

**tie Limited**  
**Edinburgh Tram Network**

**Minutes**

**Design, Procurement and Delivery Sub-Committee**

**16 January 2007**

**tie offices - Verity House, Boardroom**

<b>Directors Present:</b>	<b>In Attendance:</b>
Willie Gallagher (DPD Chair) – WG Neil Renilson – NR (partial) Bill Campbell – BC	Matthew Crosse – MC Stewart McGarrity - SMcG Graeme Bissett –GB Steven Bell – SB (partial) Duncan Fraser – DF Alastair Richards – AR Trudi Craggs – TC Susan Clark – SC Roger Jones – RJ James Papps – JP Miriam Thorne – MT Damian Sharp – DS

**Apologies:** Geoff Gilbert, Jim Harries, Mark Bourke

**Agenda items:**

<b>1.0</b>	<b>ACTIONS FROM PREVIOUS MEETING</b>	<b>Action</b>
1.1	The actions of the previous meeting were reviewed and outstanding items discussed. Outstanding actions are noted below.	
1.2	Infraco – an email confirmation had been received from AMEC confirming their withdrawal from the bid-process; this is to be followed up with a formal letter from AMEC	GG
1.3	Infraco – following the approval of the evaluation methodology, DF raised the question how dispute resolution would be handled. Details of the processes established for view to DF	GG
1.4	Infraco – DS stated that the bidders' request for an indemnity letter from TS cannot be provided without ministerial approval to the Business Case. Further, DS noted that this would take the form of a comfort letter rather than indemnifying the bidders. TS does however accept the principle that a comfort letter which states that funding is available, can be provided via CEC to the bidders, following ministerial approval in February 07. The letter will be provided	DS
1.5	Infraco – WG offered to provide a detailed presentation on the Business case to the bidders sometime before end of February to provide them	GG

	with re-assurance and an insight into the processes which are underway to obtain funding.	
1.6	SDS/ TSS contracts - The alignment review of the SDS/TSS contracts is ongoing and an update will be provided at the February DPD.	GG / SC
1.7	TRO process - A meeting is to be arranged by TC to brief Transport Scotland on the necessary legislative changes in relation to TRO's.	TC
1.8	MUDFA - A meeting with major transport operators in Edinburgh is planned for 22 Jan 07 where an update on the MUDFA programme and processes will be provided	SC / BC – now complete
1.9	Business Case – it was agreed to include this as a standing item on the TPB agenda to ensure appropriate focus, particularly in the lead up to Financial Close	SMcG
1.10	Resourcing – it was agreed that the next update on requirements and recruitment plan will be provided at the March DPD	MC / SC
1.11	Scottish Gateway 2 – Final report had not yet been received by <b>tie</b> , DS to follow up for the record	DS DGM received – to distribute
1.12	Funding – the grant letter for funding to Mar07. had been received by <b>tie</b> . DS acknowledged that detail of funding requirements to Financial Close had been received by TS and is to be reviewed. The question whether the funding should be to Financial Close (estimated at £60m) or to Mar 08 is to be resolved – DS and SMcG to discuss	DS / SMcG
<b>2.0</b>	<b>Project Director Monthly Progress Report</b>	
2.1	The Project Director's monthly progress report was reviewed in detail and the results of discussions and actions are outlined below.	
2.2	Safety – sub-committee noted higher standard of safety report as evidenced by reporting of minor incidents. SB/ Tom Condie to be informed of any safety incidents & issue internal alerts.	SB
2.3	Funding	
2.3.1	Funding approval – Following the initial returns from the Infracore bidders, feedback will be provided on 26 <sup>th</sup> Jan. on request by TS. TS stated they would not require a further review of the initial bids but will accept <b>tie</b> 's report and the independent review report provided by TSS as sufficient basis to brief the Transport Minister. The TSS report is expected by 30 <sup>th</sup> Jan. and expected to confirm that <b>tie</b> 's updated cost estimate provides a solid and fair representation of the cost estimates as informed by the bidders' initial returns.	
2.3.2	Funding approval timescales – DS commented that approval is expected 2-3 weeks of the update being received, thus a decision on funding for the required £60m to Financial Close should be available by 14-21 Feb.	
2.3.3	Funding approval communications – WG raised concern on timescales to approve funding as this may impact on the required timescales for communications in relation of MUDFA and issue of GVD notices. DS stated that these must be aligned with the ministerial approval process but is keen to ensure that GVD's can be issued in time for inclusions in 06/07 spend. Details of latest date for GVD issue to achieve this to be provided to DS.	TC

