



tie Board Meeting

21st January 2005



Agenda for tie Board Meeting
@ tie offices, Verity House, Edinburgh
@ 10.30 hrs – 12.30 hrs on Friday 21st January 2005

(To be preceded by REMCOM meeting 10:00 hrs to 10:30 hrs)

Item No.	tie Board Meeting Agenda Item	Resp	Timing
1.	Minutes of Meeting of 20 th December 2004 for approval and signing – a) Approve and signing of Full version of minutes	EB	10.30 hrs
2.	Matters arising	EB	
3.	Chief Executive Report – a) Chief Executive Board Report * b) Risk Report and review of issues *	MH	
4.	Heavy Rail - a) EARL * b) SAK *	PP	
5.	ITI – a) Project Progress Report * b) CC Legal Challenge **	MH JPFS	
6.	Governance & Financial Matters – a) Financial Report * b) tie Business Plan *	GB	
7.	Communications - a) ITJ communications – Information Programme * b) Stakeholder report *	MH	
8.	AOB – Advisor Procurement – Upgrade of current terms and conditions	GB	
9.	End		12.30 hrs
10.	Date of next meeting – Monday 21 st February 2005 @ 10.00 hrs. Venue: tie office, Verity House, Edinburgh		

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

** = exempt under FOISA on the basis that this relates to a impending legal action.



Item 1

Minutes of the Meeting
held on 21st December 2004

- a) Approve full version of minutes



tie limited

Action By

Minutes of tie BOARD MEETING
in the Dunedin Room, City Chambers, Edinburgh
at 10.30am hrs on Monday 20th December 2004

Board Members: Ewan Brown (Chainnan)
Maureen Child
Andrew Burns
Jim Brown
Gavin Gemmell

EB
MC
AB
JB
GG

In attendance: Michael Howell, tie Chief Executive
Graeme Bissett, tie Finance Director
Alex Macaulay, tie Projects Director
Ian Kendall, tie Procurement Director
Andrew Holmes, CEC, City Development Director
John Ewing, Scottish Executive
Neil Renilson, Lothian Buses, Chief Executive
Keith Rimmer, CEC, CDD, Transport
Martin Buck, PUK

MH
GB
AM
IK
AH
JE
NR
KR
MB

Apologies: Bill Cunningham
John Richards
Paul Prescott, tie Heavy Rail Director
Kenneth Hogg, Scottish Executive

Circulation: As above and also
Ronnie Hinds, CEC, Head of Corporate Finance
Andy Nichol, CEC, Leader's Office
Damian Sharp, Scottish Executive
James Papps, PUK

Note: The Board papers are issued for the purpose of the meeting only.
Observers are required to return all the papers to tie at the end of the meeting.

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and The Act)
(C) = minute exempt under Section 5b of tie's publication scheme and The Act.

ItemAction
By**1. MINUTES OF THE MEETING OF 22nd NOVEMBER 2004 FOR APPROVAL AND SIGNING**

a) The minutes of 22nd November were approved.

2. MATTERS ARISING

AB advised that Ken Livingstone's visit to Edinburgh has been confirmed for 17th January 2005.

AM to make contact with R. Grainger to discuss risk management

AM

There was discussion on the issues associated with land purchase and compensation related to EARL. PP to review land valuation issues.

PP

3. CHIEF EXECUTIVE'S REPORT *

a) General

i) Fastlink

The project became operational on 9th December. The project was delivered ahead of schedule and on budget.

ii) Parliamentary Process

The tram parliamentary hearings continue. There will be final statements which will present a complete and accurate response to questions from the committee. It was suggested that the opportunity should be sought to make these presentations verbally to the Committees.

AM

iii) Congestion Charging

CEC approved the final draft congestion charging order which retains the West Edinburgh exemption. The proposed order will be put to a postal referendum of Edinburgh voters commencing 7th February.

iv) One Ticket

A proposal relating to intermodal smartcard based ticketing will be presented by me to the Scottish Executive in January.

MH

b) Risk Report *

The monthly Risk Report which included an Executive Summary was discussed.

4. **Heavy Rail**a) EARL*

The project progress report was presented.

The promoter had still to be determined which could result in a possible risk to the date of the bill submission.

b) SAK *

The project progress report was presented.

An overview of three project management contract agreements was provided by Dundas & Wilson along with clarification on the role and responsibilities of tie, Clackmannanshire Council and Jacobs Babbie under the terms of the agreements. D & W also confirm that tie would not require any Professional Indemnity Insurance under the terms of the agreements.

The board supported proceeding with the signing of the contract agreements, subject to finalisation of remaining issues.

5. **ITI**a) Project Progress Reports *

The project progress reports were presented.

b) Tram Implementation Programme *

IK reported on progress to date. The Procurement Strategy is on plan; tie will prepare Outline Business Cases for CEC and SE to the required timescale.

c) Tram Parliamentary Process*

AM reported on progress to date. A report is expected from the committees on the completion of the preliminary stage by Friday 25th February.

Action
By

MH

GB

Action
By

d) Edinburgh Fastlink (WEBS) *

AM will report on the lessons learned from this project at a future meeting.

NR reported that Lothian Bus controllers would remain on site for a while to monitor the progress of the drivers.

MH confirmed that at the request of CEC, tie will operate the Busway for 12 months. A manual was presented outlining the management process.

AM

e) FETA, Forth Road Bridge Road User Charging *

At the request of the Forth Road Bridge General Manager, tie have submitted a proposal to FETA to assist them with the implementation of a charging order for the bridge. This was considered and accepted by the FETA Board on the 17th December 2004.

f) Service Integration - TEL

A meeting of the TEL Board on 20th December 2004 will finalise the terms of reference of the company.

6. GOVERNANCE & FINANCIAL MATTERS

a) Financial Report *

The monthly Financial Report was reviewed.

b) tie Business Plan 05/06 *

GB provided a commentary on the draft Business Plan. The final version will be presented to the Council for approval in February.

EB commended GB for the quality of the draft plan.

GB

7. COMMUNICATIONS

a) ITI Communications – Information Programme *

An update on the information programme was presented.

NR confirmed that leaflets are being displayed on Lothian Buses.

b) Stakeholder Report *

The stakeholder management report was noted.

8. AOB

a) MH reported that the UK Managing Director of Transdev will be visiting tie in January.

9. Date of Next Meeting

Friday 21st January 2005 in tie offices at 10.30 am.

Signed as approved on behalf of tie Board by:

Ewan Brown (Chairman)..... Date.....

Declaration:

*Agenda items marked * indicate that a report or relevant paper on this subject is attached and will be made available under FOISA but will be subject to review under Section 5b of tie's publication scheme and The FOI (Scotland) Act 2002. Comments marked as (C) and highlighted in bold italics in this minute are exempt and will not be made available under The FOI (Scotland) Act 2002.*



Agenda Item 2

Matters Arising



Agenda Item 3

Chief Executive Report

- a) Chief Executive Board Report *
- b) Risk Report and review of issues *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 3a

a) **Chief Executive Board Report ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



TransportEdinburgh

making connections

tie BOARD MEETING – 21ST JANUARY 2005

Please note that this report is written within the provisions of FOI (Scotland) Act.

Chief Executive's Report

Events since last report:

- There has been much activity relating to preparation for February's TransportEdinburgh referendum.
- It has been decided that restrictions should be placed upon the distribution of information in line with the restrictions imposed upon statutory referendums. As a result, 11th January was the last date when information was distributed by the Council or tie to the public.
- Matters have been made more pointed by the court case launched by three neighbouring authorities.
- tie's proposal to develop a Road User Charging Scheme for the Forth Road Bridge has been accepted by the FETA board
- The total response to the EARL consultation has been positive with over 80% of respondents supporting the project in principle and nearly 70% supporting the proposed route. The Scottish Executive has indicated that they would like tie to promote the project.
- It has been announced that the new Scottish Transport Agency will be based in Glasgow.
- Closing submissions for both the tramline bills have been prepared and submitted.
- A number of new hires have joined the tram team, and the pace of technical activity has quickened significantly.
- Francois Perin, Managing Director of Transdev, visited Edinburgh on 13th January.
- it has been agreed that Barry Cross, Head of Transport Planning at the Council, will join tie as Project Development Director.

A. Scottish Executive

- The Scottish Executive has now established its Public Transport Major Infrastructure Team (PTMIT) with 5 project managers covering 9 projects, rail technical experts, a programme management function and professional financial support. A senior project manager remains to be hired. All the above will migrate to the new Agency, which will be based in Glasgow.
- tie will report directly into PTMIT as the delivery agent for EARL, SAK and, via the Council, for Edinburgh tram. The other PTMIT projects are: Waverley station, Haymarket station, Airdrie Bathgate, Glasgow Airport Rail Link, Larkhall-Milngavie, Borders Rail Link.
- An indication has been given that the SE preference will be for tie to promote EARL. The implications of this are under consideration, including a possible change to the corporate and ownership structures of tie.

B. Finance and Risk

The Finance and Risk reports are attached. The outturn for the year will in aggregate be within budget; an overspend on tramline 1 will be offset by a similar underspend on tramline 2. Certain sums earmarked for tram detailed design and development will need to be carried over to next financial year.

C. Trams

Three streams of activity:

- The parliamentary hearings are drawing to a close with the final decision on approval in principle to be made before the end of February. A closing submission for each bill has been prepared and submitted to the committees.
- The following new starts have joined the tram team:

Gerry Henderson – Cost/Estimating Manager
David Ramsay – Programme/Network Rail Interface Manager
Tom Blackhall – Utilities Manager
Paul Dawkins – Interim Design Manager
Paul Alliot – Systems Design Manager

- Work continues with Transdev on the details of the tram with particular focus on the route through the city centre. Achieving the proposed run times, particularly along Princes Street and Leith Walk, is the present subject under review. Lothian Buses staff are now located in the tie office. Other bus operators have the same opportunity if desired.
- An indication has been received from the Scottish Executive that it would be preferred that the bill for the Airdrie-Bathgate link should precede Edinburgh tramline 3 bill (which was approved by the Council last week). This could postpone the lodging of the ETL3 bill toward the end of 2005. The outcome of the referendum will be relevant since the funding of ETL3 is dependant on congestion charging revenue.

D. Congestion Charging

- Ken Livingstone is to visit Edinburgh on 17th January to be lead speaker in a conference on the congestion charge.
- There has been much discussion about the last date for the distribution of information provided by the Council. It was agreed that this should be 11th January.
- A joint legal challenge by Midlothian, West Lothian and Fife has created further uncertainty. The challenge relates primarily to the West Edinburgh exemption, which tie did not recommend or support. A secondary issue concerns the legislative powers that Edinburgh may need to have to distribute funds to these and other authorities. A verbal report will be offered at the meeting.
- As mentioned above, FETA accepted tie's proposal to support the introduction of a Road User charging scheme. tie will charge out its time at cost plus overheads.

E. EARL

Key statistics for the consultation are as follows:

- 984 responses were received via questionnaire and telephone.
- 83% of respondents support the introduction of EARL
- 68% of respondents support the proposed route [the major alternative proposed was a station on the existing Fife line to the east of the airport.]

- 84% of respondents agree that EARL is a necessity for Scotland to compete on the world stage
- 83% of respondents agree that the project will benefit the whole of Scotland
- 83% of respondents agree that the plan for EARL will deliver an effective and valuable rail link

Work continues on schedule and under budget for lodgement of the bill in May.

F. SAK

We have decided to secure the agreement of the Scottish Executive to the appointment of a full-time tie project manager in parallel with the signing of the suite of agreements that were discussed with the Board before Christmas. We are now receiving payments from Clackmannanshire. A verbal report will be given at the Board.

G. TransportEdinburgh Communications

The communications exercise was curtailed by the ruling mentioned above. A major effort was mounted by Suzanne Waugh to get as many leaflets as possible distributed in advance of the 11th January date. Her report is attached.

Coverage from the Evening News remains largely negative. The view of the editor of that paper is that new "taxes" are bad. A letter to John McLennan to address his views has been circulated to the Board.

Michael Howell

16th January 2005



Agenda Item 3b

b) Risk Report and review of issues *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Ref	Risk – FETA Road User Charging Order	RAG	Mitigation
1.	The programme may be unachievable due to delays due to lack of tie resources, compliance with OJEU procurement procedures for advisor procurement, constrained overall project programme and delays in Scottish Executive placing necessary legislation.		Develop a detailed resource/budget based project programme indicating key project stages. Identify critical path and options to undertake workstreams in parallel to minimise overall programme with summary of budget and resource implications.

Ref	Risk - Edinburgh Airport Rail Link	RAG	Mitigation
2.	If we approach negotiations for financial contributions with BAA on an unrealistic basis we will lose credibility.		Establish the range of potential contributions in conjunction with PwC. Consider the need for additional specialist resourcing to manage these matters.
3.	If the promoter is the Scottish Executive then the requirements to support a Hybrid Bill process are not known.		Seek clarification from the Scottish Executive on their decision and highlight the risks to the project in them undertaking this role.
4.	If there is lack of clarity for progressing wider scheme interface requirements e.g. trains, signalling and timetabling then these assessments, decisions and procurements may undermine the implementation of the scheme.		Advise the key milestones and activities that require to be considered to deliver the scheme. Obtain confirmation of the parties to bring about these analyses, designs and procurements. Liaise with SEPTMIT management team and working groups on these matters.
5.	If reasonable efforts and response cannot be demonstrated then the consultation may be considered to be flawed.		Review the extent of response against the plan and established targets. Discuss the extent of response and efforts placed in the consultation for EARL with the Council and the Scottish Executive.
6.	If the STAG assessment finds that the BCR is less than 1.0 then the scheme will not be viable.		Establish an early economic assessment and consider the need for refinement and iterations. Review sensitivity with independent audit. Obtain tie and advisor scrutiny of Construction Strategy, Cost and STAG Reports.

Ref	Risk - Tram Line 1	RAG	Mitigation
7.	If there is a lack of resources for implementation of procurement and detailed Parliamentary stage there will be a delay to scheme implementation.		Develop a forward resource plan with job descriptions and programme for advertising. Review options for short-term secondments from advisors. Seek forward plans from all advisors including process for next 6-months of parliamentary process. Bring specialist programme resource to bear to conduct critical path analysis. Commence designer and technical advisor procurements.
8.	If there is insufficient funding delivered through the Annual Business		Develop a robust Plan that clarifies the expenditure for planning,

Ref	Risk - Tram Line 1	RAG	Mitigation
	Plan to allow land acquisition and utility diversions from the Scottish Executive then we will fail to meet operational service delivery date in 2009.		negotiating, placing and acting on agreements to relocate services and acquire land. Develop a robust Annual Business Plan and Outline Business Case
9.	If the Committee decides to delay or withhold Approval in Principle due to lack of confidence in modelling or potential for funding shortfall then there will be delays to the scheme implementation.		Provide all outstanding information to Committee in early course. Discuss the £375m with the Scottish Executive. Review spend profile options.
10.	If we fail to recognise the trends and comments raised during the Parliamentary review stages there will be cumulative damage to our credibility.		Request a monthly executive summary report to summarise 'softer' perceptions and lessons that require to be addressed. Bring credible full-time resource to manage and attend Line 1 and 2 committee meetings.

Ref	Risk - Tram Line 2	RAG	Mitigation
11	If the Committee decides to delay or withhold Approval in Principle due to lack of confidence in modelling, potential for funding shortfall or to allow time for EARL business case to be developed then implementation of the scheme will be delayed.		Provide all outstanding information to Committee in early course. Review early drafts of EARL Preliminary Financial Case. Consider the need to develop a fully integrated transport model that accounts for all schemes and can account for variations to pricing.
12	If the fare strategy for EARL emerges as a nonpremium fare then there could be significant effect on the viability of the Line 2 tram scheme		Review the sensitivity of Line 2 in the EARL Preliminary Financial Case with detailed examination of the fare options. Inform the committee and their advisors, as necessary.
13	If there is a funding shortfall for the scheme then Newbridge section may require support for additional funding by the Council.		Discuss funding options with the Council and Scottish Executive with regard to phasing system.
14	If we are unable to negotiate away the objections in detail by BAA and Network Rail then undesirable obligations could potentially be placed into the Bill.		Establish timetable, scope of potential concessions and areas requiring robust defence. Establish the scope of precedent to suit our case elsewhere in the UK. Hold regular meetings to seek routes to withdraw objections. Implement additional specialist resourcing.

Ref	Risk - Tram Line 3	RAG	Mitigation
15	If there is a No Vote in the Referendum then the scheme cannot be progressed.		Support the Council in their management of the Public Information Campaign. tie Project Manager to prepare a status report to enable tie/CEC/SE to address how to proceed. Report to cover cost of completion of development stage, blight risk during parliamentary consideration, potential funding sources, scheme benefits, etc.

Ref	Risk - Tram Line 3	RAG	Mitigation
16	If modelling difficulties cannot be resolved then the case for the tram will be eroded.		Obtain agreement and written confirmation to adopt previous version of model from MVA. Review timing of modelling relative to Referndum with consideration of some advance modelling to scope advance issues.
17	If there are ongoing delays to the scheme then there could be loss of key personnel within the advisor team		Agree resource for ongoing deliverables from advisor team. Consider the early commissioning of additional activities to support Parliamentary process e.g. Construction Strategy.

Ref	Risk - Congestion Charging	RAG	Mitigation
18	If there is a No Vote in the Referendum then the scheme will not be progressed.		Support the Council in their management of the Public Information Campaign. Establish contingency plan for re-allocation of tle resources and options for marketing prototypes.
19	Legal challenge from neighbouring Councils		Advise and support the Council, as necessary. Maintain date of Referendum to avoid confusion. Maintain close review of approach adopted by neighbouring Councils in Court hearings.
20	When the preferred bidder is selected for system implementation then there will be a need for funding prior to Ministerial Approval		Review the extent of funding available and deliverable following selection of preferred bidder.
21	The decision regarding preferred bidder will require to account for forecasted operating costs that could be underestimated.		Interrogate and bring Capgemini and IBM NPV bid costs on equal footing with challenge to costs prior to selection. Undertake sensitivity tests in conjunction with financial advisors.

Ref	Risk - Stirling-Aloa-Kincardine Railway	RAG	Mitigation
22	If our contractual position is not resolved than we may need to walk away from this scheme.		Develop suite of agreements. Clarify role, responsibilities, liabilities and potential risks and intended governance.
23	If there is a stalemate in development of an Asset Protection Agreement with Network Rail then the scheme will not be implemented.		Identify areas of concern and develop tactics for moving forward. Discuss options with Scottish Executive. Meet with Network Rail (London) to progress.
24	If our management staff are conflicted then there will be insufficient challenge to the process and a loss to our credibility		Review personnel options for the best delivery of the scheme including the need for 'short term' additional support.
25	If there is inappropriate allocation of risk of stabilisation of mineworkings then the bidders offer may not offer value for money.		Review the overall contractual risk allocation with the client and contractor. Challenge the costs and contingencies and proposed risk allocation throughout negotiation.

Ref	Risk - Stirling-Alloa-Kincardine Railway	RAG	Mitigation
26	If access arrangements have yet to be resolved then there may be delays to implementation of the scheme or inflated compensation arrangements.		Define the project programme including milestones for land access and completion of negotiations. Consider District Valuer assistance to assess compensation.

Ref	Risk - Ingliston Park & Ride	RAG	Mitigation
27	If TROs are not in place then the opening of the scheme may be delayed		Establish programme for generation of TROs and ensure advisors apply adequate resources.
28	If the advance warnings for additional costs and programme are all validated then there will be a project overspend.		Assess each of the potential 'compensation events' in conjunction with our advisors. Establish a project forecast with the Contractor.
29	If agreement is reached with the adjacent landowner to construct an additional access to the site then this could prevent further park and ride extension and will increase scheme costs.		Assess the legal obligations to construct the access. Review the viability of the new access. Establish the cost of the access and availability for funding with the Council.
30	If the performance of our advisors deteriorates to compromise our delivery then we may need to replace them.		Establish a performance measurement protocol to highlight concerns regarding level of supervision and engagement in process to resolve difficulties.

