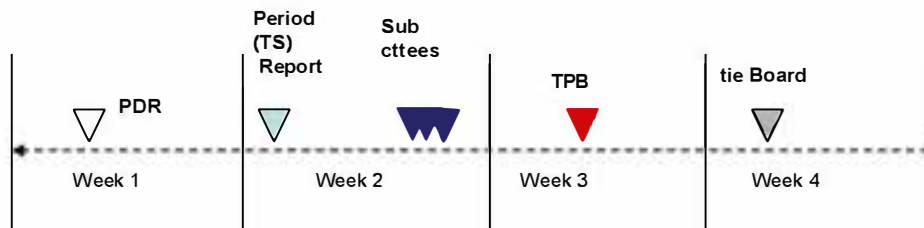


Table 1 Summary of Board and Sub-Committees

Forum	Frequency	Observations and current status	Proposed changes	Membership changes
Project Board	4-weekly	Papers sometimes too detailed or not detailed enough and submitted with Period Report packs (often 2 weeks prior) resulting in variable quality and without being latest status at time of meeting. Attendance often larger than originally intended.	Papers to be summary in nature and only if required more detail; they should be pre-consulted in other forums such as DPD. Timing and nature/length of papers linked to precursors.	Revert to original membership. Additional invitees to be invited by Chair.
DPD	4-weekly	Established committee but has tended to become a formal dry run for TPB, with a full review of the Period Report and with full Board papers, rather than a focussed working group. Attendance often too large.	Refocus and use to discuss key DPD subject areas. Discussion papers can be in other forms and 'draft' in nature, if to be used in subsequent TPB.	As current, but ensure stakeholders are limited to a maximum of 2 at each meeting unless essential. Additional invitees to be invited by Chair.
BPIC	Ad-hoc	Is effectively dormant until FBC process get underway.	No change required	No changes.
MUDFA	4-weekly	New committee which possibly lacks definitive terms of reference (TOR). Also, could be overlaps with formal Contractual Review, PD Review, DPD and TPB. Is it an issues meeting or an approving body? Like DPD is possibly too formal with too many attendees.	Review and re-establish TOR in light of other meetings and ensure meeting status and overlaps are eliminated.	Review in the light of re-established TOR. Additional invitees to be invited by Chair.
Traffic Management	4-weekly	Established in response to perceived criticality. Only held 3 meetings. This early phase is now settled with strategy developed.	Ad-hoc meetings to suit current requirements. Anticipate future regular meetings as process gets underway.	No changes.
Procurement	Ad-hoc	Has only met once. No evidence to suggest that changes are required.	None.	No changes.

Table 2 Proposed membership and invitees

Committee	Core	By invitation of the Chair
TPB	David Mackay (Chair) Andrew Holmes Bill Reeve Neil Renilson Jim Harries Willie Gallagher Stewart McGarrity James Stewart	Agenda support Miriam Thorne (Minutes) Matthew Crosse Graeme Bissett Norman Strachan Alastair Richards
DPD	Willie Gallagher (Chair) Duncan Fraser Damian Sharp Bill Campbell Jim Harries Matthew Crosse Susan Clark Steven Bell James Papps	Agenda support Miriam Thorne (Minutes) Geoff Gilbert Alastair Richards Stewart McGarrity Graeme Bissett Norman Strachan
BPIC	TBA	TBA
MUDFA	Willie Gallagher (Chair) Duncan Fraser John Ramsay Bill Campbell Matthew Crosse Susan Clark Graeme Barclay Mike Connelly Andy Malkin	Agenda support Tara Edgar (Minutes) Keith Rimmer Tom Condie Steven Bell Suzanne Waugh Stewart McGarrity Trudi Craggs Jim Harries
TM&TRO	Willie Gallagher (Chair) Duncan Fraser John Ramsay Bill Campbell Keith Rimmer Matthew Crosse Susan Clark	Agenda support Steven Bell Trudi Craggs Graeme Barclay Andy Malkin Jim Harries
Procurement	Stewart McGarrity (Chair) Willie Gallagher Bill Reeve Neil Renilson Matthew Crosse	Agenda support Geoff Gilbert James Stewart