2.3.4	Value Engineering (VE) – exercise commenced at systems and geographical level. Outputs of the exercise will formally feed into Opportunities section of PD's monthly report	MC
2.4	Design	
2.4.1	SDS programme – <b>tie</b> continues to provide high level management and detailed monitoring support. Key issues continue to relate to programme and deliverables: after accepting Pe3 version 9 in December, a number of key milestones were missed and SDS now rolled out Pe3 version 10 with revised delivery dates. The revision lacks detailed comment and a meeting was to be held between <b>tie</b> and SDS to consider.	TC
2.4.2	SDS progress – Concerns were raised about the practicalities of expectations and the changing priorities by different stakeholders on the delivery of SDS milestones. Late inputs from <b>tie</b> and CEC into the design process further aggravated the situation and MC raised concerns on the complexity of the SDS internal set up where information takes significant time to be updated.	
2.4.3	SDS – Infraco interface – JP raised the question how the risks regarding design and deliverables from SDS will be viewed by the Infraco bidders. MC explained that all bidders had previous experience with SDS provider and although they will require due diligence on dates and design, he expressed confidence that the bidders will be able to manage these risks.	
2.4.4	SDS update - MC is to provide a "Get Well" plan for SDS, taking into account above concerns, for discussion at Feb DPD	MC
2.4.5	Scottish Power – previous raised issues for feasibility studies in 5 additional areas. Proposals have been put forward to engineer out the requirement and feedback on acceptability of the engineering proposal by end of Jan 07.	SC
2.4.6	Charetted Structures and Foot of Leith Walk – no feedback had been received from CEC on question raised. SDS is now progressing to detailed design for these structures as per the assumptions outlined in the preliminary design. DF will discuss this matter with Andrew Holmes and provide paper on any issues / concerns and how to resolve these to Feb DPD. – see action 2.9.1	DF
2.5	Other items	
2.5.1	Invasive species – issue on funding by CEC for the eradication / treatment of invasive species on CEC land is still outstanding. DF to progress & feed back to Feb DPD.	DF
2.6	Tramco – It was highlighted that the mock-up previously removed from business case should be re-instated to assist in mitigating design risk.	
2.7	Ingliston Park & Ride – it was confirmed that a cost estimate had been provided and was being reviewed. Work would complete prior to any significant on-street work under MUDFA in that area.	
2.8	Land assembly – it was highlighted that the current compensation estimates may be subject to challenge by landowners, particularly if a different value under alternative development approvals can be established. DF advised that CEC has established an internal process to advise and liaise with CEC planning; any issues identified are to be brought to the attention of the DPD.	DF
2.9	Project Risk Register	

2.9.1	Risk 267 – Foot of Leith Walk: Concerns were raised as no design is as yet available for this essential interchange. A concept drawing was issued, however discussions are on-going in terms of practicality of the design. The solution is constrained by the limited space availability and the need for effective bus/tram interchanging at this location. TEL will work closely with <b>tie</b> and SDS to ensure resolution of this matter is given highest priority. Confirmation is required from CEC that a design which impacts on public realm space is acceptable – DF to discuss with Andrew Holmes. A 1-page recommendation for solution is to be presented to Feb DPD.	NR / BC MC / SC  DF
2.9.2	Risk 269 – Agreement on Financial over-run risk sharing: DS noted that no agreement had been reached as yet between TS and CEC on sharing of cost overruns – the current agreement only relates to the split of agreed funding. The risk is therefore kept open.	MB / (Nina Cuckow)
2.9.3	Risk 270 – Wider Area Modelling: it was agreed that further work is required to ensure the current traffic model is fit for purpose – Keith Rimmer is to make this a priority. Risk is to remain open for the present.	KR
2.9.4	Risk 282 – Lack of market interest in Infraco due to high risk transfer: it was agreed that although the risk as it is presented is now closed, the inherent issue of market reluctance to accept suitable risk transfer remains open. Risk to be updated to reflect wider risk & is to be kept open.	MB / (Nina Cuckow)
2.9.5	Risk 1 – Change in anticipated inflation rate: NR raised question of current status of this risk and whether greater focus is required. SMcG explained that inflation rates are under continuous review, particularly in line with the on-going analysis of initial tender returns.	
2.9.6	Milestone schedule and Budget report were accepted as read.	
<b>3.0</b>	<b>PROJECT DEVELOPMENT AND APPROVALS</b>	
<b>3.1</b>	<b>Traffic Management Update</b>	
3.1.1	TRO / TTRO paper: TC provided an update to the previously issued paper which included further details on QC advice received. In summary, the current timings, although tight, are on target for the construction programme. QC advice also indicated that progression of work may be possible under TTRO in cases where the final TRO are not in place.	
3.1.2	TRO process – DS confirmed that TS is supportive of pursuing the opportunity to change legislation on mandatory hearings for TRO's for major projects as this would significantly reduce time and risk for the project. CEC requires greater understanding of the impact – Keith Rimmer to arrange a briefing meeting	TC / KR
3.1.3	Traffic Management – WG expressed strong desire to establish a positive public image for all TRO-related matters, & permit discussion and create credibility with Stakeholders. Therefore, as far as possible, on-street works should commence under final TRO's unless significant financial opportunities can be identified.	
3.1.4	TTRO – A summary paper was tabled by DF outlining processes and responsibilities. SB questioned how non-MUDFA utilities works are incorporated into the process. DF confirmed these are included in the process. NR requested minor changes to the paper that it could be shared with major operators. DF to prepare minor tweaks by 19 <sup>th</sup> Jan.	DF