Ref	Risk - Edinburgh Fastlink	RAG	Mitigation
31	If there is a lack of resources to monitor and maintain works then the operational obligations may not be met.		Review resource requirements for scheme for carrying our obligations including required support levels to Busway Manager.
32	If there is a lack of clarity in the roles, functions and responsibilities for tie's role as Guided Busway Manager then other parties may hold us to inappropriate obligations.		Seek confirmation of scope of role with CEC including development of internal/external lines of communication/reporting including exclusions for role as Manager. Seek legal confirmation of risks and responsibilities triggered by appropriate legislation and Agreements. Develop reports on scheme operational performance, incident, adverse weather response and potential emerging management issues.
33	If our advisors or contractors do not remedy any out of tolerance defects or fail to demonstrate reasonable endeavours in their performance then we may need to seek recourse through their insurances.		Agree programme for remedying defects. Obtain clear report of site checks by main and sub-contractors, checks by auditors and our advisors and reasons for defect and responsibility for rectification. Consider options to recover any losses suffered by tie, the Council or Lothian Buses through appropriate insurances.



Agenda Item 4

Heavy Rail

- a) EARL *
- b) SAK *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 4a

Heavy Rail

a) EARL *

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Paper to: tie Board
21st January 2005
Commercial & in Confidence

Subject: Heavy Rail Update - EARL

From: Paul Prescott

Date: 17th January 2004

Edinburgh Airport Rail Link (Project Manager - Susan Clark)

Public Consultation

Public Consultation closed on 19th Dec and the full consultation Report is due by 20th January. Meetings have been held and are continuing with key landowners affected by the project to reach agreement on proposals, especially where mitigation costs may outweigh purchase costs.

There is strong support for the project. The main arguments against and concerns include:

- A cheaper option should be adopted
- Value for money
- Road diversions

A full Q&A is being developed to post on the web-site answering questions raised during the Consultation process and a copy of this will be sent to all who sent feedback via the leaflets or website.

Project Governance

The issue of Promoter has recently been discussed with SE. Their preference is for tie to Promote the EARL Bill.

Bill Progress

Our main focus at present is preparation of the Bill and accompanying documents. A skeleton of the Bill and the Explanatory Notes has been produced.

Planning

Concerns were raised at the last meeting about the land required for construction at Winchburgh and the potential impact on housing developments. A copy of the drawing has been sent to CEC Planning and contact has been made with the developer to arrange a meeting to discuss these concerns.

The proposed diversion of a Transco high pressure gas main at Kirkliston has also caused some concern. An engineering review is underway to look at minimising or avoiding impact on the housing developments planned for the area. Discussions are ongoing with CEC Planning in relation to this.

BAA

Discussions with BAA are continuing with the aim of agreeing Heads of Terms in advance of introduction of the Bill.

Network Rail

We are also trying to agree Heads of Terms with Network Rail in advance of bill introduction. However, NR have declined to provide any comment to the draft Heads of Terms provided to them in October. This draft Heads of Terms uses the principle of the Enhancement Facilitation Agreement, which is an agreement negotiated between the SRA and NR for enhancement projects. NR have commented – informally – that the EFA is a one-off agreement (which is incorrect) and that it is not appropriate for EARL. In fact, EARL is not a standard project and is precisely the type of project envisaged in EFA.

NR's stance creates a significant risk to the project and could also influence others negatively, particularly BAA and perhaps private sector constructors and potential funders. The Scottish Executive's interests along with tie's and CEC's are not best served by NR "standing off" and it is the Project Team's view from experience on similar projects that they will continue to do so until compelled to do otherwise.

Accordingly, it is recommended that with the support of the Scottish Executive, tie contacts the Office of the Rail Regulator in order to require NR to engage properly in discussions on the Enhancement Facilitation Agreement.

NR have also recently asked tie to sign up to a new Basic Services Agreement for EARL. This is the agreement under which NR charges for its time spent during the current project development phase. We have declined thus far to do this, seeking substantial alteration to the Agreement. NR's response to this is currently being evaluated.



Agenda Item 4b

Heavy Rail

b) SAK*

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Paper to: tie Board
21st January 2005
Commercial & in Confidence

Subject: SAK Update

From: Paul Prescott

Date: 17th January 2005

Stirling-Alloa-Kincardine (Project Manager - Richard Hudson)

Project Governance

The suite of contracts between tie, Clackmannanshire Council and Jacobs Babbie covering the management of the SAK project was completed in December. Following the tie Board meeting in December, authority to sign the contracts was delegated to the tie Chief Executive. The contracts have not yet been signed by tie. We wish first to appoint a full-time project manager to ensure we have adequate resource to fulfil our commitments. We also intend to clarify the respective roles of the Council and the Scottish Executive as client for the project.

Asset Protection Agreement

Following the November round of negotiations, Network Rail produced a new draft of the APA on 16th November. The client side responded to this in early December, and another draft was produced on 24th December. A final review of the latest draft of the APA by the client-side parties will be held in Alloa on 12th January.

Three issues will almost certainly remain and it is now unlikely that these can be resolved at the local level. These are:

Reasonableness - Network Rail do not accept a general obligation to act reasonably, as it shifts the burden of proof onto them to prove that they have acted reasonably. Their position has solidified on this issue. They will not accept an overall obligation but offer only to consider additional specific

provisions of reasonableness that we might suggest for inclusion in the Agreement. Without the overarching obligation, the Council feels unable to accept a further clause, proposed by Network Rail, to the effect that the Agreement was entered into willingly as a result of free and fair negotiation.

Specific Implement - Network Rail do not accept the Council's request to remove the immunity from the "specific implement" provision. This clause would give the Council recourse to the courts to compel Network Rail specifically to implement the contract's basic purpose - to complete the construction of the rail link. Without this provision, Network Rail could terminate cooperation and thus abort the project at any time. Under these circumstances the Council would only be entitled to a trivial compensation payment and could not enforce completion of the project through the courts, irrespective of the funds expended - even if the project was nearing completion.

Balancing Payments - Network Rail consider that the Council's proposal is a significant departure from the normal "taken into use" provisions for enhancements. The Council's proposal would enforce the negotiating philosophy expressed by the Council and the Executive that Network Rail should not profit from the project given their refusal to accept any additional cost or commercial risk. We have demonstrated that under Network Rail's proposal, they stand to gain a minimum benefit (in excess of costs) of £360,000 up to 2009, with very real prospects that the final gain would be significantly higher. Our proposal would ensure that the project was financially neutral to Network Rail and so generated savings for the project funders.

These issues must now either be conceded or taken to a more senior level within Network Rail and/or the Rail Regulator. To this end, the Executive has asked that informal contact now be made with the Regulator to explore prospects for a successful challenge.

Cost Progress

Just prior to Christmas, the First Nuttall Joint Venture Team presented their revised version of the Target Cost. This is now at around £50m, which is a major improvement on figures previously reported, and close to levels acceptable to SE. However, there are major assumptions within this cost relating to mine-workings and the Alloa Eastern relief road.

The Scottish Executive have agreed to accept the risks from mine-workings, and to incur any costs that may in future become necessary. The alternative, previously envisaged, is to transfer these costs now to the contractor through the contract. Accordingly, we have now costed only for the minimum amount of immediate remediation work. Network Rail are likely to object to this, as their preference is for us to spend now to remove any risks that they perceive.

A further issue that has had a major bearing on the cost increase has been the inclusion within the project of the Alloa Eastern Link Road. This amounts in total to around £10m of the overall project cost. The Scottish Executive are now considering the removal of this element from the SAK project and adding

it to the project to construct the new Upper Forth Crossing as one of the associated roadworks. There should be economies of scale if these works are carried out as part of a much larger road project, and further benefits should be gained by the works being carried out by a specialist highways contractor.

Programme

On the 23rd December 2004, the client team gave instructions to commence the devegetation of the line in advance of an instruction to proceed with the main works. Notices to enter the land have been issued and entry can be made after the 19th January. This work has to be completed before the bird nesting season commences in March.

The programme is still to commence the main contract in March 2005 with completion by August 2006. This requires us to ensure early decisions are made on the various cost issues above

PP/RH, 17 January 2005.



Agenda Item 5

ITI -

- a) Project Progress Report ***
- b) CC Legal Challenge ***

*** = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)**



Agenda Item 5a

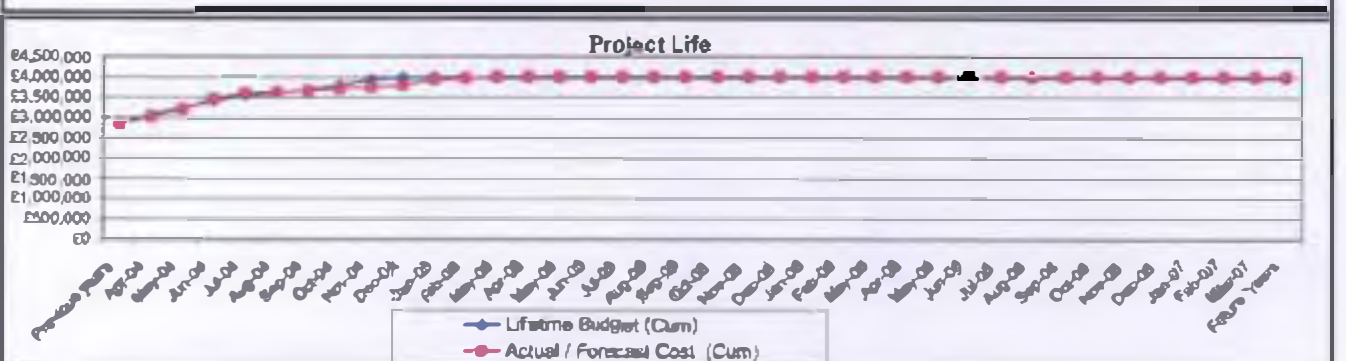
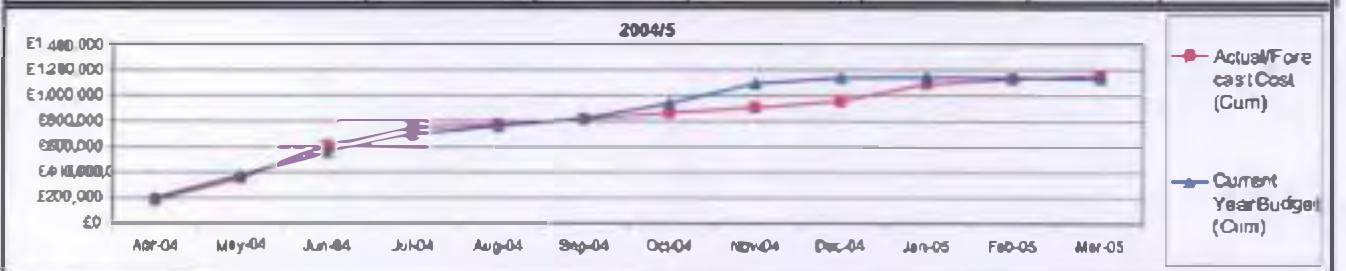
ITI -

a) Project Progress Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Project: ITI Development						
Report for Month Ending: 31-Dec-04			Project Manager: John Saunders			
Start Date:			End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding		
Progress Key:						
On track for successful completion as programmed.			Finance Key:			
Issues have arisen which may delay completion or require discussion/direction.			Within 10% of estimate			
Issues have arisen which will delay completion.			10 - 20% outside estimate			
			>20% outside estimate			
Critical Path / Milestone Items		Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Update business Case		1-Feb-03	31-Jan-04		C	
2. Prepare Draft Charging Order and associated		1 Feb 03	15-Sep-03		C	
3. Develop and assemble background material		24-Mar-03	26-Sep-03		C	
4. Draft Charging order to Council		22-Sep-03	30-Sep-03		C	
5. Publication and objection period CO		2-Oct-03	28-Feb-04		C	
6. Negotiation. Public inquiry		3-Oct-03	2-Jul-04		C	
7. Referendum preparation		6-Jan-03	11-Nov-04	Mid Jan 2005	IP	
8. Prepare application in Detail		15-Aug-03	15-Nov-04	Spring 2005	IP	
9. Final scheme approval by Council		12-Nov-04	15-Dec-04	Spring 2005	IP	
10. AiD to Scottish Executive		Mid Feb 2005	1-Jun-05		NS	
11. Procurement system Operator		1 May-03	20-Jul-05		IP	
12. Retail Impact study		21-Jan-04	30-Sep-04	Mid Nov 2004	C	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£2,851,571	£2,851,571	£2,851,571	£2,851,571	£2,851,571	£0
2004/5	£1,131,213	£1,131,213	£1,131,213	£1,131,213	£1,156,201	£24,988
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£3,982,784	£3,982,784	£3,982,784	£3,982,784	£4,007,772	£24,988



Summary of Key Points and suggested course of action:

On 9th December the Council considered the Reporters' Public Inquiry report and recommendations and other recommendations from the and Council officials. The Council accepted the majority of the recommendations made by the and Council officials, but decided to not introduce the water carbon exemption for water Edinburgh residents.

A legal challenge has been raised by Fife, West Lothian and Midlothian Councils, which seeks to challenge the Council's decision to approve the final draft charging order on various grounds. Legal advice is now being sought from D&W to assist the Council in defending this challenge.

Consideration continues to be given to the areas of the draft final Charging Order that may need amending to reflect changes introduced due to the outcome of the inquiry and advice is being provided as and when necessary in relation to the draft SE Regs.

Work is continuing with the Stage 2 SFC approval for the project, which should be completed, by Holrow Group, during mid - late February 2005.

During the preparation of the budget an allowance was made for any advisor's fee costs relating to the defence of any legal challenge to the Council's proposals. D&W have indicated that if they were to act as joint instructing solicitors, with the Council that they could incur fees in the order of £20,000 per month for the duration of the defence / judicial review. In addition to this there would be Counsel costs, but it is anticipated that they would be charged directly to the Council. Consideration must now be given as to how any additional legal costs incurred by D&W can be funded.

"I confirm that this report provides an accurate overview of the project progress and finance."

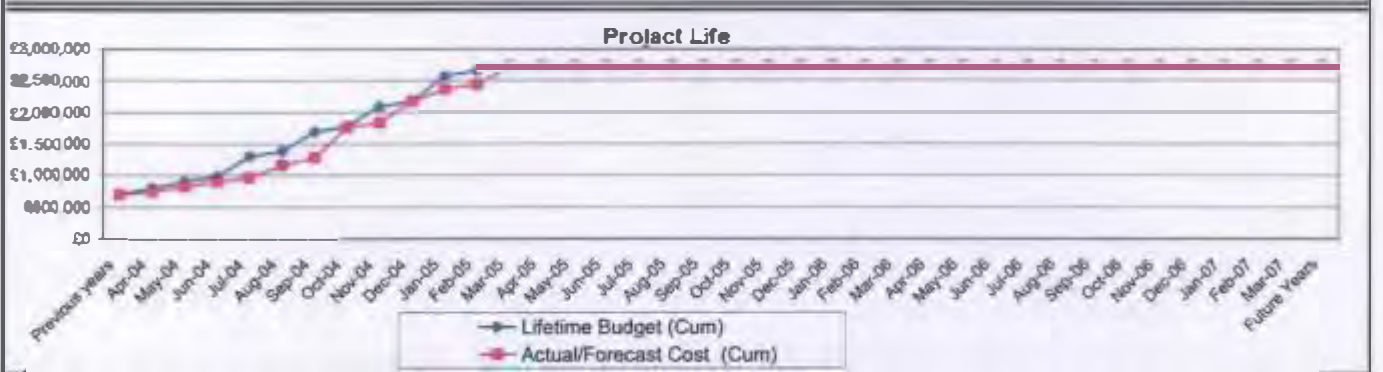
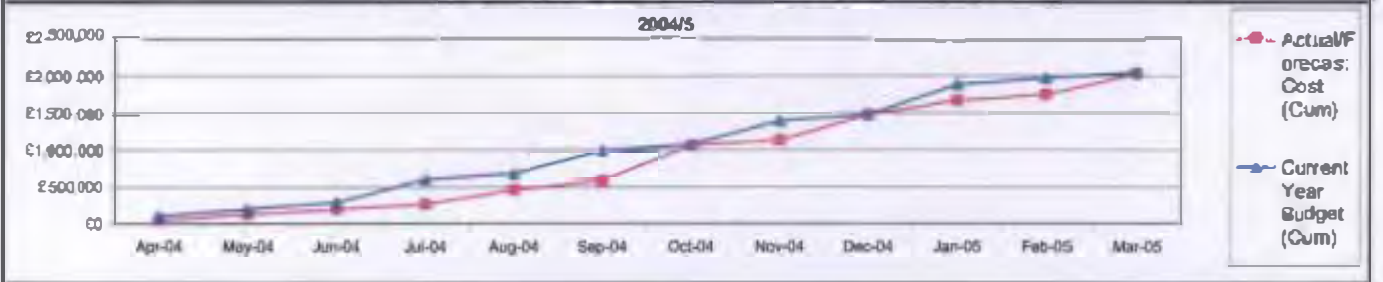
Project Manager's signature: *[Signature]* Project Director's signature: *[Signature]*

Date: 12/01/2005 Date: 12/01/2005

Project: ITI Procurement		Project Manager: Seamus Healy	
Report for Month Ending: 31-Dec-04		End Date:	
Start Date:		End Date:	
Overall Progress Status:		Expenditure 2004/5	
Progress Key:		Finance Key:	
On track for successful completion as programmed.		Within 10% of estimate	
Issues have arisen which may delay completion or require discussion/direction.		10 - 20% outside estimate	
Issues have arisen which will delay completion.		>20% outside estimate	

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Complete Evaluation of System Procurement Tenders	8-Apr-04	14-May-04		C	
2. Contract with Agreed System Integrators (SI)	14-May-04	14-Jun-04		C	
3. SIs Team Mobilisation Complete	14-Jun-04	5-Jul-04		C	
4. Macro Designs Complete (Business Modelling)	5-Jul-04	16-Aug-04		C	
5. Technical Designs Complete	6-Aug-04	8-Nov-04		C	
6. Architecture Designs Complete	25-Oct-04	8-Dec-04		C	
7. Prototypes Design and Build Complete	9-Aug-04	28-Oct-04		C	
8. Prototype Tests Complete	28-Oct-04	8-Dec-04		C	
9. Complete Evaluation of Stage 1 Designs	20-Dec-04	21-Jan-05		IP	
10. Finalise Stage 2 Contract Schedules	24-Jan-05	18-Feb-05		NS	
11. Exercise Stage 2 Option with Chosen SI	21-Feb-05	18-Mar-05		NS	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£694,154	£694,154	£694,154	£694,154	£694,154	£0
2004/5	£2,048,701	£2,048,701	£2,048,701	£2,048,701	£2,023,701	£25,000
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£2,742,860	£2,742,860	£2,742,860	£2,742,860	£2,717,860	£25,000



Summary of Key Points and suggested course of action:

Operations
 Stage 1 is now complete for both System Integrators. All deliverables have been supplied and baseline proposals for Stage 2 have been submitted. A detailed evaluation of both proposals is now in progress to establish a preferred supplier for Stage 2.

Financial
 Major payment milestones are now being reached with the final milestone payments to be made during January 2005. Project continues to work to timescale and budget.

"I confirm that this report provides an accurate overview of the project progress and finance."

