
From: Duncan Fraser
Sent: 02 August 2007 20:38
To: Andrew Holmes
Cc: Rebecca Andrew; Donald McGougan; Andy Conway
Subject: RE: Tram Governance

Today as agreed Graham Bisset held a meeting with Damien Sharp of TS. In brief the out come was an agreement in principle about the £500m subject to more detailed discussions about the timing of the payment of the grant. There is an issue to be discussed about funding this year further to the £70m granted so far. Tie require further funding if the current programme is to be maintained. This requires to be pursued by CEC. Currently Finance are seeking a meeting to agree the terms of the financial agreement with TS.

Yesterday tie gave a presentation on the Infraco contract which they seek to enter into on the 11 January 2008. CEC has not be involved in the contract to date from either a financial or legal perspective. With the change in risk balance to the Council (funder of last resort) and the requirement to sign the financial close, subject to Council approval on 20 December 2007, this raises a number of questions.

* What information and assessments are required to demonstrate the risk that Council are entering into
*DLA have not fully entered into a duty of care with CEC, because they have acted for tie and have declared this is not the same as the Council- this requires to be explored with DLA
*CEC require I suggest an independent review of the risks that CEC are exposed before entering into contract. Time is very short hence the need to progress matter. We have a contract with D&W so this may be a way forward. I recommend a meeting with D&W (Michael Macauley) to explore the options paper from both a legal and financial aspect. This is necessary so that the Council can be informed into what contractual liabilities it is entering into. Also it will assist in making provision for potential overspend or headroom above the contracted sum. (this is not about doing tie's job nor re-writing the contract only transparency of the risks to CEC)
*I have discussed this with legal and they have prepared a paper consider 4 options on how best to explore the legal advice. Additionally there are critical financial questions that require clarification. The Letter of Comfort requires careful consideration to the Infraco Bidders. There are a number of options however I suggest the form is one that provides a guarantee up to a capped sum, while tie acts under the contract but not the Council- this requires to be discussed and agreed with legal and finance.
I suggest that the way forward is for legal and financial requirements to be set down by both finance and legal departments and this is then discussed with the respective directors and yourself to agree the way ahead. This may also overlap with the governance paper

The Greenways issue requires to be considered and decides by CEC. You have apparently discussed this Keith Rimmer of tie. At the DPD today he expressed the view that it was now up to CEC to decide to avoid delay. The recommendation from tie is to use yellow lines so that there is no requirement for Ministerial approval over an indeterminate period. This would potential mean renewing the red line on a temporary basis then replacing them with yellow lines when the order is made. If the yellow line argument is accepted then the enforcement regime to ensure compliance will be critical as in many location there is only one lane for all traffic hence a illegally parked vehicle could cause an obstruction to all other vehicles including buses and may cause vehicles to stray on to the tracks. This would be unsafe and adversely impact on the running times. It may be that a parallel arrangement is pursued so that if the Minister decision is prompt then red could be retained saving money £250k and be more easily enforced.

I would appreciate your advise and direction when we meet tomorrow on these matters.

From: Lillian Trace on behalf of Andrew Holmes
Sent: Wed 01/08/2007 08:48
To: Jim Grieve; Duncan Fraser
Subject: FW: Tram Governance

From: Sandra Elgin
Sent: 30 July 2007 08:48

To: Andrew Holmes; Donald McGougan; Jim Inch
Subject: FW: Tram Governance

From: Bill.Reeve@transportscotland.gsi.gov.uk [mailto:Bill.Reeve@transportscotland.gsi.gov.uk]
Sent: 26 July 2007 21:18
To: Willie.Gallagher@tie.ltd.uk; david_mackay@transportscotland.gsi.gov.uk; Tom Aitchison;
chiefexecutive@transportscotland.gsi.gov.uk
Cc: graeme.bissett@transportscotland.gsi.gov.uk; Matthew.Crosse@tie.ltd.uk; Matthew.Spence@transportscotland.gsi.gov.uk;
Lorna.Davis@transportscotland.gsi.gov.uk; Jerry.Morrissey@transportscotland.gsi.gov.uk;
John.Ramsay@transportscotland.gsi.gov.uk; Damian.Sharp@transportscotland.gsi.gov.uk
Subject: RE: Tram Governance

Dear Willie,

Thank-you for your helpful note.

I am content it is a useful summary, with one minor clarification.

The principal purpose of the meetings with CEC will be to ensure that we have a clear understanding of the information contained within the four weekly standard report required by Transport Scotland for all its major rail projects. The meetings should be four weekly, to match the report frequency. Given that this will be the principal monitoring system that will permit Transport Scotland to discharge its obligations as a grant funder, I stressed the importance that these reports be completed in full and on time. This will be a condition of grant.

Regards,

Bill Reeve

-----Original Message-----

From: Willie Gallagher [mailto:Willie.Gallagher@tie.ltd.uk]
Sent: 24 July 2007 20:34
To: Reeve W (Bill); David Mackay; Tom.Aitchison@edinburgh.gov.uk
Cc: Graeme Bissett; Sharp DP (Damian); Matthew Crosse
Subject: Tram Governance

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Bill,

Thanks you for your time this morning. We discussed your proposed involvement to the Tram Project which I have summarised:

Governance

TS will adopt a very light touch approach to project monitoring, restricted to :

1. Submission of the normal 4-weekly report
2. Monthly meeting with CEC (attendees to be determined, but thrust is of a senior stakeholder "big issue" session, not detailed interrogation of project progress and issues)
3. Quarterly meeting between Malcolm Reed and Tom Aitchison

TS will withdraw from TPB and all committee activity and will take no formal role in Gateway reviews.

The grant award conditions will also reflect :

1. A complete Final Business Case endorsed by CEC, timing to be determined
2. OGC Gateway 3 Review executed and confirmation that all serious "red, hold" issues have been resolved

I have probably missed out some of our discussion, but hopefully not anything important. I have asked Graeme to contact Damian to make progress on this matter whilst we are both on holiday. The target must be for agreed exchange of letters prior to the Transport Scotland Investment Board and the Tram Project Boards, early August.

Kind Regards,

Willie

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