Table 3 MUDFA Sub Committee Terms of Reference

MUDFA Sub Committee Terms of Reference	
1	To review and agree decisions to be put to the TPB for approval
2	To review progress against both programme and cost and make TPB aware of any variances out with the PD's DARs
3	To identify and mitigate any potential PR issues
4	To challenge the risk register and ensure risks and opportunities are being managed effectively
5	To consider Public interests and interfaces
6	Monitor Public safety
7	To consider CEC and other stakeholder impacts

Edinburgh Tram Project

MUDFA Review

19 April 2007

Tram Project Board

Purpose & Contents

Purpose:

To inform the TPB of the commercial arrangements, management, and control processes and review programme and progress

Contents

- Contract review
- Cost control
- Team
- Programme
- Process
- Trial dig
- Issues and challenges

MUDFA Procurement Strategy Objectives (Reminder)

Inherent risks in utility diversions work

- Records of utility companies are uncertain
- Extent of work required not fully known even after non invasive and invasive surveys
- Utility companies won't negotiate with scheme delivery contractors until after tender

Therefore

- Undertake work well in advance of Infraco to avoid potential abortive costs of Infraco standing time due to over running utilities diversion works
- Procure separately and on basis of indicative work scopes with allowances for works by Statutory Utilities (connections and testing)