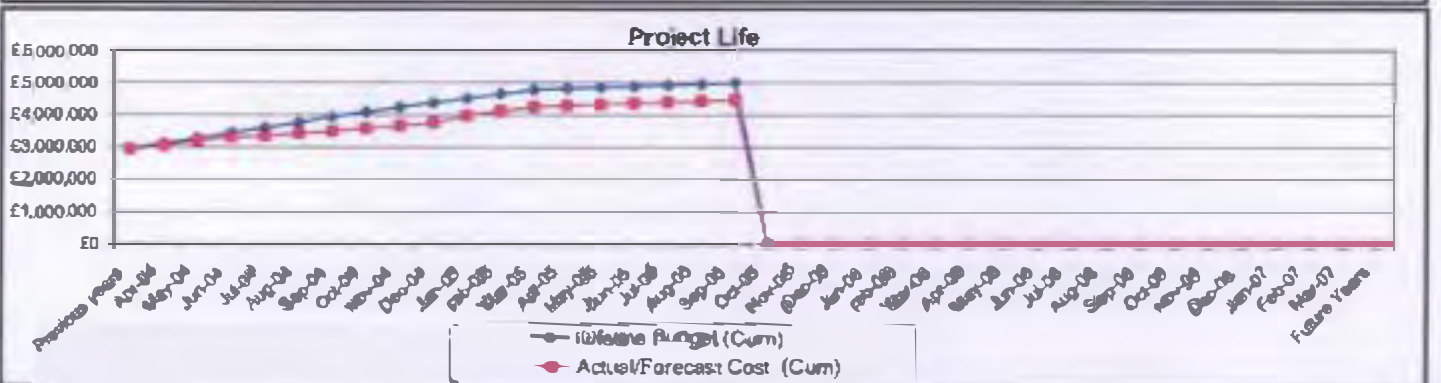
Project Manager's signature: *P. St...* Project Director's signature: *S. Healy*
 Date: 12/01/2005 Date: 12/01/2005

Project: Line 2 West Edinburgh Tram Parliamentary Order	
Report for Month Ending: 31-Dec-04	Project Manager: Geoff Duke
Start Date:	End Date:
Overall Progress Status	Expenditure 2004/5
	70%
	Project Life Funding
	112%

Progress Key:	Finance Key:
On track for successful completion as programmed.	Within 10% of estimate
Issues have arisen which may delay completion or require discussion/direction	10 - 20% outside estimate
Issues have arisen which will delay completion.	>20% outside estimate

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Prepare and Deposit Parliamentary Documents	4-Oct-02	24-Dec-03		C	
2. Support Parliamentary Process Leading to Royal	1-Jan-04	20-Dec-05		IP	
3. DPOF Appointment of Operator	2-Jul-03	29-Apr-04		C	
4. Third Party & Stakeholder Liaison	5-Jan-04	20-Dec-05		IP	
5. Publication & Making of TROs	6-Jan-04	1-Jul-06		IP	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£2,940,316	£2,940,316	£2,940,316	£2,940,316	£2,940,316	£0
2004/5	£1,838,360	£1,838,360	£1,838,360	£1,838,360	£1,294,640	£543,720
2005/6	£221,324	£221,324	£221,324	£221,324	£221,324	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£4,456,280	£543,720



Summary of Key Points and suggested course of action:

Operational issues:
 The EIL2 Bill was introduced to the Scottish Parliament on 29 January 2004 and 82 objections were received. The committee started taking evidence from a range of witnesses including the promoter on 3 November and concluded on 15 December. It considered a draft report on the principle of the motion on 12 January 2005 and a parliamentary vote on this is scheduled to take place by 25 February 2005. No decision on the format or programme has been decided for the detailed or consideration stage of the parliamentary process, which will follow. Negotiations are ongoing with objectors in general accordance with the Phasing protocol.

Financial issues:
 The parliamentary process started later than expected, is scheduled to last longer and is requiring more detailed information than anticipated. In order to satisfy the parliament, it is apparent that information generated by the ongoing design implementation work currently underway and input involving the operator will be required. The budget shows an underspend of £543,720, which is matched by an overspend of £543,720 on Line 1 and represents an element of coronation work carried out by the Line 1 team and reflects the additional complexity of the work undertaken on Line 1. Additional funding will be required for 2005/6.

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: *Geoff Duke*
 Date: 13/1/05 12/01/2005

Project Director's signature: *Colin Barclay*
 Date: 12/01/2005



Tram Project Implementation:

The tram implementation team has been increased by the addition of three new managers:

- Gerry Henderson – cost/estimating manager
- David Ramsay – programming and network rail interface manager
- Tom Blackhall – utilities diversions manager

An offer has been made for the permanent position of Design Manager to Paul Alliott who has been assisting tie on a contract basis from early December 2004.

tie has commenced a critical review of the utilities diversion cost and programme implications. It is considered that substantial utilities diversions can commence as early as September 2005. tie notes that there is a substantial requirement for Transco and Scottish Water to upgrade their existing apparatus and that this work is now underway. tie is now looking to advise all utilities regarding the alignment and swept path of the tramway and to, as a result, minimise the actual amount of further utilities diversions solely caused by the introduction of the tram system. As the Transco and Scottish Water projects are already underway tie may seek to re-design certain aspects of the projects to avoid later problems. As we become aware of the details of any such opportunity and the appropriate marginal cost to tie we will seek authorisation to proceed.

The procurement strategy dictates that there will be a separate funding package for the utilities advance works and the Infraco. The implementation budget for the tram project given different Scottish Executive funding scenarios and therefore commencement dates for utilities diversions and land acquisition has been assessed and will be verbally reported to the Board at the meeting.

The OJEU notices for the Technical Support Services and System Design Services have been issued and MOI's prepared. Expressions of interest are due on 31st January for the SDS and 21st February for the TSS. A significant level of interest from the market is expected. The tendering documentation and draft contracts for these two commissions are under preparation.

Heads of Terms for the Infraco contract have been prepared and the review process commenced.

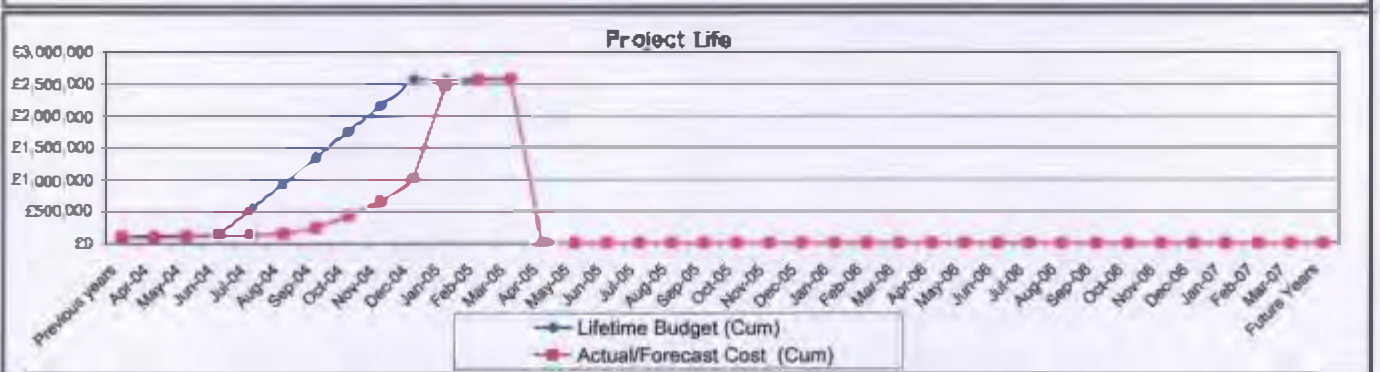
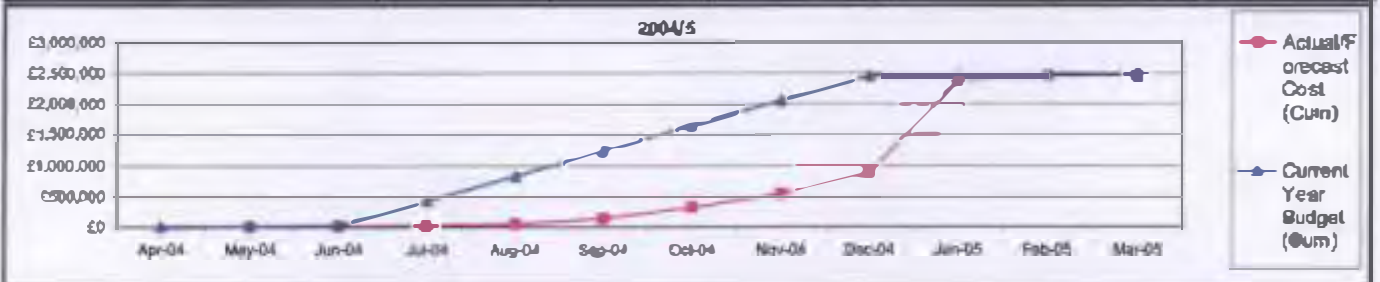
Certain critical design issues will need to be discussed and resolved prior to the appointment SDS and TSS consultants to avoid re-working of the design. An update on the progress and the status of these will be given to the Board.

Jan Kendall
21st January 2005

Project: Ingliston Park and Ride		Project Manager: Lindsay Murphy	
Report for Month Ending: 31-Dec-04			
Start Date:		End Date:	
Overall Progress Status		Expenditure 2004/5	
Progress Key:		Finance Key:	
On track for successful completion as programmed.		Within 10% of estimate	
Issues have arisen which may delay completion or require discussion/direction.		10 - 20% outside estimate	
Issues have arisen which will delay completion.		>20% outside estimate	

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
Appoint Consultant	15-Aug-03	22-Aug-03		C	
Inception Report to CEC	18-Sep-03	18-Sep-03		C	
Detailed Design and Study Work	18-Sep-03	2-Jan-04		C	
Detailed Planning Consideration (12 weeks)	2-Jan-04	26-Mar-04	30-Apr-04	C	
Prepare Tender Documentation	1-Dec-03	5-Mar-04	12-Mar-04	C	
Tender Period	10-Mar-04	20-May-04	12-Jul-04	C	
Construction	21-May-04	3-Jan-05	30-Jan-00	IP	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£106,417	£106,417	£106,417	£106,417	£106,417	£0
2004/5	£2,469,465	£2,469,465	£2,469,465	£2,469,465	£2,469,465	£0
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£2,575,882	£2,575,882	£2,575,882	£2,575,882	£2,575,882	£0



Summary of Key Points and suggested course of action:

Hi crow are supporting the on this project. Notification was received on the 7th July that the planning Permission has been granted by the Scottish Ministers. The Archaeological investigations complete. Building Warrant for terminal building issued by CEC and received by Border Construction on 8th Dec 2004.

Consideration being given to incorporating PPG access into future development but access road design for the Park and Ride is continuing without change. Relocation of existing bus shelters on Eastfield Road subject to ongoing discussions with CEC (Andy Bogle and Graham Atkins). Border following up utility companies regarding details of diversion requirements and costs. Proposals for water main diversions (3" and 6") have been agreed between Scottish Water and BAA; details due to be advised to Border Construction. Quotations received from Scottish Power for lowering of cables in Eastfield Road and from Atkate Telecoms for towerling and ducting cables. New signing proposals have been agreed with City of Edinburgh Council. However, CEC are proposing that existing signs be rationalised and the new proposals be integrated with the Street lighting designs are being reviewed by CEC Street Lighting Section but Border still to receive approval. Construction continues. Demolition of farm buildings complete. Drainage works for the site at 90% completion. Sub base to access roads and parking areas continuing; parking area almost complete with some toppling-up required on access roads; approx. 80% completion. Kerbing work has continued over the period on the access roads. Roadbase has commenced on access roads. Terminal building foundations and erection of superstructure steelwork completed. The site was closed for Christmas-New Year holiday from Wednesday 22nd December.

TRO schedules for internal roads and Eastfield Road prepared in draft together with programme of consultation and publication. Early warnings have been raised regarding Programme and budget. due to Building control and slow responses from utilities and the effect of these delays on the overall project and the difficulties in quantifying the utility works.

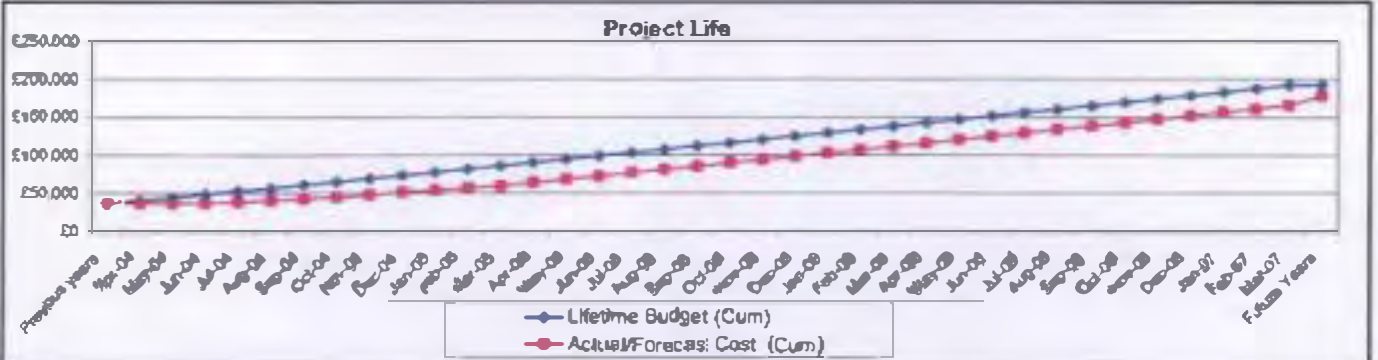
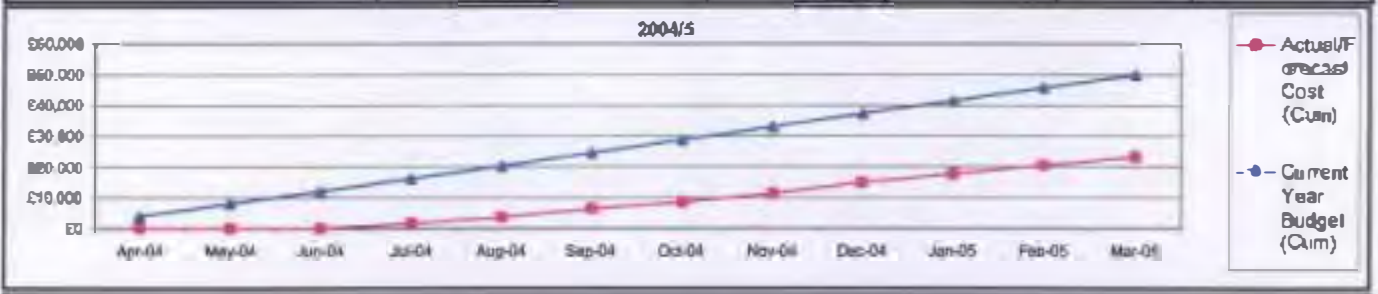
Project Manager's signature: *Lindsay Murphy* Project Director's signature: *Alan Macdonald*
 Date: 12/01/2005 Date: 12/01/2005

Project: "One Ticket"		Report for Month Ending: 31-Dec-04		Project Manager: Stuart Lockhart	
Start Date:		End Date:			
Overall Progress Status		Expenditure 2004/5		Project Life Funding	

Progress Key:		Finance Key:	
On track for successful completion as programmed.		Within 10% of estimate	
Issues have arisen which may delay completion or require discussion/direction.		10 - 20% outside estimate	
Issues have arisen which will delay completion.		>20% outside estimate	

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS, IP, C)	Progress Status (G, Y, R)
1. Distribution & Marketing Strategy (Report)	1-Jan-03	28-Feb-03		C	
2. Project Start-Up	1-Apr-03			C	
3. Appointment of Marketing Assistant / Administrator	14-Feb-03	28-Apr-03		C	
4. Implementation of Distribution and Marketing Strategy	1-Apr-03			IP	
5. Appointment of Marketing Assistant / Administrator	26-Sep-03	5-Nov-03		C	
6. Appointment of Business Development Manager	1-Jul-03	1-Apr-04	1-Sep-05	NS	
7. Appointment of Marketing Assistant / Administrator	6-Jan-04	6-Jan-04		C	
8. Business Planning (SE)	1-Jan-04	31-Mar-04		C	
9. Scotrail Involvement in Scheme	1-Apr-04	1-Apr-04	1-Sep-05	IP	
10. SMART Card Implementation	1-Dec-05	1-Dec-06		NS	

	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£36,369	£36,369	£36,369	£36,369	£36,369	£0
2004/5	£49,982	£49,982	£49,982	£49,982	£23,303	£26,679
2005/6	£51,982	£78,661	£51,982	£51,982	£51,982	£0
2006/7	£54,061	£80,740	£54,061	£54,061	£54,061	£0
Future Years	£0	£2,667	£0	£0	£12,283	£12,282
Total for Project Life Cycle	£192,390		£192,390	£192,390	£177,993	£14,397



Summary of Key Points and suggested course of action:

No material change to financial prospects compared to November report

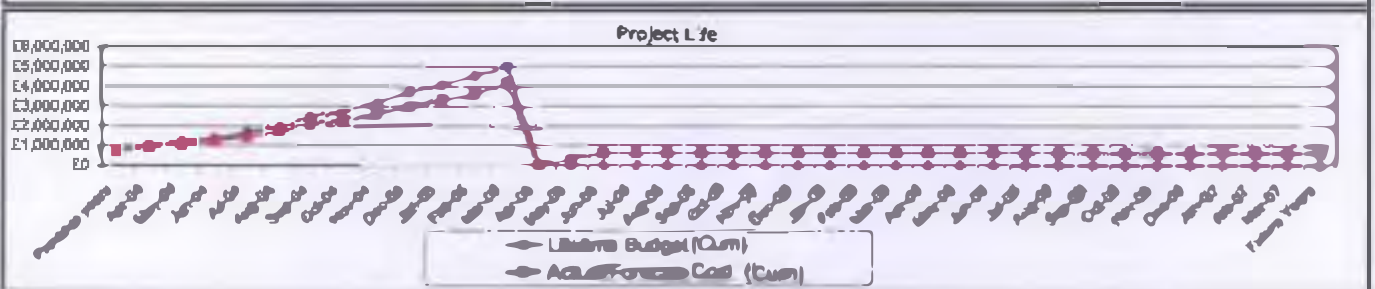
- Initial meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. A further detailed discussion has been arranged for 21st January

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: *Stuart Lockhart* Date: 12/01/2005

Project Director's signature: *[Signature]* Date: 12/01/2005

Project: Edinburgh Airport Rail Link		Project Manager: Susan Clark				
Report for Month Ending: 31-Dec-04		Start Date:				
Start Date:		End Date:				
Overall Progress Status		Expenditure 2004/5				
Progress Key:		Finance Key:				
On track for successful completion as programmed.		Within 10% of estimate				
Issues have arisen which may delay completion or require discussion/direction.		10 - 20% outside estimate				
Issues have arisen which will delay completion.		>20% outside estimate				
Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)	
1. Consultation Phase & Media Launch	13-Sep-04	13-Sep-04	8-Nov-04	C		
2. Consultation completion	26-Nov-04	26-Nov-04	19-Dec-04	C		
3. Design Freeze for Parliament	19-Dec-04	19-Dec-04	31-Dec-04	C		
4. Cost Report	9-Dec-04	9-Dec-04	7-Jan-05	IP		
5. STAG Report	18-Feb	18-Feb	14-Mar	IP		
6. Finalise ES	03-Mar-05	03-Mar-05	07-Apr-05	IP		
7. Submit Bill	10-Mar-05	10-Mar-05	20-May-04	IP		
	Funding	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£744,204	£744,204	£744,204	£744,204	£744,204	£0
2004/5	£4,255,796	£4,255,796	£4,255,796	£4,255,796	£3,355,796	£900,000
2005/6	£0	£900,000	£0	£0	£900,000	£900,000
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£0



Summary of Key Points and suggested course of action:

Update for month of December:
Technical Environment
 Consultation complete and alignment of route frozen. Final freeze of accommodation works will take place by 14th Jan. Some slippage of cost report but should be caught up - review ongoing. Some slippage to EIA due to information arriving later than expected - no impact on programme expected.