3.1.5	Sub-committee – In order to supervise all related matters, WG proposes the establishment of traffic management group reporting to the DPD. The detailed remit and reporting of this group is yet to be finalised.	TC
3.2	<b>Network Rail</b>	
3.2.1	DS raised concerns on the paper presented to the DPD for recommendation to the TPB to approve the proposed strategy. He expressed understanding for <b>tie</b> 's desire to retain control over practical details and visibility of the programme as network immunisation is currently on the critical path for the programme. However, a number of disadvantages arising from an agreement between <b>tie</b> and NR would outweigh these benefits, thus he favoured an approach where TS acted directly with NR. Key concerns related to leverage power to ensure completion of works in line with expectations, acceptability of the safety case, and the implications for other <b>tie</b> contracts, were <b>tie</b> to enter into a commercial arrangement with NR. The issue is to be discussed in a separate meeting between <b>tie</b> , TS and NR, the outcome of which will be reported to the next DPD and a formal paper is to be presented to the Feb TPB.	DS / SB
3.3	<b>CEC Resources</b>	
3.3.1	An updated paper on the proposed CEC resourcing levels was tabled by DF. The paper seeks TPB approval for funding of 14.5 FTE additional resources required by CEC to support Project Development and Approvals processes. DF confirmed the request had received CEC internal approval.	
3.3.2	Concerns were raised about the availability of resources – DF confirmed that a framework agreement had been reached with Halcrow which allowed call off of resources as required. Further, only resources actually used would be charged to the project.	
3.3.3	SMcG confirmed that no sums were allowed in the 07/08 budget, therefore the request would have to be presented as formal change request to the TPB – DF to progress	DF – <i>paper updated &amp; presented to TPB</i>
<b>4.0</b>	<b>DELIVERY</b>	
4.1	<b>MUDFA</b>	
4.1.1	The updated MUDFA construction programme was presented to the DPD. SC confirmed that input from CEC / TEL / SDS and AMIS had been incorporated into the programme.	
4.1.2	SC confirmed that it is a key assumption in the MUDFA programme to commence work on Phase 1b concurrently with Phase 1a. DS stated that no commitment to funding for works on 1b could be given at this stage. However, WG confirmed an agreement with Tavish Scott at his December visit where a paper outlining the impact of delaying MUDFA works on 1b should go to the TPB to allow Bill Reeve to formally seek guidance from TS. The agreed way forward is therefore to update the current paper to include the anticipated spend by July 07 on 1b and submit to Jan TPB.	SC – <i>paper updated &amp; presented to TPB</i>
4.1.3	AR requested that traffic management dates are included in the updated paper to ensure full alignment of key programme dates.	SC – <i>paper updated &amp; presented to TPB</i>

4.2	<b>Advance Works strategy</b>	
4.2.1	SC presented a paper outlining the programme, scope, benefits and key activities for advance works. SC confirmed that input had been received from TS / CEC and specific hold points had been incorporated into the programme	
4.2.2	DS confirmed TS support to the principle of but requested greater visibility on the required budget for Mar 07- Financial Close to be included in the paper before it is presented to the TPB. Further, TS will require an indication of the costs of abortive works for commitments on long-lead items arising from this strategy	SC
4.2.3	SMcG confirmed that funding request of £60m to Oct 07 includes allowances for advance works.	
4.2.4	SC explained that the current strategy only requests board approval to commence planning for advance work. Based on this proposal it was agreed to recommend the paper to the TPB for approval and provide further updates at Mar DPD	SC
<b>5.0</b>	<b>COMMERCIAL</b>	
5.1	<b>Change Requests</b>	
5.1.1	The updated change request summary paper was presented to the DPD. Purpose of this paper is to gain Board approval to the changes and enable the PD to issue formal change request. A covering paragraph to this effect is to be included with the paper.	SC <i>paper updated &amp; presented to TPB</i>
<b>6.0</b>	<b>AOB</b>	
6.1	A paper covering the proposed tender evaluation methodology for the Tram OCIP procurement was tabled for comments to be fed back directly to Mark Bourke. DS confirmed that TS would have no comments on the paper.	All
6.2	A paper concerning Developers' contributions was tabled by DF for discussion – it was agreed to provide comments before the Feb DPD.	All
6.3	In light of the number of papers tabled at this DPD, SC highlighted the need for timely submission of papers to allow informed discussion of issues arising.	All

**Prepared by:** Miriam Thorne  
**Date:** 22 Jan 07