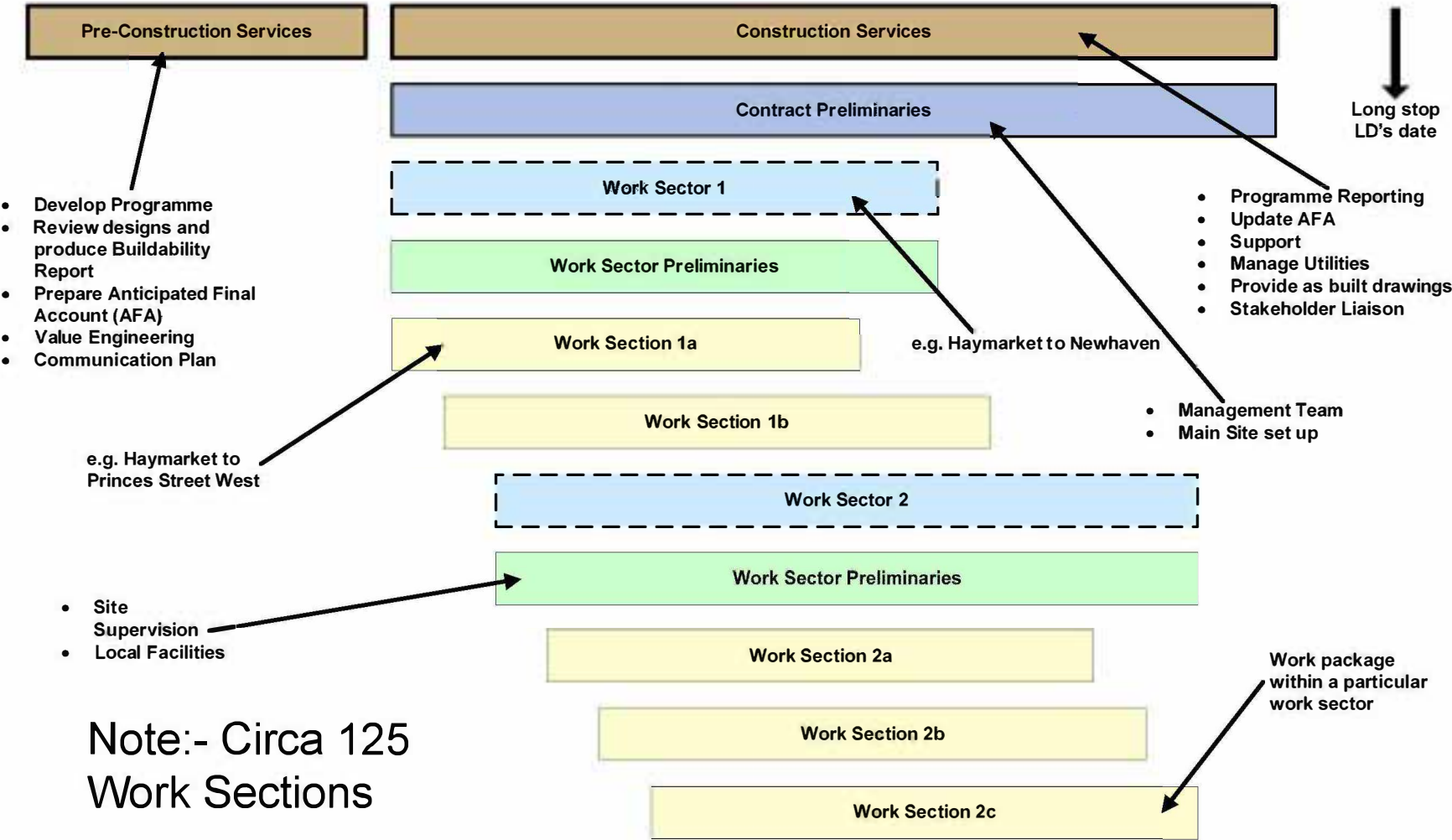
MUDFA Procurement Contract

Contract headlines

- A bespoke contract
- Remeasurement Contract – All work is remeasured based on the tendered rates and prices
- Contract signed in October 06 – AMIS mobilised shortly after
- Nominal Contract Sum of £39m – 25% preliminaries, 25% pricing for representative work items, 50% PC and Provisional sums
- Incorporates separate tie/CEC agreements with each Statutory Utility (2 remain unsigned pending resolution of issue with CEC)
- Statutory utilities work managed by MUDFA but Statutory Utilities performance is a tie risk

Right style of contract but arguably overly complex

MUDFA Contract Structure



CEC01015822_0037

MUDFA Contract

Issues and Resolutions

Phases 1a and 1b to be segregated

- Define two separate sections, two separate 'long stop' dates and LDs, 1b is an option, separate incentivisation for each Phase

Rules for valuation of work lack clarity

Normal contract re-measurement and valuation rules to be applied

Completion of pre construction phase impracticable

- Avoid issue any Pre Construction Phase completion certificates
- Follow principles of undertaking Pre Construction Services for each Work Section
- New Programme based on best information we have
- Update the programme as Works Orders are committed for each Work Section, and for each Period to reflect progress

MUDFA Contract Issues and Resolutions

Incentivisation implementation

- Not self financing and requires Pre Construction phase completed for all work sections
- Apply at Work Section level against AFA for that Section
- Agree AFAs target for each Section prior to finalising Works Order
- Incentivisation payment 50% of any saving on AFA
- AFA target only moves for
 - Omissions of scope by tie
 - Additions to scope resulting from changes to underlying tram design
 - Third party interventions that are not due to contractor default

Benefits – self financing and incentivises productivity at workplace

Impact of revised programme on Infraco section commencement dates

MUDFA Contract Issues and Resolutions

Impact of MUDFA revised programme for Phase 1a on Infraco

Mitigate risk by

- Maintaining programme buffer between planned Infraco completion for each Work Section and Infraco Section start
- Divide Infraco commencement into a larger number of sections reflecting completion of MUDFA Work Sections

AMIS have agreed in principle to these changes and we are now formalising

MUDFA Cost Control

Have settled the format and structure for cost reporting

- Structure follows the contract structure – so report by Work Section (work package)
- Baselined at current estimate - £69.7m

Baseline is built up as:-

	Total	Ph 1a	Ph 1b
• MUDFA works	£45.9m	£38.5m	£7.4m
• Other Utility Works	£11.7m	£11.7m	£0m
• Sub Total	£57.6m	£50.2m	£7.4m
• Risk	£12.1m (21%)	£10.8m (21%)	£1.3m (17%)
• Total	£69.7m	£61m	£8.7m

