
From: Nick Smith
Sent: 16 April 2009 16:12
To: Colin MacKenzie
Subject: FW: April 30th Council Tram Update

refers to my suggested claims procedure

Kind regards

Nick

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From: Alan Coyle
Sent: 16 April 2009 15:55
To: Nick Smith
Subject: FW: April 30th Council Tram Update

Nick

As discussed, see GB's comments re governance noted below under 3.12-3.14.

Regards

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From: Graeme Bissett [mailto:graeme.bissett@[REDACTED]]
Sent: 15 April 2009 19:53
To: Alan Coyle; Donald McGougan; Tom Aitchison; 'Steven Bell'; 'Stewart McGarrity'; Marshall Poulton; Dave Anderson
Cc: Andy Conway
Subject: RE: April 30th Council Tram Update

Alan, here are a few comments, driven by the need to protect commercial confidentiality and to ensure we give no opportunity for advantage to the contractor :

- 3.3 The Supplemental Agreement covers more than the cost basis, although that is a key part. I would be wary of focusing specifically on this cost mechanism in this report ; can we restrict the commentary to say that “the SA clarifies a number of aspects of the Infraco contract in relation to the specific requirements of Princes Street and provides a basis for reaching agreement on certain disputed matters” or similar ?
- 3.4 Does this need to finish with “...recourse to contractual dispute resolution machinery.”
- 3.8 The middle sentences starting “This makes....” To “.....for the project.” imply that tie has something to hide. If these two sentences were deleted I think the rest of the paragraph makes a punchy statement about confidentiality.
- 3.9 I am concerned that the references here and in 3.10 to a range of cost levels and sufficiency of risk allowances will imply to BSC that tie / CEC are prepared to be flexible on price which will whet their appetite for more money. Although it’s a bit bland, can we restrict to “considering all feasible strategic options” or similar.
- 3.11 Can we add “Any...” in front of “Further adjustments...” in the third sentence. I’d prefer we didn’t have the final sentence about staying within the agreed funding levels because it will confirm to BSC that we’ve moved away from £512m and are heading to £545m ; however, I appreciate underlying realities and that the Councillors will reasonably want a sighting shot at current outturn estimates. I suggest that we add to the preceding sentence “....and BSC and any such adjustments will be subject to rigorous assessment to ensure the public purse is protected”.
- 3.12–3.14 I appreciate that the text is seeking workable methodology to overcome an asynchronous approval requirement, but I wonder if this paper is the right place to crystallize this. If the proposal has been debated and agreed as workable all round, then I step back. However, we are already above £1m if this measurement basis is valid, so on the face of it every “claim” is now subject to this process, which is clearly both undesirable and unworkable. I wonder if we have common agreement on 1) what is a “claim” ; and 2) whether claims (or any other sort of charge) against the approved risk allowance are really the target for approval, or whether the underlying intention was to surface incremental claims / costs / charges which take the estimated cost above the approved AFC ? If the latter can we not seek a better process ? One suggestion would be to note the Carillion item in this paper, but notify the Council that the issue of Council involvement in the approval process is under review in the light of the budget and programme recalibration process underway and that a revised proposal will be put to the Council (say in June / July) when the revised position is established. Meanwhile, you and colleagues have full information on the evolution of costs (in all categories) which ensures Council visibility, a fact you may want to record in this paper.
- 3.15 For the reasons set out in comments on 3.9 / 3.10 above, can we live without the reference here to risk allowances and costs ?
- 3.39 Can we delete the second sentence which is fine in context but implies we see no significant headroom from the 1A budget, reflecting reality but which will again reinforce BSC’s ambitions.

- 3.40 The reference to the effect of the downturn on 1B's prospects could also be applied to 1A, but the underlying point is that the tram is a 30-year investment which will support development, so I'd suggest deleting this sentence.

- 4.3 We should probably eliminate the phrase "reduce the tram overall costs" in case it is optimistically misconstrued.

- 6.6 As above, can we remove references to additional costs for phase 1A, instead simply emphasizing prudence which is a robust and common sense proposal.

This may read critically, but the points are solely aimed at mitigating commercial exposure. Happy to discuss.

Regards
Graeme

Graeme Bissett
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From: Alan Coyle [mailto:Alan.Coyle@edinburgh.gov.uk]
Sent: 15 April 2009 17:57
To: Donald McGougan; Tom Aitchison; Steven Bell; Graeme Bissett; Stewart McGarrity; Marshall Poulton; Dave Anderson
Cc: Andy Conway
Subject: April 30th Council Tram Update

Dear All

Please find attached draft Council report on Edinburgh Tram for the April 30th meeting. Please get back to me with any comments please.

Regards

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