Bill Process
 Draft Bill and draft Explanatory notes prepared according to programme. Still awaiting decision from SE about Bill Promoter. This was expected by end Dec and we are chasing for response. This could impact on programme if SE decide to promote via a Hybrid Bill.

Agreements
 Non-response from NR relating to the draft Heads of Terms submitted to them in October apart from them now insisting that we sign a new Basic Services Agreement. Having reviewed this they are not inclined to sign and have suggested a number of alterations to NR. It is recommended that SE support is provided in engaging with the Office of the Rail Regulator to require NR to engage fully in the project using the Enhancement Facilitation Agreement principles agreed with SRA. This stance by NR imports a risk into the programme.

Financial
 2003 Spend - £744,204
 2004 Spend to Date - £2,206,101
 Projected spend for the year end £ 3,355,796

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: *Susan Clark*

Project Director's signature: *MAH*

Date: 13/1/05

12/01/2005

Date:

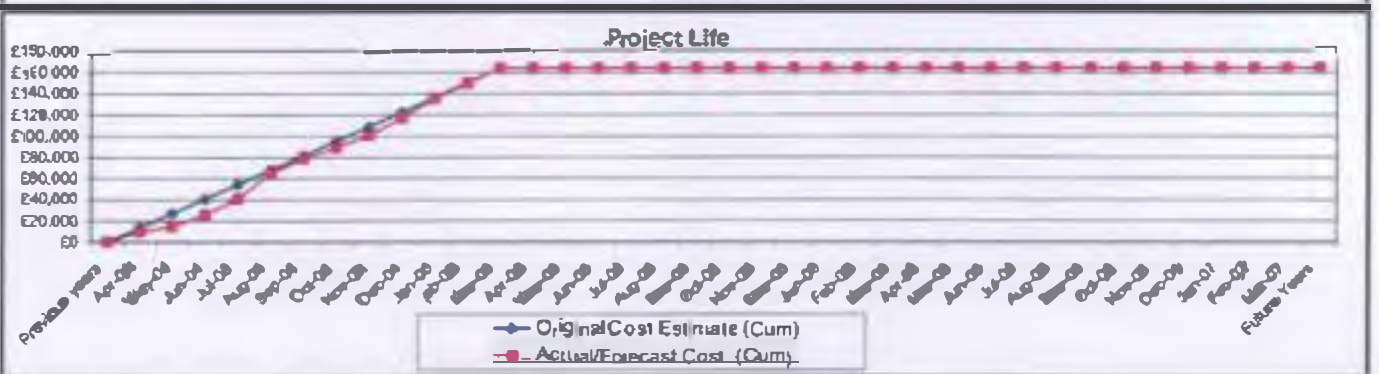
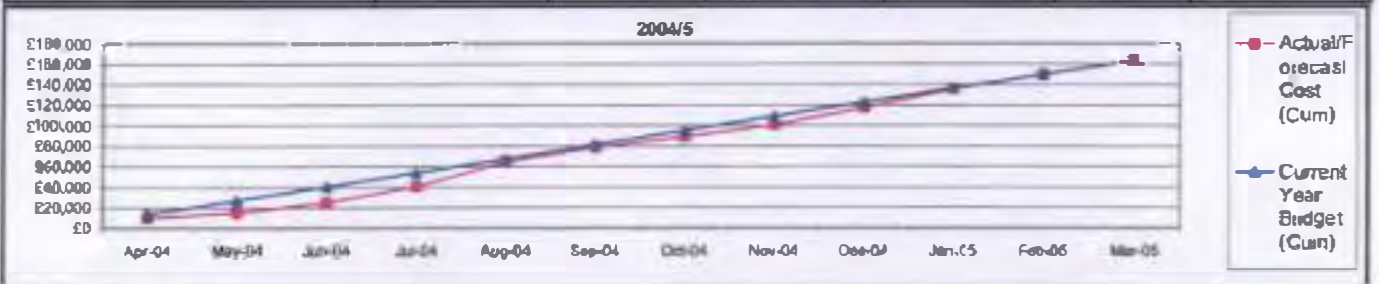
12/01/2005

Project: Stirling Alloa Rail Link		Project Manager: Richard Hudson	
Report for Month Ending: 31-Dec-04	Start Date:		End Date: 30-Apr-06
Overall Progress Status	Expenditure 2004/5		Project Life Funding

Progress Key:	Finance Key:
On track for successful completion as programmed.	Within 10% of estimate
Issues have arisen which may delay completion or require discussion/direction	10 - 20% outside estimate
Issues have arisen which will delay completion.	>20% outside estimate

Critical Path / Milestone Items	Original Start Date	Original Completion	Revised Completion	Progress (NS,IP,C)	Progress Status (G,Y,R)
1. Parliamentary Approval	1 Jul-04	1-Jul-04		C	
2. Royal Assent	10-Aug-04	10-Aug-04		C	
3. Submit Commissioning Report	31-Jul-04	31-Jul-04		C	
4. Appoint GI Contractor	23-Jul-04	23-Jul-04		C	
5. Agree Asset Protection Agreement with NR	27-Aug-04	27-Aug-04	28-Jan-05	IP	
6. Agree Target Cost and Programme	25-Oct-04	25-Oct-04	28-Jan-05	IP	
7. Asset Protection Agreement Signed by NR	10-Dec-04	10-Dec-04	25-Feb-05	NS	
8. Completion - Phase 1	10-Dec-04	10-Dec-04	25-Mar-05	IP	
9. Commencement - Phase 2	3-Jan-05	30-Apr-06	25-Mar-05	NS	
10. Line Opening		30-Apr-06	30-Aug-06	NS	

	Funding:	Budget	Original Cost Estimate	Start of Year Cost Estimate	Current Forecast	Variance
Previous Years	£0	£0	£0	£0	£0	£0
2004/5	£163,833	£163,833	£163,833	£163,833	£163,833	£0
2005/6	£0	£0	£0	£0	£0	£0
2006/7	£0	£0	£0	£0	£0	£0
Future Years	£0	£0	£0	£0	£0	£0
Total for Project Life Cycle	£163,833	£163,833	£163,833	£163,833	£163,833	£0



Summary of Key Points and suggested course of action:

The contracts with Clackmannanshire Council have not been signed at the moment as we have changed the proposal to have a full time Project Manager. However, the substance of the contracts has been agreed.

It has been recognised that the part time project manager role has not been 100% successful and, as we move into the implementation phase of the project and to ensure the PM is in full control of all three workstreams, the role should be expanded to become full time and party based in the offices. This will also have the added effect of the project manager being able to interface with the senior management support and the admin support of the. The individual to fill this role has been identified and negotiations are currently underway.

Payment has been received for all costs incurred up to 30th November. December costs were invoiced on 31st December and payment is due by end January.

"I confirm that this report provides an accurate overview of the project progress and finance."

Project Manager's signature: *[Signature]*

Project Director's signature: *[Signature]*

Date:

12/01/2005

Date:

12/01/2005



Agenda Item 5b

ITI -

b) CC Legal Challenge *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



tie board: 21 January 2005

Congestion charging: petition for judicial review

At the beginning of January Fife, West Lothian and Midlothian Councils presented a petition for judicial review of the City of Edinburgh Council's decision of 9 December to approve the final draft Charging Order. The Councils seek to have that decision declared *ultra vires*.

There are a number of grounds for the challenge, including:

- o the outer Edinburgh exemption is unfair and contrary to Scottish Executive guidance;
- o CEC did not have proper regard to the Public Inquiry reporters' recommendations and to Council and tie officials recommendations;
- o CEC has no powers to distribute a share of the proceeds of the charging scheme to other authorities in line with policies set out in the Local Transport Strategy;
- o The Council's LTS does not conform to legislation;
- o The outer Edinburgh exemption discriminates against citizens of other EU countries.

The Council Solicitor is handling the response to the challenge, and has appointed Malcolm Thomson QC and Sir Crispin Agnew QC as senior and junior counsel respectively for this purpose. Malcolm Thomson was the Council and tie's counsel at the public inquiry and is well aware of all the issues surrounding the congestion charging scheme.

tie and its legal advisers have been advising the Council and counsel on request, but are currently not aware of the details of how the Council intends to respond to the challenge.

A preliminary date for a hearing has been set for 3/4 February. Meanwhile, preparations to hold the referendum on the planned date are continuing, with ballot papers and explanatory leaflets due to be sent out on 7 February for return by 21 February. Alterations have been made to the leaflet on legal advice to inform the public that the scheme, and particularly the outer Edinburgh exemption, is subject to judicial review.

Any further updates will be provided to the Board on 21 January

John Saunders
ITI Programme Manager
17 January 2005



Agenda Item 6

Governance & Financial Matters

- a) Financial Report *
- b) tie Business Plan

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 6a

Governance & Financial Matters

a) Financial Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

tie

Monthly Financial Report

December 2004

Prepared by Stuart J Lockhart

14th January 2005

Contents:

- 1 Key Points Summary and financial year outturn review
- 2 Project Portfolio Structure and Basis of Preparation
- 3 Project Cost Commentary & Graphical Presentation
- 4 Overheads Commentary and Graph
- 5 Detailed Expenditure – Current Month, Year to Date, Full Year Forecast
- 6 Balance Sheet – Month End and Year to Date Progress
- 7 Cash Flow – Year to Date and Full Year Forecast

1. Key points summary and financial year outturn review

Earlier this month, tie performed a review of the outturn forecast for the current financial year and the results are described in this section. In most cases, the detailed financial tables in this report retain previous estimates but the extent of possible further revisals is described below. The January 2005 Monthly Report to be published in February will reflect a firm view of the year-end outturn for all projects. The outturn forecast will also be reflected in the final version of the FY06 tie Business Plan. At this stage the summary is :

- Tram Lines 1, 2 and 3 and Congestion Charging are likely to be contained below budget for the work planned for this year and tie anticipates that these savings will be rolled into 2005-06 to contribute to next year's expenditure plans. In aggregate these are likely to amount to c£0.3m
- The implementation work on Lines 1 & 2 will involve rescheduling expenditure from 2004-05 into 2005-06 of between £1m and £1.5m in order to ensure the ramp up is properly controlled
- There will be a substantial absolute saving on EARL of c£0.7m against the original budget of £5m if the revised timetable for Bill submission of May 2005 is met ; around £0.2m will require to be deferred from 2004-05 to 2005-06 to handle this timetable.
- Fastlink will be slightly below budget and may produce further savings when claims are finally settled.
- Some difficulties have emerged on the Ingliston project which are likely to lead to an overrun currently and tentatively estimated at c£0.2m.

The activity supporting attendance at the Tram Line 1 and 2 parliamentary committee sessions, including the preparation of extensive follow up papers requested by the Committees, has now largely ceased. We await the Committees' reports, due in mid-February. Parliament's decisions on whether approval in principle should be granted are anticipated before the end of February. Tram line 1 & 2 work is currently focussed on responses to objectors. tie will seek to manage this work and any further work directly relating to Parliament within the original budget for 2004-05, treating lines 1 and 2 in aggregate. There remains difficulty in predicting this expenditure because of the influence of third parties on activity, but the team are fully aware of the need to keep spending within present budget allocation and will seek to prioritise work to achieve this over the next 3 months.

Congestion charging development work will be managed to remain slightly within the budget. It should be noted that no allowance is being made by the for work related to the legal challenge by neighbouring authorities, which CEC is handling.

It is likely that the contingency allowance of £0.2m within the congestion charging procurement budget will not now be required as a result of maintaining spend on the sub-workstreams within their own budgets.

Tram Lines 1 & 2 implementation work is now underway, supporting preparation of the OBC and including continuing work with Transdev and commencement of detailed design and procurement activity. The current financial year outturn will undershoot the budget with work rolled into next year. The level of the rolled forward expenditure is estimated to be c£1m but could be larger; the programme anticipates ramp-up in a number of technical and legal workstreams and is taking steps to recruit the right calibre of manager within the team to ensure the work is properly directed at the detailed level and that these costs are properly controlled. This will not change the overall spending plan, programme and deliverables set out in the draft FY06 the Business Plan.

Tram Line 3 will spend c£0.1m below budget this year to be rolled into next year's spending plan.

There will be a significant undershoot on EARL budget for the year of c£0.9m, of which c£0.2m will be rolled forward into next year in order to accommodate the revised Bill submission date of May 2005. The net balance of c£0.7m will represent an absolute saving against the original budget of £5m awarded to achieve Bill submission.

Fastlink is now complete and there is dialogue underway to finalise residual claims and related matters with the constructor. At present, the forecast is for a small saving against budget but this could be larger if favourable outcomes are achieved in the final negotiations. It should be recalled that the saving versus original budget would have been larger but for the effect of implementing improvements to the project when the potential budget saving was identified.

Some difficulties relating to utility costs have emerged on the Ingliston Park and Ride project which could result in a cost overrun of c£0.2m. This is an early estimate and further work is required to assess and mitigate the exposure.

Expenditure on **SAK** is billed on a time on line basis and all invoices to Clacks Council have now been paid up to date.

Tie's internal costs are forecast to be in line with budget.

Work is underway with CEC and the Executive to agree and finalise tie's FY06 Business Plan.

2 Project Portfolio Structure and Basis of Preparation

tie's project portfolio comprises:

50% = £1.5 m
SE ITF allocated in 2004-05 = £1.5 m as at 20/1/2005.

	Projects Director	Programme Manager	Project Manager	2004/05 Expenditure Plan	2004/5 Expenditure		Variance	Monthly		
				(£'000's)	YTD Plan	YTD Actual	YTD Delta	Confirmations		
					(£'000's)	(£'000's)	(%)	Completed		
								per Timetable		
Congestion Charging Programme										
1	Development & Public Inquiry Process	A Macaulay	J Saunders	D Burns	1,131	990	953	-4%	Yes	
2	System Procurement	A Macaulay	J Saunders	S Healy	2,049	2,140	1,478	1,475	0%	Yes
3	Information Campaign	A Macaulay	J Saunders	S Campbell	600	800	280	-53%	No	
Tram Programme										
3	Line 1 Development & Parliamentary Process	A Macaulay	A Callander	K Murray	1,073	831	1,289	55%	No	
4	Line 2 Development & Parliamentary Process	A Macaulay	A Callander	G Duke	1,838	1,430	811	-43%	Yes	
5	MPF Execution	A Macaulay	A Callander	I Kendall	1,994	350	1,188	234%	No	
6	INFRACO Procurement & Funding	A Macaulay	A Callander	I Kendall	3,014	1,329	246	0%	No	
7	Line 3 Development	A Macaulay	A Callander	W Fraser	1,984	1,719	1,420	-17%	Yes	
Other ITI Projects										
8	WEBS	A Macaulay	-	L Murphy	7,960	7,605	7,834	0%	Yes	
9	Ingliston Park & Ride	A Macaulay	-	L Murphy	2,470	2,466	892	-64%	No	
10	One-Ticket	A Macaulay	-	S Lockhart	50	37	15	-69%	Yes	
Heavy Rail Projects										
11	EARL	P Prescott	-	S Clark	4,288	2,973	2,206	-26%	Yes	
12	SAK	P Prescott	-	R Hudson	164	117	117		No	
					28,583	21,925	18,506	-16%		
13	Overheads	M Howell	-	S Lockhart	1,119	854	827	-3%	N/A	
Variance reported if +/- 5% delta on budget										

Each of these 13 budgets is managed and financially controlled by the tie managers noted above, except the Information Campaign which is controlled by CEC. The underlying business reasons for the variances from Plan are explained in detail, together with graphical presentation, in Section 3 below.

3 Project Cost Commentary & Graphical Presentation

Congestion Charging Scheme - Development

No material change to financial prospects compared to November report.

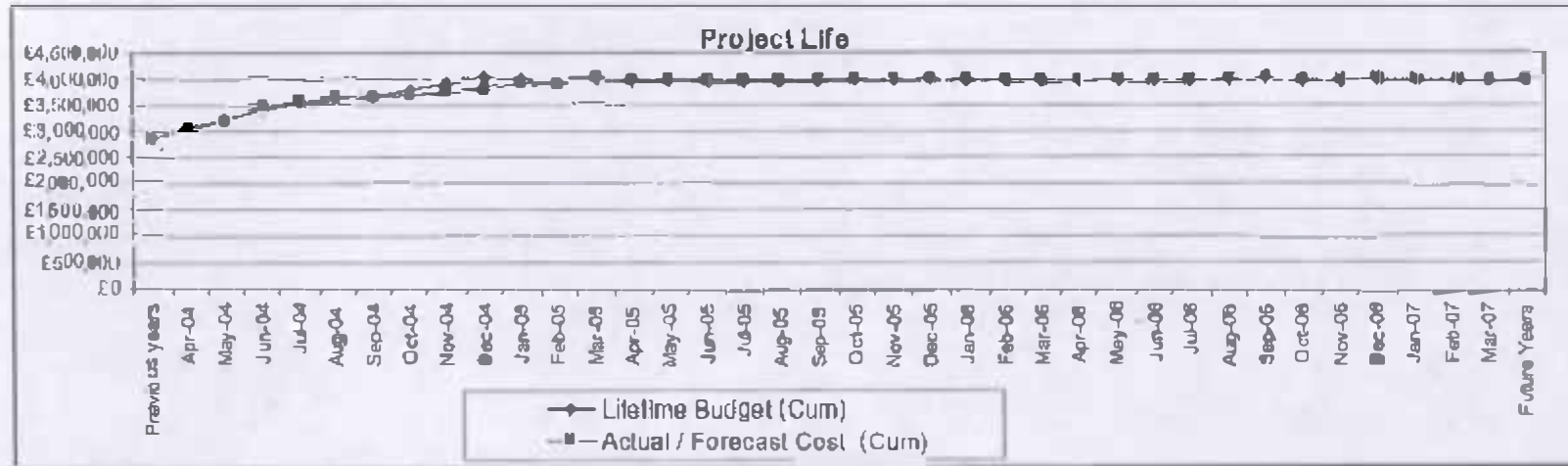
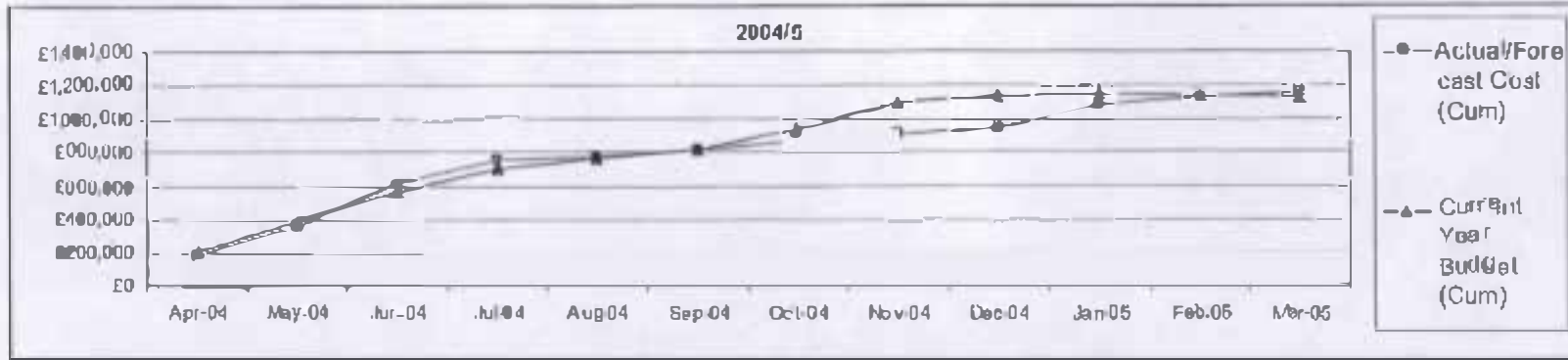
	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total incl. OH)									
Congestion Charging - Development	46,085	77,154	-31,069	853,495	989,540	-136,045	1,155,201	1,131,201	25,000

On 9th December the Council considered the Reporters' Public Inquiry report and their recommendations together with further recommendations from the and Council officials. The Council accepted the majority of the recommendations made by the and Council officials, but decided to reintroduce the outer cordon exemption for outer Edinburgh residents.