Note:- Includes inflation allowance

MUDFA Cost Control

Cost Reports are updated each Period

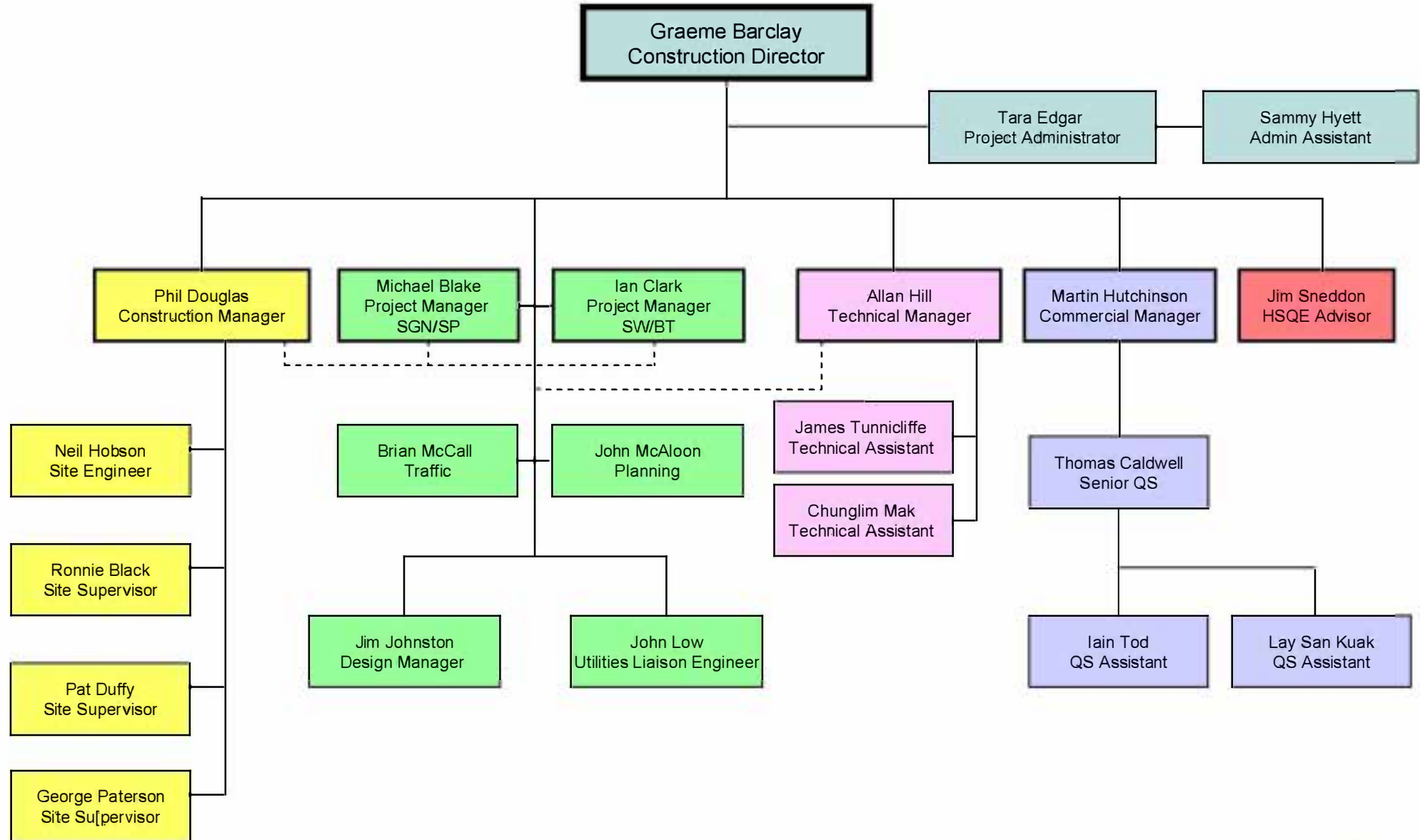
- Work Sections in Pre Construction Phase for:-
 - Emerging design
 - Changes in delivery programme
 - Agreement of estimate with Works Order
- Work Sections In Construction Phase
 - Changes from site
 - Remeasurement of completed work
 - Agreement of Final Account when all work in Section completed
- Changes authorised in accordance with Project Change Control Procedure
- Provides up to date Anticipated Final Costs based on latest information