A legal challenge has been raised by Fife, West Lothian and Midlothian Councils, which seeks to challenge the Council's decision to approve the final draft charging order on various grounds. Legal advice is now being sought from D&W to assist the Council in defending this challenge. During the preparation of the budget no allowance was made for any advisor's fee costs relating to the defence of any legal challenge. D&W have indicated that if they were to act as joint instructing solicitors with the Council that they could incur fees in the order of £20,000 per month for the duration of the defence/judicial review. In addition to this there would be Counsel costs. Consideration must now be given as to how any additional legal costs incurred by D&W can be funded.

Consideration continues to be given to the areas of the draft final Charging Order that may need amended to reflect changes introduced due to the outcome of the Inquiry and advice is being provided as and when necessary in relation to the draft SE Regulations.

Work is continuing with the Stage 2 STAG appraisal for the project, which should be completed by Halcrow during mid - late February 2005.



Congestion Charging Scheme - Procurement

No material change to financial prospects compared to November report

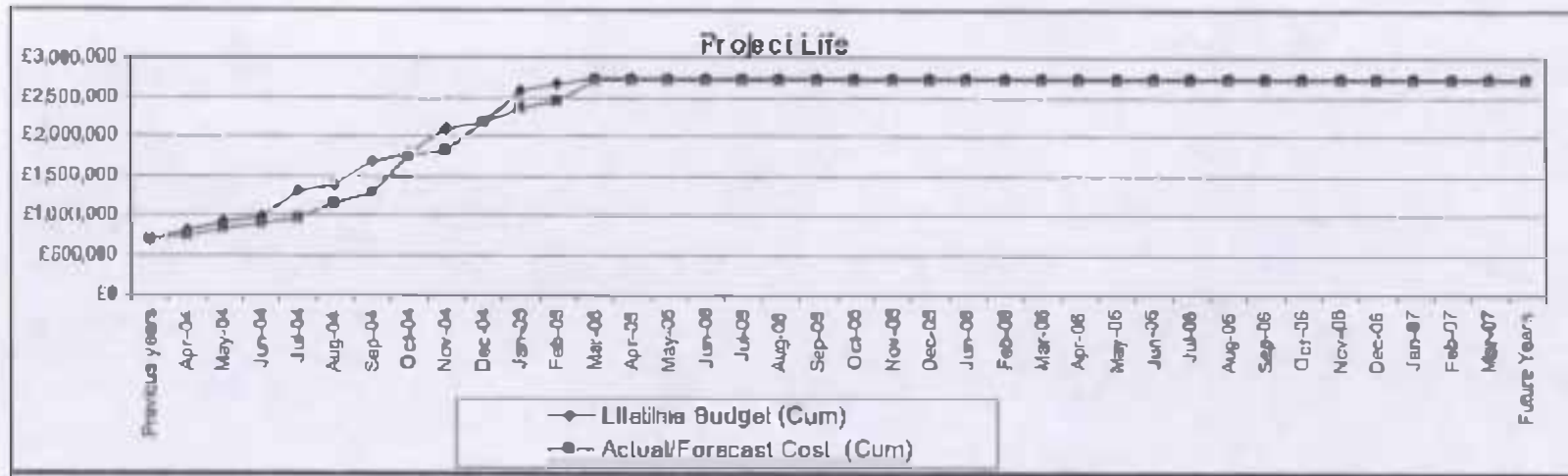
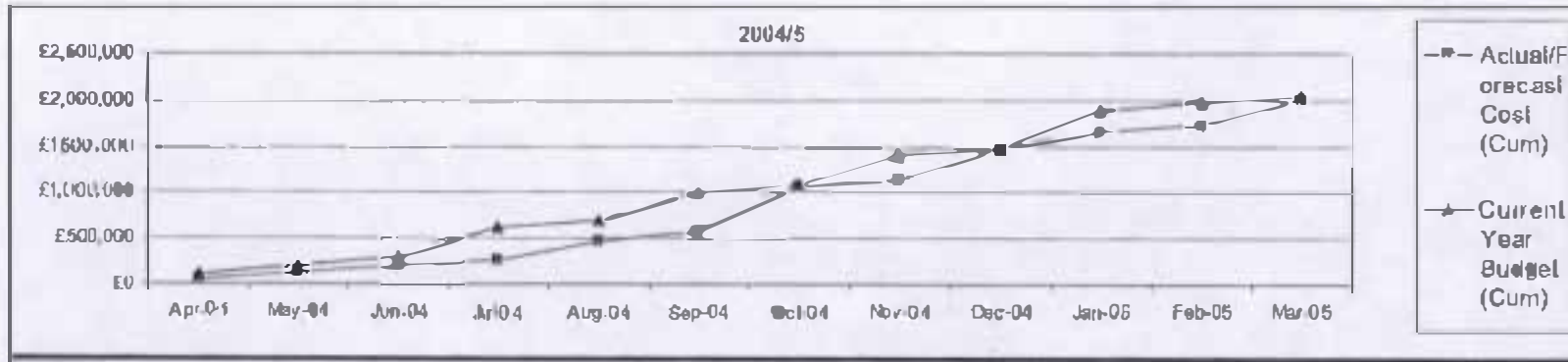
	Current Month (Dec'04)			Year to Date (8 mths to 31/12/04)			Year End	12 mths ending 31/3/05		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance	
Project Costs (Total Incl. OH)										
Congestion Charging - Procurement	338,269	79,163	259,106	1,476,487	1,477,586	2,088	2,023,701	2,048,713	25,010	

Operations

Stage 1 is now complete for both System Integrators. All deliverables have been supplied and baseline proposals for Stage 2 have been submitted. A detailed evaluation of both proposals is now in progress to establish a preferred supplier of Stage 2.

Financial

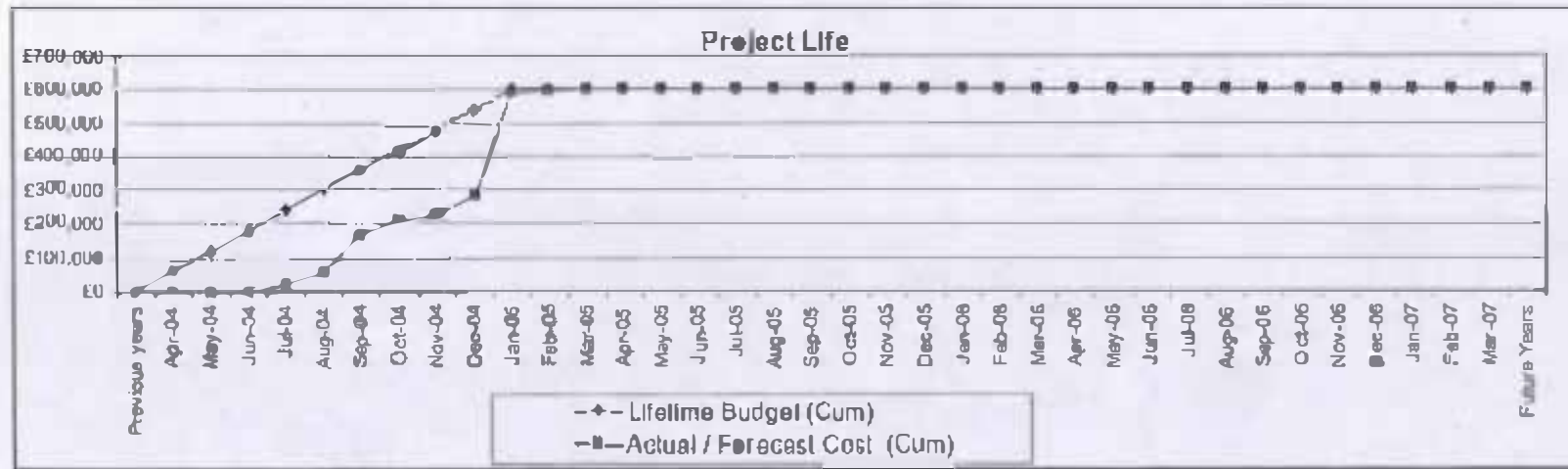
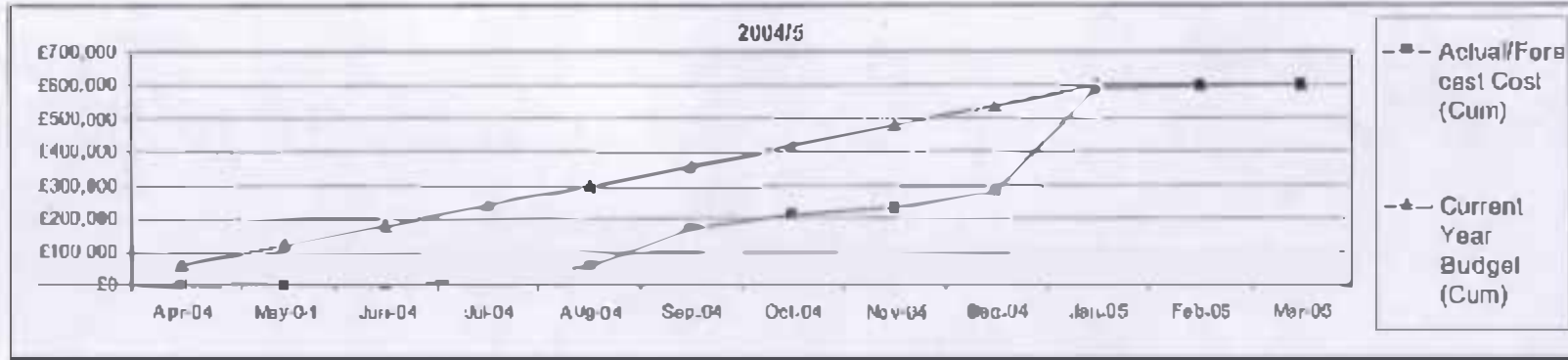
Major payment milestones are now being realised with the final milestone payments to be made during January 2005. Project continues to work within timescale and budget.



Congestion Charging Scheme – Information Programme

	Current Month (Dec'04)			Year to Date (8 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OX)									
Congestion Charging – Information Programme	51,499	20,000	31,499	280,418	600,000	-319,582	600,000	600,000	0

tie has no authorisation or accounting involvement in this spending.



Tram Lines One & Two

No material change to financial prospects compared to November report.

	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Tram 1	71,877	80,535	-8,658	1,288,893	831,131	457,762	1,816,484	1,072,736	543,748
Tram 2	87,882	140,872	-52,990	810,848	1,428,808	-618,960	1,294,840	1,838,320	-543,480

Line One

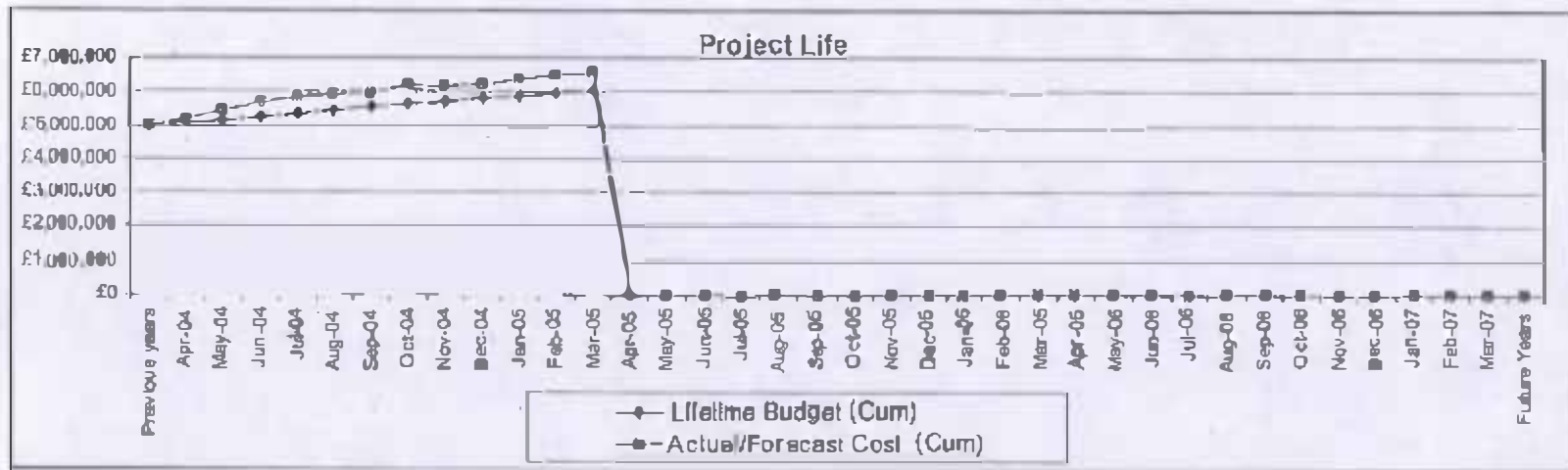
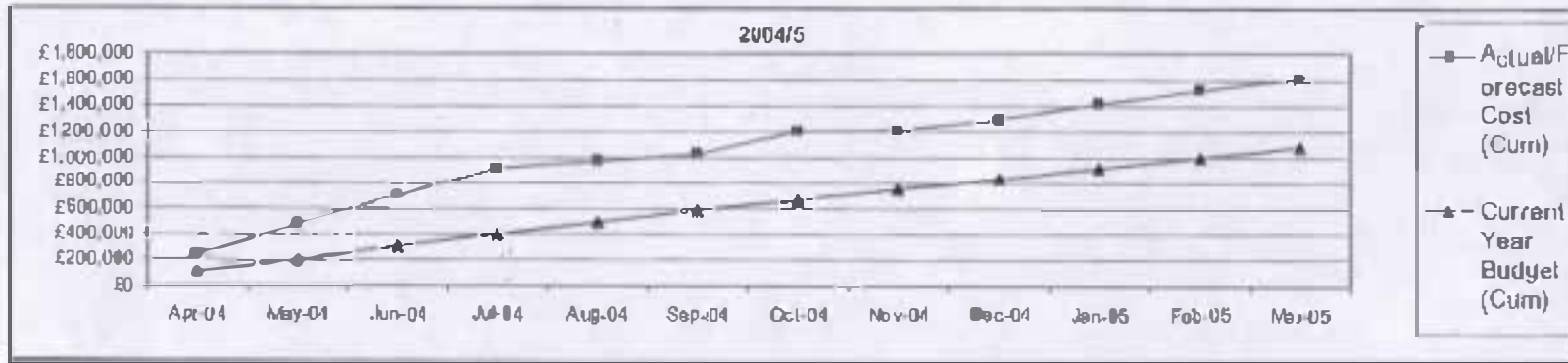
The committee started taking evidence from a range of witnesses including the promoter on 3 November and this concluded on 11 January. A parliamentary vote on this is scheduled to take place by 25 February 2005. No decision on the format or programme has been decided for the detailed or consideration stage of the parliamentary process, which will follow. Negotiations are ongoing with objectors in general accordance with the Phasing protocol.

Tram Line One costing for 2004/5 includes an element of cross funding from Tram Line Two, which reflects work carried out on the common section and the significant issues requiring resolution in the city centre.

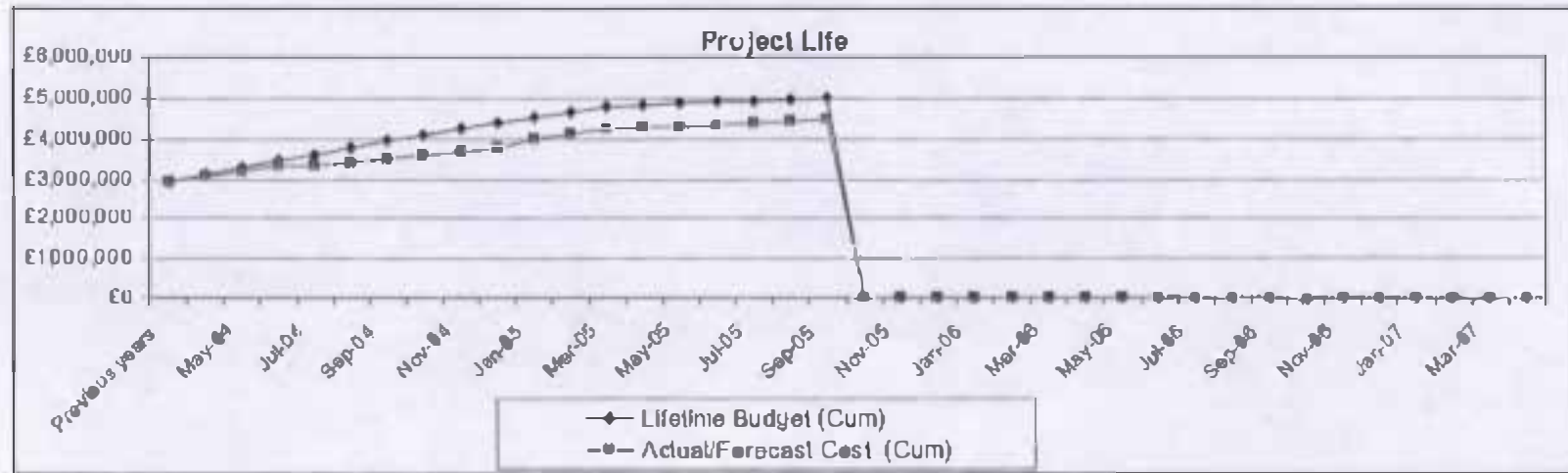
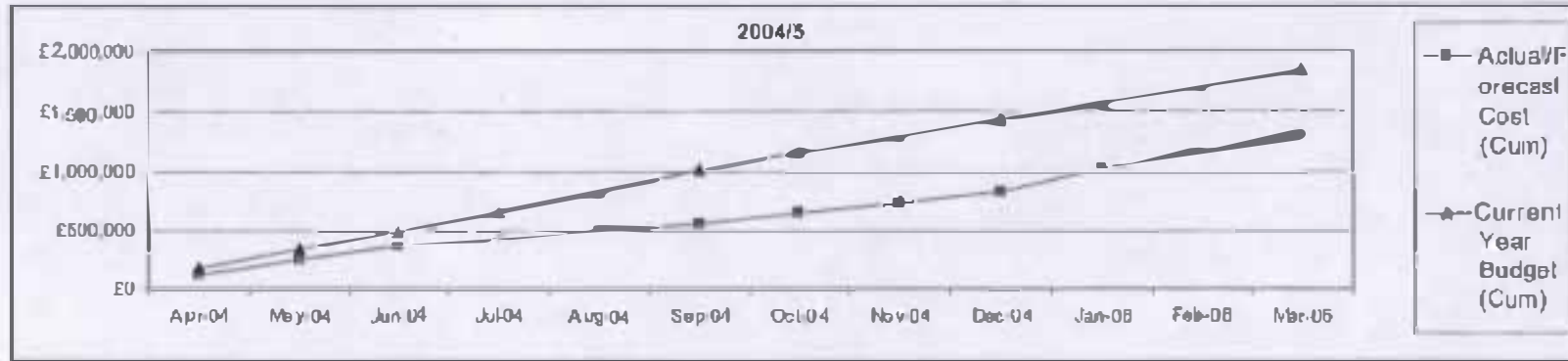
Line Two

FM have submitted a claim for £175k for additional work incurred in meeting the programme for Bill submission in 2003. The Council has not accepted this and are resisting FM's claim.

Tram Line 1



Tram Line 2



Tram Line 1 & 2 Implementation

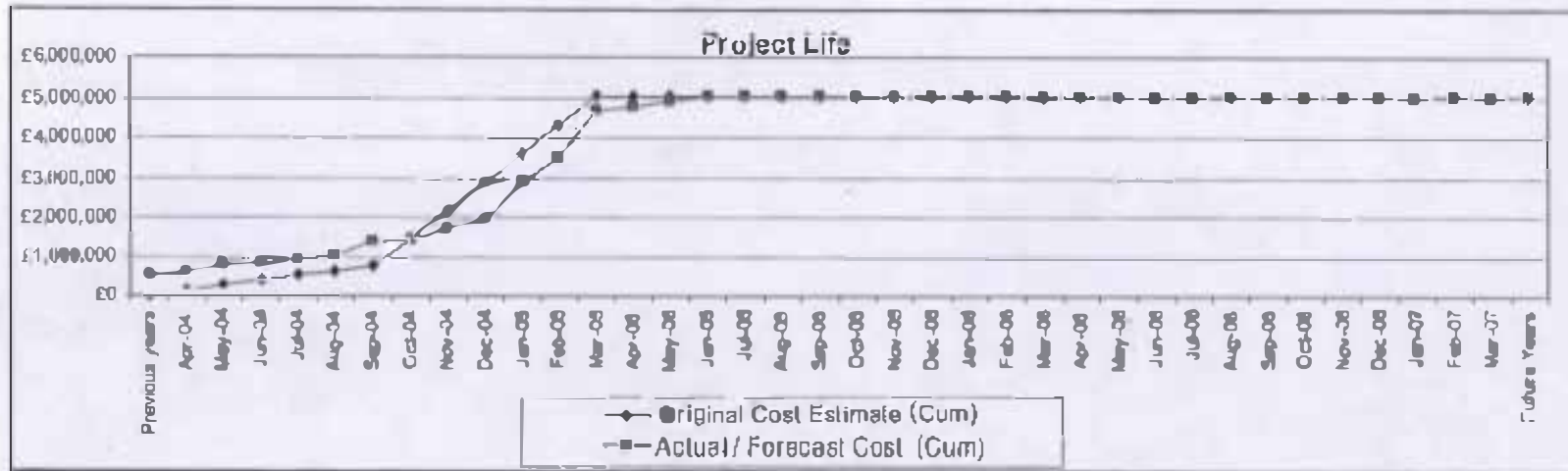
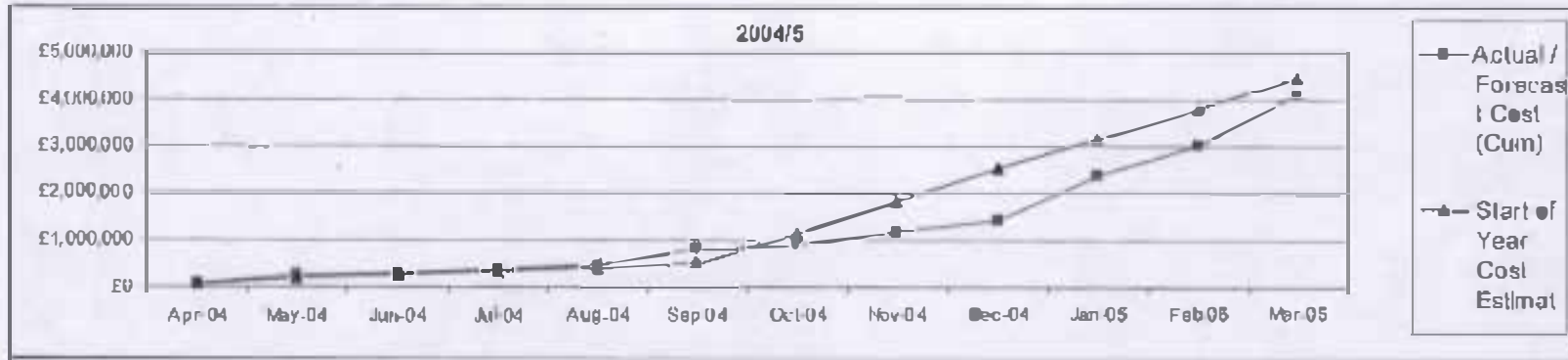
Current year budget now approved and detailed programme being implemented..

	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Trams - DPOF	20,101	111,504	-131,894	1,188,180	350,255	817,925	1,929,148	1,993,627	-64,401
Trams - INFRACO	248,382	300,300	-58,938	248,302	1,328,348	-1,082,988	2,193,187	3,014,373	821,188

These budgets should be regarded as one whole since the work is fully integrated.

Work is underway on a range of workstreams, where necessary, priority is being given to the preparation of Scottish Executive answers regarding line alignment, integration plans, interchanges and passenger transport growth through service integration and design improvements. Work continues on refining the business case. The Transdev team is directly interfacing at several levels with the tie team.

The existing budget to March 2005 will not be exceeded with potential underspend this year to be rephased into next year. The principal areas where this applies are legal costs supporting the establishment of the revenue-selling committee under DPOFA and the preparation of procurement tender documents. tie is in the process of establishing the implementation team, at this stage comprising senior managers on short term contracts pending approval of the FY06 Plan. It is important that these managers are in place prior to embarking on detailed work so that the work is properly managed and costs controlled.



Tram Line Three

No material change to financial prospects compared to November report.

	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Train 3	231,010	109,469	125,487	1,418,645	1,718,803	299,257	1,872,210	1,983,892	111,722

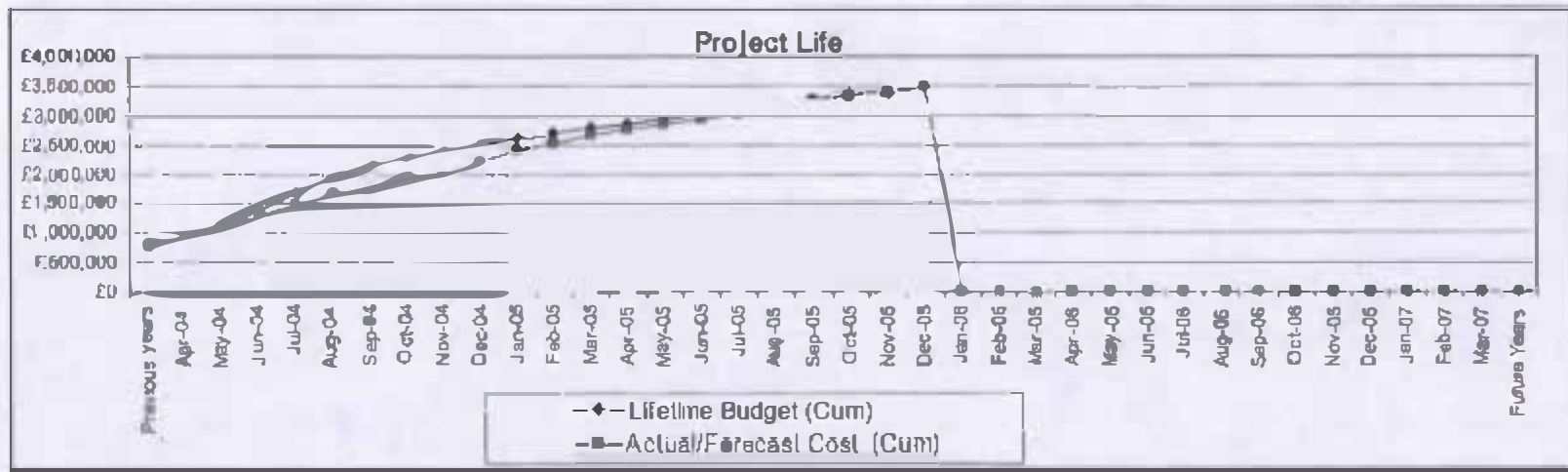
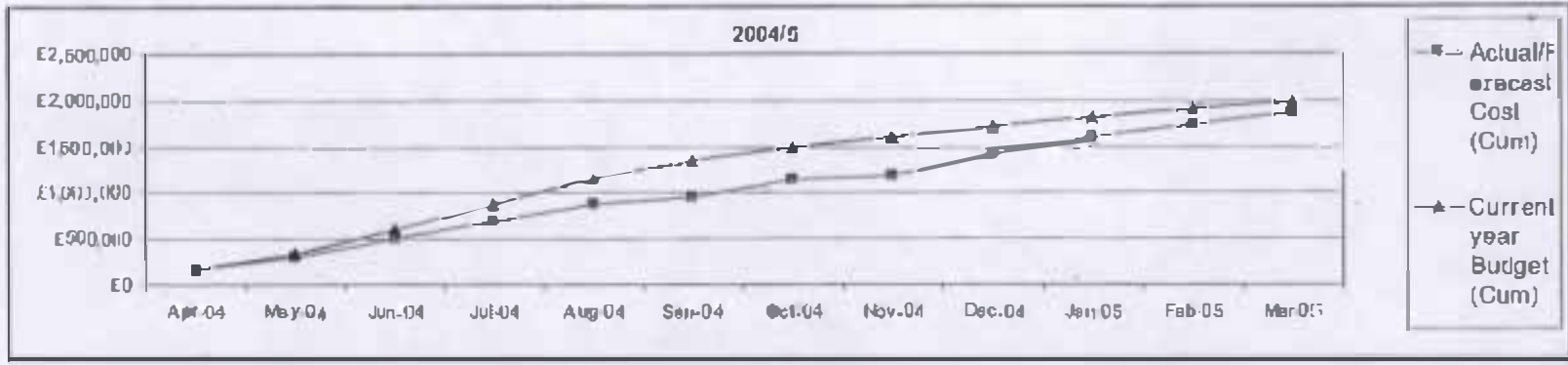
Operational Issues

The Final Route Alignment (FRA) was approved by the tie board in September, the CEC Executive on 19/10, CEC Planning Committee on 03/11 and the Full Council on 11/11. A draft Bill, and supporting documentation, was approved by the Full Council, unopposed, on 9 December 2004, and it will be submitted to the Scottish Parliament, at a date to be agreed by the Scottish Executive and CEC. A decision on when the bill is to be submitted will be made in March/April 2005. This represents a 3-4 month delay in the original project programme.

The final three months of the financial year will now be used to identify and reach agreement with potential objectors to the line 3 bill. In addition, further modelling work will be carried out following the congestion charging referendum, as the base case for the project will be subject to change. Work with community groups will continue. In addition, the project documents will be updated to take account of the newly introduced tie Project management processes.

Financial Issues

1. TL3 is currently projecting a c£112k under-spend against this years budget, this will be rolled over in 2005/06, where the available spend is anticipated to be c£837k against the current budget. The required level of spend for 2005/06 onwards will be based on the actual spend on TL1 & 2, as TL3 will follow the same process. Benchmarking indicates that the level of spend for the Parliamentary stage is significantly greater than allowed for in the original budget. This is under discussion in the tie business plan for 2005 / 06.
2. The Scottish Executive / CEC's decision to delay the submission of the TL3 bill has extended the programme. This has not significantly affected the 2004/2005 budget as resources will be concentrated on 'Objector Management', however the extension will result in an increase in Anticipated Final Cost (AFC) for the development phase of the project. The current programme is based on the next available date for submission (April 2005) being achieved. If the date is put back further, the AFC for the development stage of TL3 will increase again.



FastLink development

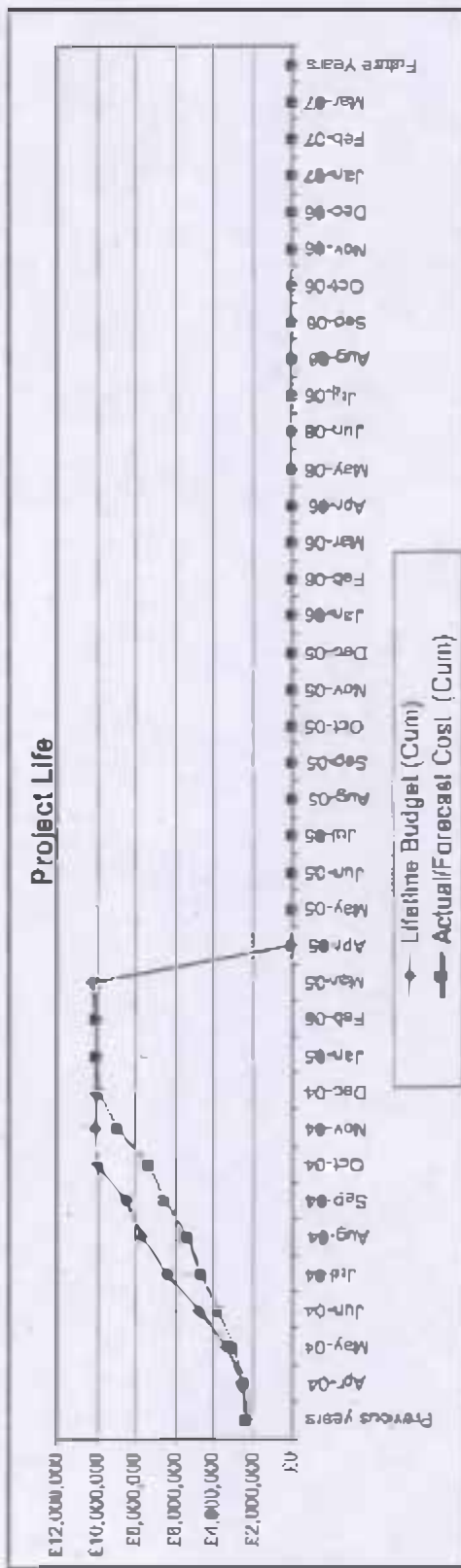
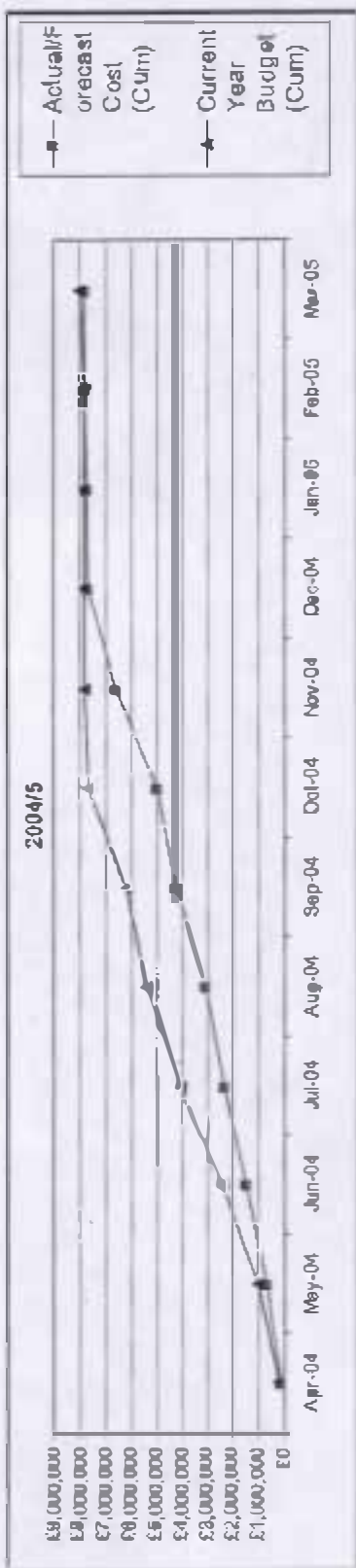
No material change to financial prospects compared to November report.

	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
WEBS	1,020,042	5,965	1,022,076	7,633,764	7,605,187	28,578	7,771,677	7,969,694	-180,117

Footway and signal works in the area are continuing. CCTV and Real time signs will be connected before the end of February.

ERDC have completed the widening of Stevenson Drive to accommodate a new bus lane and are continuing with the residual works which formed part of the on street bus priority measures contract. Included in these works is the extension of the Bus boarders at South Gyle Crescent. Requests have been received from the local community to increase the width of the footway into Education owned land at Balgreen Primary School and set back the new bus shelter in line with the previous bus shelter position. We recommend that this improvement be made at an approximate cost of £30,000.

Monitoring of the project continues and some minor alterations to signals and signs are under consideration. Work is underway to continue to define the system's role and the systems required for the safe management of the system.



Inglislon Park & Ride

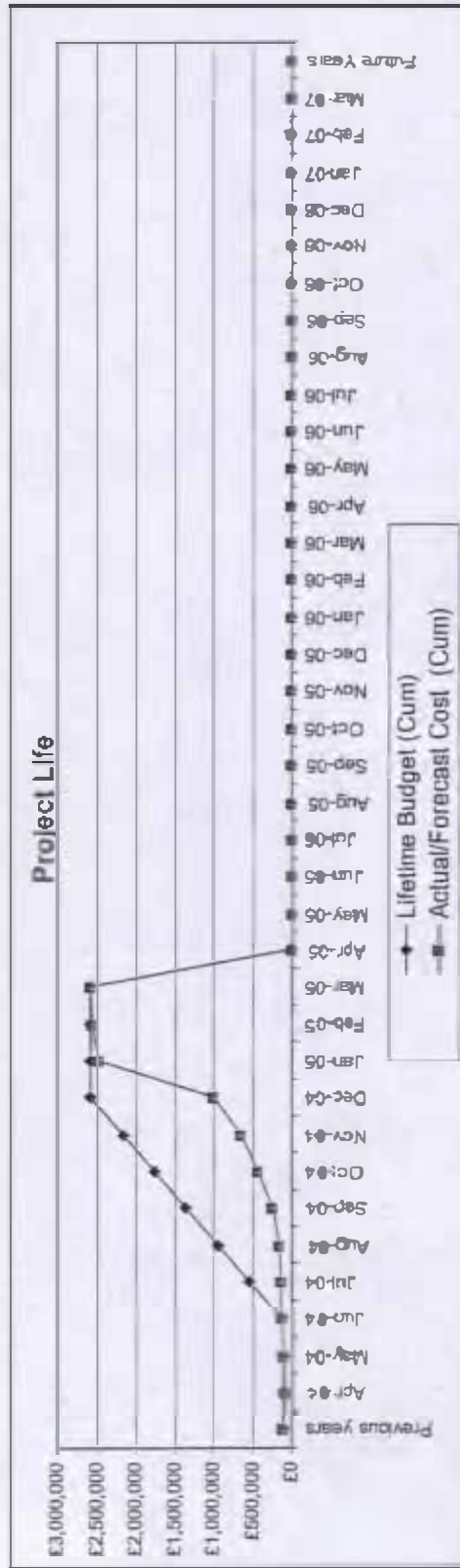
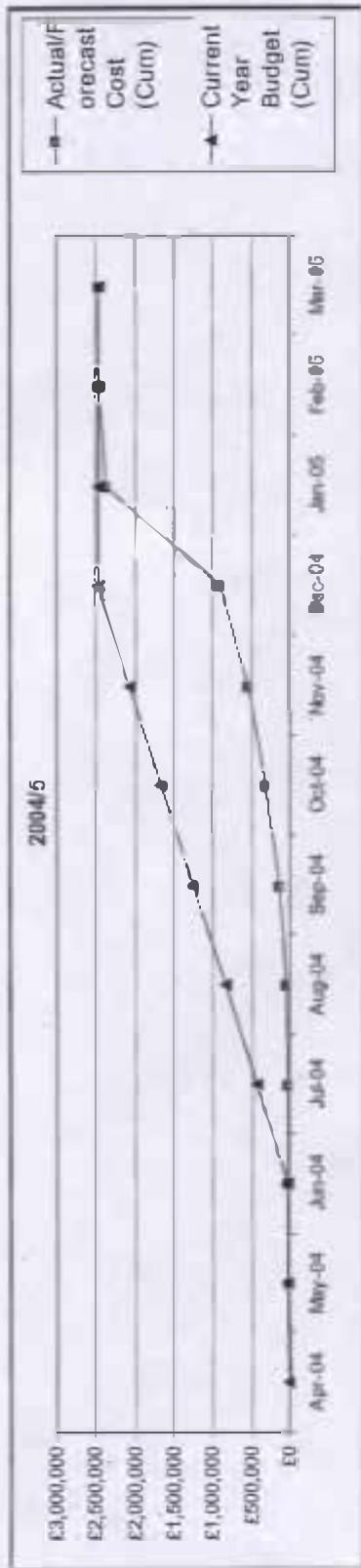
No material change to financial prospects compared to November report.