MUDFA Cost Control

Current cost issues

- Sequential delivery of Phase 1b work - £2.2m
- Delay of main utility diversions to June – circa net £0.6m
 - Mitigated by utilising some MUDFA management and supervision overhead on IPR temp car park and Gogar Depot works
- Reduced level excavation budget transfer out of Infraco estimate - £3m (No net additional cost based on current estimates)

Tie Team



Design & Works Order Process

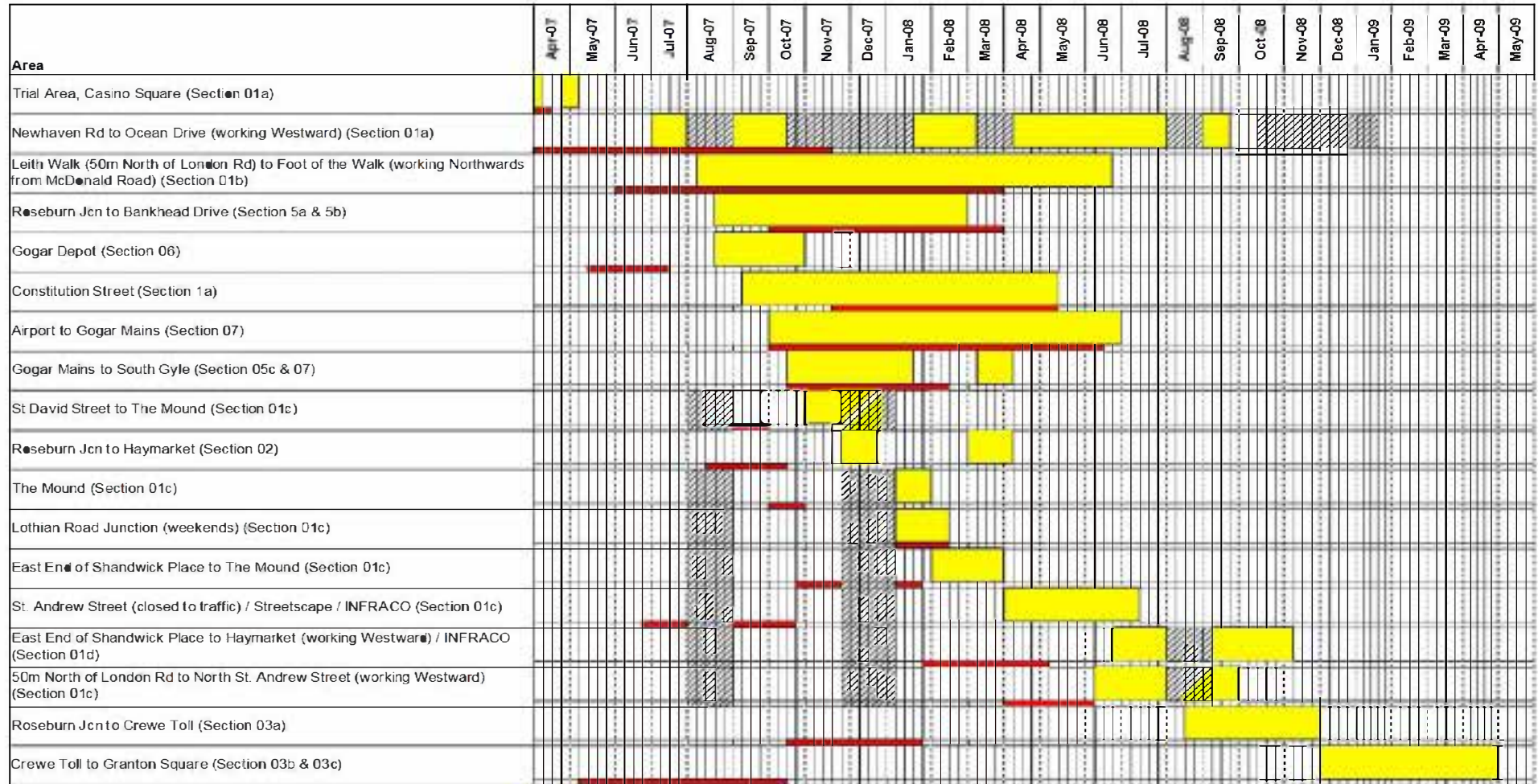
Design & Works Order Process - Flow Chart							
	Action	AMIS	tie	SDS	SU	Key	
1	Issue draft detailed design	●	●	■		Action to	—
2	Buildability/completeness of design review	■	●	●	●	Action to Appropriate Person	- - - - -
3	Carry out RATS review	■	●	●	●	Responsible for Action	■
4	Feedback on buildability/completeness of design	■	●	●	●	Receiver	●
5	RATS proposal	■	●	●			
6	Confirm RATS proposal		■				
7	Update detailed design	●	●	■	●		
8	Issue detailed design	●	●	■	●		
9	Review detailed design	■	●		■		
10	Feedback on detailed design	■	●	●	■		
11	SU feedback on detailed design	●	●	■			
12	Produce draft works order requirements and proposal	■					
13	Issue draft works order requirements and proposal	■	●				
14	Produce C4 estimate		■				
15	Issue 4 estimate (at sametime as 17)		■		●		
16	Update detailed design drawings			■			
17	Issue final detailed design drawings	●	●	■	●		
18	Approval of proposals		●	●	■		
19	Produce and issue IFC drawings	●	●	■			
20	Produce and submit final works order proposal	■	●				13
21	Issue works order confirmation notice	●	■				