	Current Month (Dec'04)			Year to Date (8 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
Inglislon Park & Ride	319,314	406,383	57,078	882,335	2,486,205	-1,573,870	2,489,639	2,489,539	0

Access road design for the Park and Ride is continuing without change. Relocation of existing bus shelters on Eastfield Road is subject to ongoing discussions with CEC. Border are following up utility companies regarding details of diversion requirements and costs. Proposals for water main diversions have been agreed between Scottish Water and BAA. Quotations received from Scottish Power for lowering of cables in Eastfield Road and from Atkins Telecoms for lowering and ducting cables. New signing proposals have been agreed with CEC. However, CEC are proposing that existing signs be rationalised and the new proposals be integrated with this. Street lighting designs are being reviewed by CEC Street Lighting Section but Border still to receive approval. Construction continues. Demolition of farm buildings complete, Drainage works for the site at 90% completion. Sub base to access roads and parking areas continuing; parking area almost complete with some lopping-up required on access roads; approx. 80% completion. Kerbing work has continued over the period on the access roads. Roadbase has commenced on access roads. Terminal building foundations and erection of superstructure steelwork completed.

TRO schedules for internal roads and Eastfield Road prepared in draft together with programme of consultation and publication.

Early warnings have been raised regarding Programme and budget due to Building control and slow responses from utilities and the effect of these delays on the overall project and the difficulties in quantifying the utility works.

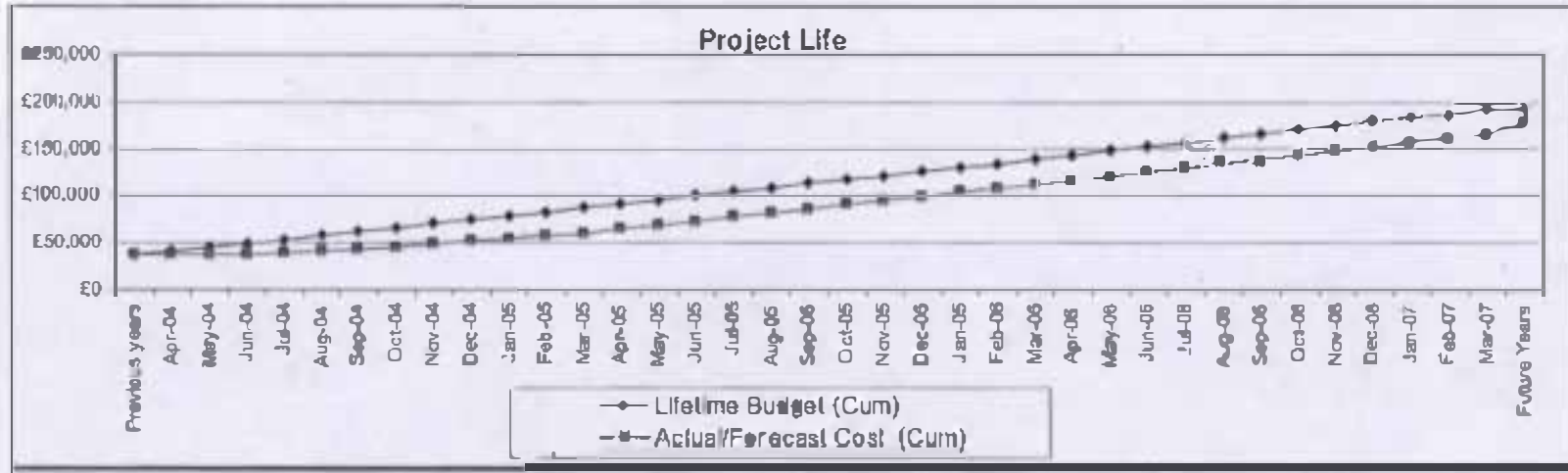
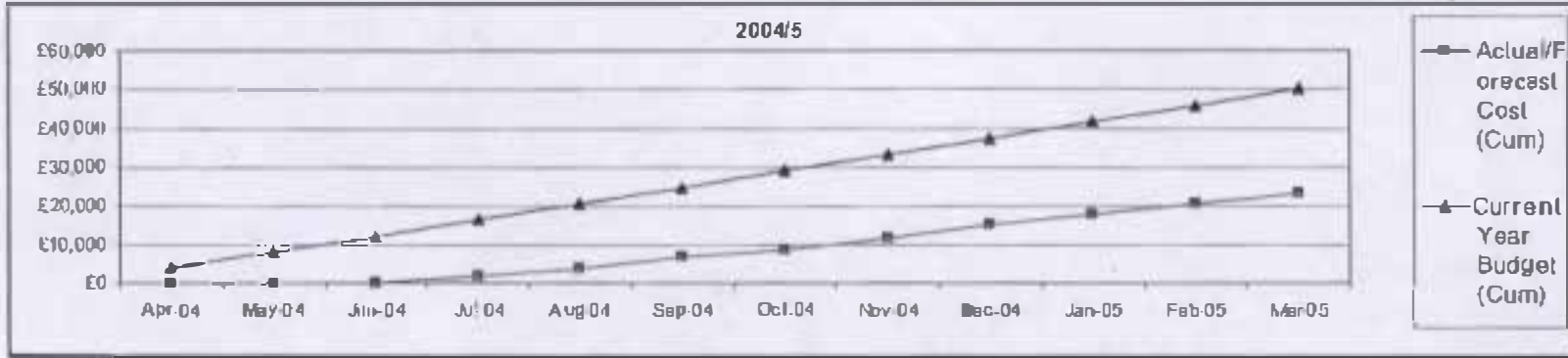


'One Ticket'

No material change to financial prospects compared to November report.

	Current Month (Dec'04)			Year to Date (9 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. Olt)									
One Ticket	3,842	4,210	574	15,064	37,334	22,270	23,903	49,982	26,079

Initial meetings have taken place with First ScotRail with a view to their becoming full participants in the scheme. A further, detailed, discussion has been arranged for 21st January.



EARL

Important financial issues being addressed.

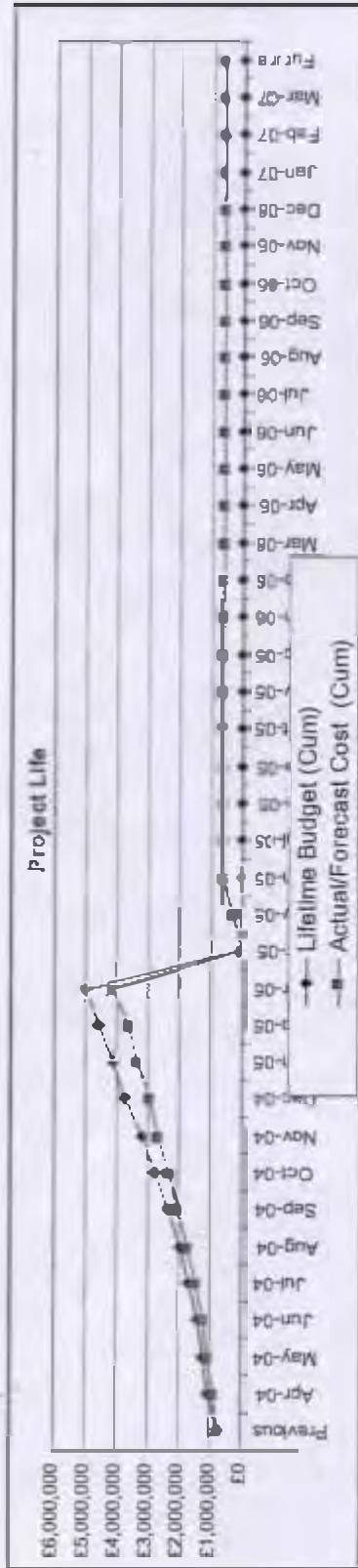
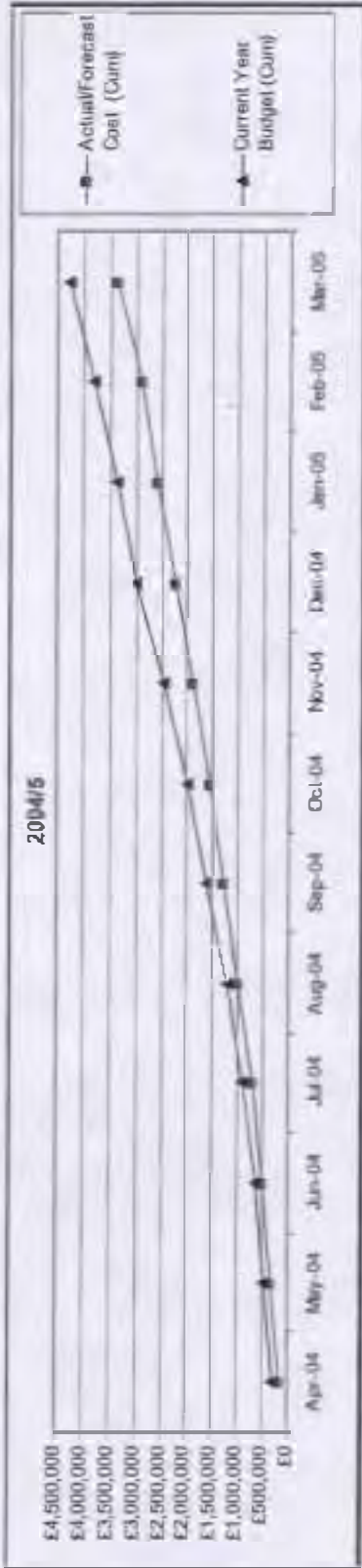
	Current Month (Dec'04)			Year to Date (8 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Total Incl. OH)									
EARL	308,797	528,166	-220,370	2,206,161	2,873,374	-707,273	3,356,786	4,256,797	-900,001

Operational

Consultation is complete and alignment of route frozen. Final freeze of accommodation works will take place by 14th January. Some slippage of cost report but should be caught up – review ongoing. Some slippage to EIA due to information arriving later than expected – no impact on programme expected. Draft Bill and draft Explanatory notes prepared according to programme.

Still awaiting decision from SE about Bill Promoter. This was expected by end December and we are chasing for response. This could impact on programme if SE decide to promote via a Hybrid Bill.

No response from Network Rail relating to the draft Heads of Terms submitted to them in October apart from them now insisting that we sign a new Basic Services Agreement. Having reviewed this they are not inclined to sign and have suggested a number of alterations to NR. It is recommended that SE support is provided in engaging with the Office of the Rail Regulator to require NR to engage fully in the project using the Enhancement Facilitation Agreement principles agreed with SRA. This stance by NR imports a risk into the programme.



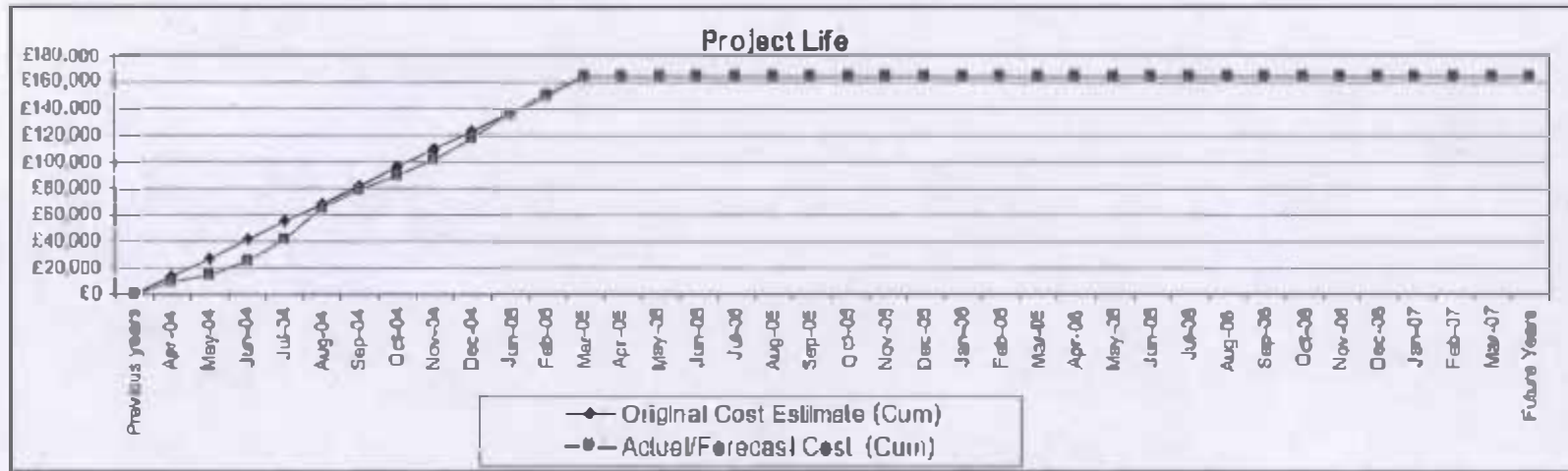
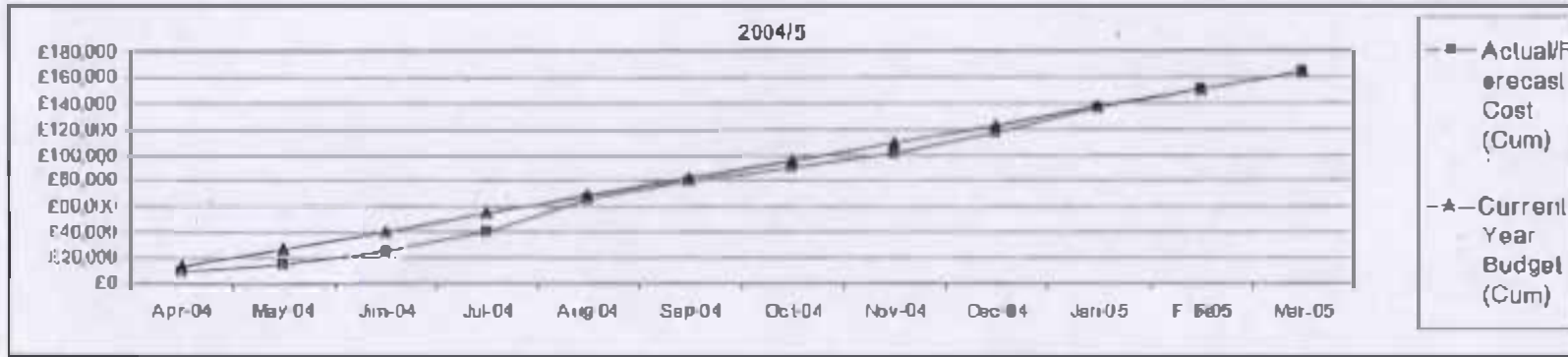
Stirling Alloa Rail Link*Billings now paid up to date.*

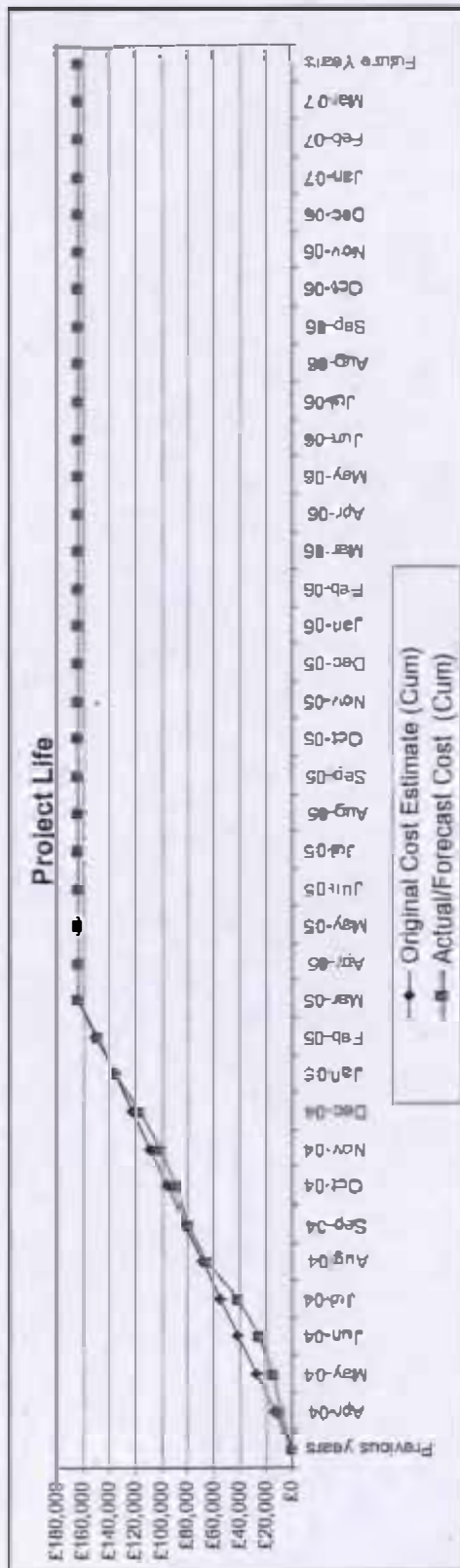
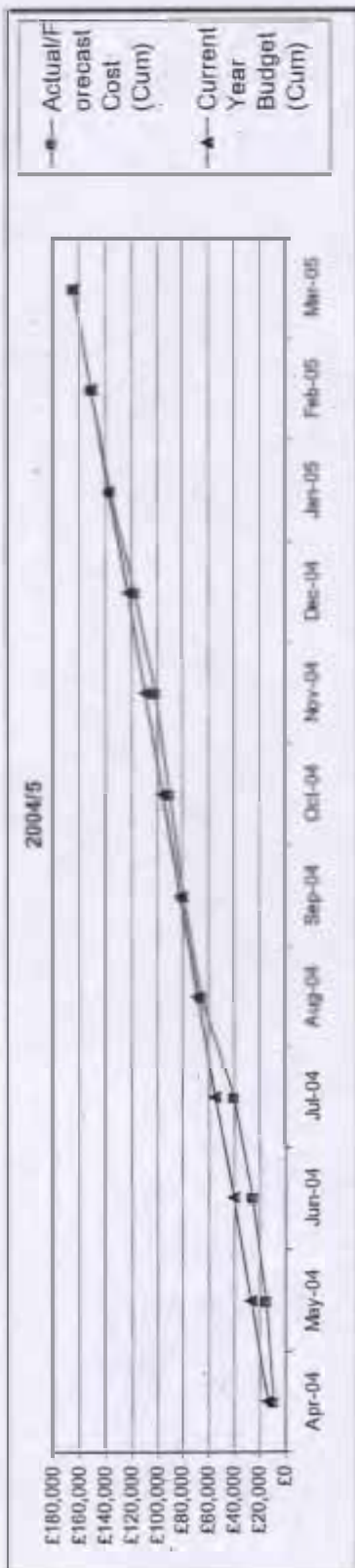
	Current Month (Dec'04)			Year to Date (8 mths to 31/12/04)			Year End (12 mths ending 31/3/05)		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
<u>Project Costs (Total Inc. OH)</u>									
SAK	18,410	16,410	.0	117,285	117,285	0	183,833	183,833	0

The contracts with Clackmannanshire Council have not been signed at the moment as we have changed the proposal to have a full time Project Manager. However, the substance of the contracts has been agreed.

It has been recognised that the part time project manager role has not been 100% successful and, as we move into the implementation phase of the project and to ensure tie is in full control of all three workstreams, the role should be expanded to become full time and partly based in tie's offices. This will also have the added effect of the project manager being able to interface with the senior management support and the admin support of tie. The individual to fill this role has been identified and negotiations are currently underway.

Payment has been received for all costs incurred up to 30th November. December costs were invoiced on 31st December and payment is due by end January.



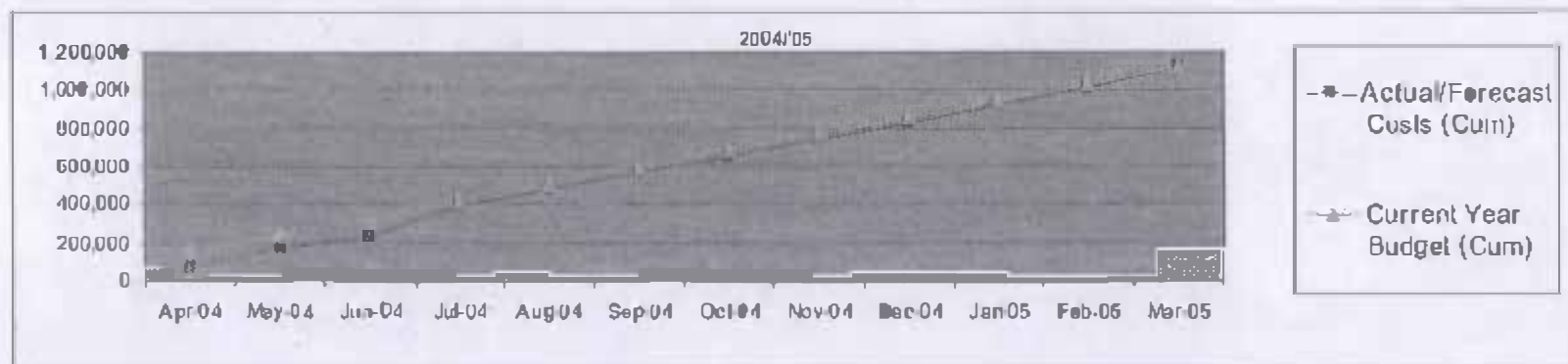


4 Overheads Commentary and Graph

No material change to financial prospects compared to November report

Overheads are allocated, and charged to CEC on a monthly basis, to each project pro rata as per business plan budget.

The main reasons for the variances on budget are primarily as the budget anticipated major spend being incurred in April due to office re-location. The actual spend was incurred in July.



Bank

CEC have been issued with five invoices for December. CC – Information Campaign, WEBS, EARL and Ingliston Park & Ride are now being invoiced separately. These are due for payment by 28th January. The five November invoices were paid in December. The "book" bank balance (overdrawn) as at 31st December totalled £0.349m. A revised overdraft limit of £4m is currently being negotiated with RBS.

Relationship with CEC

tie has issued invoices to CEC to 31st December. Accrued costs and depreciation are not included in these recharges to CEC. A monthly CEC/tie liaison meeting is held which involves representatives from CEC City Development, Finance and the Scottish Executive. Invoices are also issued to Clackmannanshire Council and to One-Ticket Limited.

5 Detailed Expenditure Report for Period Ended 31st December 2004

	Current Month (Dec'04)			Year to Date (9 months to 31/12/04)			Year End 12 months ending 31/3/05		
	Actual	Budget	Variance	Actual	Budget	Variance	Forecast	Budget	Variance
Project Costs (Staff)									
Congestion Charging - Development	15,008	14,720	288	140,930	130,331	10,600	184,478	174,481	9,997
Congestion Charging - Procurement	14,774	21,810	-7,036	138,087	102,119	36,000	181,880	247,849	-65,969
Congestion Charging - Information Programme	6,336	0	6,336	37,243	0	37,243	63,248	0	63,248
WEBS	3,883	3,788	95	31,195	33,254	-2,059	44,522	41,622	2,900
One Ticket	2,487	4,218	-1,731	13,809	37,334	-23,525	22,148	49,802	-27,654
EARL	18,988	27,243	-8,255	188,000	241,218	-53,218	227,197	322,948	-95,751
RAK	8,847	8,847	0	93,680	93,680	0	140,120	140,120	0
Inflation Park & Ride	2,021	888	1,133	17,470	818	16,652	23,532	0,249	16,283
Trams - DPQF	8,091	0	8,091	102,000	0	102,000	102,000	0	102,000
Trams - INFRACO	28,802	38,300	-9,498	25,802	189,058	-163,256	321,854	423,723	-101,869
Tram 1	10,438	17,880	-7,442	86,173	158,144	-71,971	128,488	211,724	-83,236
Tram 2	10,774	17,832	-7,058	87,507	158,938	-71,431	128,830	212,812	-84,002
Tram 3	10,590	17,688	-7,098	88,482	158,144	-70,000	127,893	211,724	-83,831
Sub-Total	120,230	172,368	-52,138	1,082,978	1,388,840	-305,862	1,084,834	2,048,102	-963,268
Project Costs (External Costs)									
Congestion Charging - Development	22,489	53,770	-31,281	731,458	778,838	-47,380	802,084	847,048	-44,964
Congestion Charging - Procurement	310,887	44,344	266,543	1,218,880	1,170,800	48,080	1,888,448	1,837,800	50,648
Congestion Charging - Information Programme	48,184	20,000	28,184	243,175	800,000	-556,825	848,742	610,000	238,742
WEBS	1,022,253	0	1,022,253	7,881,882	7,880,588	1,294	7,009,080	7,887,197	-878,117
One Ticket	1,188	0	1,188	1,188	0	1,188	1,188	0	1,188
EARL	273,874	486,887	-213,013	1,889,946	2,677,280	-787,334	2,825,813	3,728,053	-892,240
RAK	8,563	8,563	0	23,700	23,700	0	23,700	23,700	0
Inflation Park & Ride	348,881	408,201	-59,320	870,976	2,488,931	-1,617,955	2,440,744	2,450,031	-9,287
Trams - DPQF	27,800	85,000	-57,200	810,782	180,000	630,782	1,817,041	1,783,591	33,450
Trams - INFRACO	220,880	270,000	-49,120	220,880	1,189,860	-968,980	1,871,833	2,890,880	-1,019,047
Tram 1	60,884	52,384	8,500	1,085,332	671,472	413,860	1,350,847	727,983	622,864
Tram 2	88,810	112,188	-23,378	814,487	1,188,823	-374,336	1,031,000	1,491,788	-460,788
Tram 3	213,902	81,000	132,902	1,228,803	1,460,144	-231,341	1,011,833	1,839,100	-827,267
Sub-Total	2,654,891	1,028,252	1,626,639	18,827,888	19,713,131	-885,243	23,055,716	25,414,826	-2,359,110
Project Costs (Total)									
Congestion Charging - Development	37,478	68,490	-31,012	872,388	808,809	63,579	1,048,839	1,021,538	27,301
Congestion Charging - Procurement	326,441	66,254	260,187	1,354,767	1,363,019	1,748	1,888,448	1,888,448	0
Congestion Charging - Information Programme	61,498	20,000	41,498	280,418	800,000	-519,582	800,000	610,000	190,000
WEBS	1,026,048	3,788	1,022,260	7,813,077	7,683,842	129,235	7,743,802	7,931,719	-187,917
One Ticket	3,842	4,218	-376	15,084	37,334	-22,250	23,303	49,882	-26,579
EARL	292,880	513,130	-220,250	2,055,895	2,819,488	-763,593	3,152,810	4,052,811	-899,991
RAK	18,410	18,410	0	117,286	117,286	0	183,833	183,833	0
Inflation Park & Ride	348,902	408,977	-59,075	888,446	2,488,187	-1,599,741	2,464,288	2,464,288	0
Trams - DPQF	36,681	85,000	-48,319	1,012,880	180,000	832,880	1,719,110	1,783,591	-64,481
Trams - INFRACO	248,382	308,300	-59,918	248,382	1,329,348	-1,080,966	2,193,187	3,014,373	-821,186
Tram 1	61,431	70,244	-8,813	1,180,805	729,810	450,995	1,483,436	938,687	544,748
Tram 2	77,384	130,107	-52,723	711,984	1,327,779	-615,795	1,180,820	1,704,800	-523,980
Tram 3	224,501	88,948	135,553	1,321,157	1,811,288	-490,131	1,739,181	1,850,813	-111,632
Sub-Total	2,875,101	1,788,812	1,086,289	17,880,283	21,072,071	-3,191,788	23,350,848	27,482,777	-4,131,929

6 Balance Sheet – Month End and Year to Date Progress

	Year Ended 31/03/2004	1 Month Ended 30/04/2004	2 Months Ended 31/05/2004	3 Months Ended 30/06/2004	4 Months Ended 31/07/2004	5 Months Ended 31/08/2004	6 Months Ended 30/09/2004	7 Months Ended 31/10/2004	8 Months Ended 30/11/2004	9 Months Ended 31/12/2004
FIXED ASSETS	34,090	35,800	33,252	38,774	98,473	97,122	94,634	93,863	91,375	92,640
	34,120	35,722	33,252	38,774	98,473	97,122	94,634	93,863	91,375	92,640
CURRENT ASSETS										
Trade Debtors	2,003,450	3,221,220	3,014,964	3,063,030	3,082,234	6,188,900	6,357,348	6,385,325	7,563,854	6,561,588
Other Debtors	5,774	4,282	4,282	4,425	4,425	4,425	4,425	-1,575	-1,575	3,427
Prepayments & Accrued Income	20,788	20,394	20,089	1,178	88	0	0	0	0	0
CECL Loan	0	0	0	0	0	0	0	0	0	0
Petty Cash	424	62	112	69	31	21	18	48	48	48
	2,129,936	3,246,868	3,429,367	3,068,702	3,087,660	5,193,356	6,361,791	5,383,798	7,562,338	5,548,203
CURRENT LIABILITIES										
Trade Creditors	1,925,102	1,251,205	1,388,699	1,862,376	2,461,584	2,195,512	1,712,745	2,514,223	1,894,281	2,005,329
Employee Creditor	200	577	523	53	721	16	32	48	1,417	686
Bank Account	228,479	1,218,281	1,102,882	405,617	48,804	2328,045	1,895,796	1,637,106	3,081,926	349,478
Pension Creditor	11,985	12,815	13,245	10,541	10,508	9,973	10,549	11,157	11,721	12,032
Lease Liabilities	0	0	0	0	0	0	0	0	0	0
Accruals	273,845	749,821	888,184	784,784	701,732	688,060	1,741,287	1,216,799	2,611,137	3,111,646
VAT Payable (Receivable)	56,514	18,411	38,960	29,819	18,870	32,401	65,843	58,754	82,307	112,011
PAYING	28,678	28,687	32,995	34,227	36,682	36,178	37,238	37,181	38,773	37,613
Corporation Tax	0	0	0	0	0	0	0	0	0	0
Other Creditors	0	28	52	0	0	1,188	1,141	298	1,116	1,141
	2,194,331	3,291,668	3,414,671	3,127,476	3,186,333	5,209,472	5,495,421	5,478,680	7,642,713	5,639,841
NET CURRENT ASSETS/(LIABILITIES)	-33,090	-34,800	-35,252	-38,774	-97,473	-96,122	-93,634	-92,867	-90,375	-91,639
Liabilities > 1 Year	0	0	0	0	0	0	0	0	0	0
NET ASSETS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Represented by:										
Share Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	0	0	0	0	0	0	0	0	0	0
Profit & Loss Account	0	0	0	0	0	0	0	0	0	0
Balance as at Period End	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000



Agenda Item 6b

Governance & Financial Matters

b) tie Business Plan

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7

Communications

- a) **ITI Communications – Information Programme ***
- b) **Stakeholder Report ***

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



Agenda Item 7a

Communications

- a) ITI Communications – Information Programme *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)

Transport Edinburgh Communications Strategy in December 2004

This note seeks to update the tie board of our recent progress

CEC Activities

- Distribution of the general Transport Edinburgh leaflet with details of 'Use your vote' has come to an end.
- Bus rear advertising continued to 11 January. Further advertising was to be considered up to 21 February, but had to be postponed due to timescales.
- Adshel advertising with its message encouraging people to register their vote continued until 11 January. Further adshel advertising was to be considered up to 21 February, but had to be postponed due to timescales.
- The Public Transport Map is now on hold and under review until after the referendum.
- Other information activities on the key message of 'Use Your Vote' are planned that includes, internal bus panel advertising, posters for circulation at CEC, 'handbills' / leaflets for use in buses and vehicle stickers.
- The Referendum information programme, which included radio advertising, adverts in local & community newspapers, press relations, advice via the Electoral Office helpline on 0131 529 4877 and Transport Edinburgh helpline on 0131 469 3417 is now completed. New referendum press and radio advertising is planned running to 21 February under CEC branding (To be confirmed).
- The Referendum leaflet accompanying the ballot papers is still to be approved.
- The Transport Edinburgh public enquiries service handled a great number of enquiries on the Referendum and the Council's proposed transport strategy in the last week of the registration period.
- A Forth Radio debate is planned for Sunday 23 January between 10am and 12pm. This is being organised by Forth Radio. The debate will

offer listeners the chance to discuss with four key speakers the council's transport plans. Speakers are to be confirmed by Forth Radio.

CEC/tie Activities

- The public debate on Edinburgh's transport plans will take place on Tuesday, 25 January. All pre-event management is in place – guest invites have been issued, press advertising has been completed, tickets have been issued, a registration is being updated, the venue has been booked and the catering is organised. The debates key speakers are being confirmed. Lesley Riddoch is the debate's chair.
- Tie has assisted in distributing the general leaflet.

Sue Campbell
18 January 2005



Agenda Item 7b

Communications

b) Stakeholder Report *

* = paper enclosed (available under FOISA but subject to review under Section 5b of tie's publication scheme and exceptions in The Act)



**Board Update
Stakeholder & Communication Management
14 January 2004**

Stakeholder management continues to progress on the following fronts:

- **Stakeholders**
- **High profile Champion stakeholders**
- **Newsletter**
- **Websites.**

Communication management continues to progress on the following fronts:

- **Media enquiries**
- **Communication strategy and partners**
- **Events.**

Stakeholders

The following presentations have been made in the last month:

Comm Cabs	21 December 2004
Co-operative Society	10 January 2005
Royal Bank of Scotland	11 January 2005
Fettes School	13 January 2005
Persevere Taxis	14 January 2005
Dean Park Residents Assoc	17 January 2005

All presentations went well; new contacts are being followed up.

In addition the following progress has been made:

Grapevine	Letters to 500 Edinburgh members with 'Use your vote' leaflets were issued 5 January. Many members are blue badge holders and that exemption was confirmed in the covering letter.
Royal Bank Of Scotland	Following legal advice, the manned Transport Edinburgh information stand planned for the staff restaurant on 12 January was cancelled. 'Use your vote' leaflets were made available in all buildings following the 11 January presentation.

Scottish Widows Meeting held on 22 November. No date for staff presentation made available by company. 'Use your vote' leaflets delivered on mass to 2 buildings instead. Link to Transport Edinburgh web site set up via intranet.

Scottish & Newcastle Meeting held 6 December. No further meeting date set up by company. 'Use your vote' leaflets delivered on mass to 2 buildings instead.

Future dates for meetings or presentations are:

St Georges School Presentation booked for 19 January.

Merchiston School Presentation booked for 20 January.

Cramond Community Council Presentation booked for 20 January.

Federation of Private Business Meeting booked for 20 January.

Towerbank School Presentation booked for 24 January.

A large amount of time and resource has been spent to ensure that the Transport Plans and the 'Use your vote' leaflets have been delivered to a mass audience.

The attached list shows all stakeholders and specific groups that we have delivered the information to.

High profile Champion Stakeholders

Following approval of the Champions list by the Transport Edinburgh group work has continued on an individual basis with key members of the group continuing to approach contacts. Updates on progress are due by 20 January.

Gordon MacIntyre-Kemp, Pathfinder for Now-Business is in full support of the transport plans. Now-Business has membership of 14,000 small to medium businesses, with 3-4,000 in or around Edinburgh. An article profiling them appeared in their December newsletter. Their January newsletter, written by Gordon, will have an article supporting the plans published on 27 January. Gordon will issue a press release announcing the Now Business community's support for the transport plans at that time. He is also available for interview and, or, comment.

Newsletter

Wording of the newsletter has changed, following recent legal advice. The date of issue has therefore changed. Deadline for issue is now Friday 21 January.

Website

The limited website has been updated; it also now includes Freedom of Information Act details.

The Transport Edinburgh site remains up to date, regular reviews of content for both sites are diarised.

Media enquiries

Work to forge open, helpful, working relationships with the press continues. Meetings have been held separately with John Mclellan and Brian Ferguson of the Evening News. A meeting with Alistair Dalton of the Scotsman is planned for 18 January.

Media interest is increasing at pace.

The process put in place to ensure we are aware of all media enquiries, irrelevant of topic or project has proven to work well, particularly over the Festive period.

Close working relationships with CEC and Weber Shandwick continue and have ensured that all enquiries are dealt with in a timely and helpful manner.

Communication strategy and partners

Work with Weber Shandwick for Trams and CC continue to be more proactive whilst adhering to legal advice. The planning, reporting and events processes are working.

Events

Logistical event management of the Transport Edinburgh public debate is being progressed by **tie**.

This event will be held in the EICC in the evening of 25th January 2005.

By owning this part of the work in the lead up to the event and on the night, **tie** is assisting the CEC, leaving them free to work on the attendance at the event through ticketing and invite. CEC Corporate Comms are working with the key speakers.

A lunch for former tram drivers is planned for March. Eight former drivers have contacted us following our tram driver search story in the Evening News.

The lunch, hosted by Michael Howell and Alex Macaulay, will include a presentation on the tram plans, photos and footage of the new generation of trams, lunch and an opportunity to relive memories. Former drivers who are

keen to bring old photos and memorabilia to the event will be encouraged to do so.

Media will be invited to attend the final part of the event.

The Board is asked to note the position.

Suzanne Waugh
17 January 2005

General:

All Social Inclusion Partnerships
All Community Councils
Lochend Neighbourhood Centre

Business:

Scottish Widows
Standard Life Buildings
Scottish Courage (Gyle)
Scottish & Newcastle
Royal Bank of Scotland (Gyle)
Scottish Equitable (Gyle)
HSBC (Gyle)
Scottish Widows (City)
Scottish Widows (Old Dalkeith Road)
Bank of Scotland
SEEL
Inland Revenue
Inst. Of Chartered Accountants
Scottish Gas
BAE Systems
BT Scotland
Intelligent Finance
Scottish Financial Enterprise
Connect Scotland

Hospitals:

Liberton Hospital
Royal Infirmary of Edinburgh
Western General Hospital

Shopping Centres:

Cameron Toll Shopping Centre
Ocean Terminal
The Gyle
Asda Walmart, Fort Kinnaird
For: Kinnaird Management Suite, covering all of the shops in the Fort
Safeway, Fairmilehead
Tesco, Oxcgangs
Asda, Gorgie Road
St James Centre
Scotmid - Leith
Iceland - Piershill
Safeway - Piershill
Lidl - Niddrie
Iceland - Gilmerton
Safeway - Gilmerton
Sainsburys - Stralton
Lidl - Wester Hailes
Sainsburys - Meadowbank
Wester Hailes Plaza
M&S, Gyle

Education:

Telford College South Campus
Heriot Watt
Queen Margaret College
All private/independent schools we had not received a request for a presentation from
Napier University

Leisure:

Commonwealth Pool
Meadowbank Stadium
Jack Kane Centre
Livingwell Health Club, Newcraighall & Caledonian
Next Generation Health Club
David Lloyds, Glasgow Road
Rouge
Giannos, Shore & Union Place
Est Est Est
UCI, Fort Kinnaird

Bingo Halls:

Mecca Bingo – Leith
Gala bingo hall Meadowbank
Gala Bingo – Wester Hailes

Transport:

Bus Station
Edinburgh Park Transport Advisory Group
Accolade City Cars Ltd
Ariel ABW Cars
Airlink Cars
Crewe Toll Cabs
Edinburgh Select Travel
Crewe Toll Cabs
Central Radio Taxis
CityCabs
Comcab
Edinburgh Private Hire
Edinburgh Airport Taxis
CityCabs
Festival City Cars
Persevere Private Hire