Programme

- Recognition of Detailed Design Delivery timescales
 - SUC Approval timescales (potentially 8 weeks)
- Opportunity to get “build-ability” into design to assist approvals
- Opportunity for value engineering
- Recognition of revised programme strategy
 - Deferral of Line 1b
- Recognition of Stakeholder Requirements
 - Forth Ports – Head of Terms Agreement
 - St. Andrew Square – CEC Streetscape Works
- Recognition of timescales required from IFC Drawing available to Start On Site
 - Works Order Process (10 weeks)
 - Traffic Management (10 weeks)
 - Communications (8 weeks)

Programme

Revision 05 –v- Revision 03



■ Revision 05 Schedule
■ Revision 03 Schedule

Programme

Delivery & Service Considerations

Effect on key areas:

Main Road Junctions:

- Princes Street (Mound and Lothian Road Junction)
- St Andrew Square (South-Central-North) (closed to traffic?)
- Leith Walk (Picardy Place, London Road)
- Haymarket Junction (In conjunction with INFRACO?)

Main Routes:

- Leith Walk (working progressively north)
- Constitution Street (closed in two halves)

Work areas open at any one time = 6 Streams

Total No. of work sites = 125

Traffic Management: Planning and Logistics

Tram Helpers, Information Packs and Newsletters

Programme Next Stage

Revise Utility Detail Design delivery in line with Rev 05 Schedule Construction Sequence

Key Benefits :-

- Smaller Design Packages (at Construction Worksite Level)
- Speed Up SUC Approvals process
- IFC Drawings issued at Construction Worksite Level

Improved Management:–

- Tracking at Worksite Level (Design, Work Order, Construct)
- Ability to react – informed decision making
- Potential to improve on current worksite start dates

Trial Dig

Purpose: To test procedures and protocols before start of main works.

Location: Casino Square.

Duration: 2nd April – 4 May with two week dead period as per Forth Ports Agreement.

Outcomes:

- Lots of protocols for licences, traffic management communications all put in place and refined.
- Some media interest on site during the first morning.
- Number of utilities found that were not identified on survey information – ongoing liaison with Adien.
- BT box had to be moved – tested redesign process.
- Lesson learned session to be set up at end of trial.

Issues and Challenges

- Commercial Control
 - Commercial team now all in place to manage this.
- SU's
 - Getting approvals for design on time and ensuring they can complete physical works within programme.
- Design
 - Ensuring design is completed on time – in line with SDS improvements.
- EARL
 - Joint diversion of tram and EARL utilities together.
- Unknown Utilities
 - Only really find them when we open up the ground.
- Baseline
 - SU's may want betterment provided while MUDFA diverting utilities.