



tie Limited
Tram Project Board
Design, Procurement & Delivery
Sub-Committee
October Report
Papers for Meeting
8 November 2006

Distribution:-

Willie Gallagher (DPD Chair)
Damian Sharp
Duncan Fraser
Neil Renilson
Andie Harper
Bill Campbell
Graeme Bissett
Stewart McGarrity

Alastair Richards
Geoff Gilbert
Susan Clark
Trudi Craggs
Jim Harries
James Papps
Mark Bourke (Secretary)



Contents

1) Agenda	1
2) Actions from Previous Meeting	3
3) Project Manager's Monthly Progress Report	9
4) Appendices:	
• Appendix A – Key Milestone Schedule	17
• Appendix B – Opportunities	20
• Appendix C – Tram Finance	21
5) Supporting papers:	
• Risk Management Paper including Primary Risk Register	24 (27)
• Update on TRO Progress	36
• Evaluation Methodology for Submissions	38
• Funding Grant Requirements	67
• Risk Management Development Plan	71

Agenda

Design, Procurement and Delivery Sub-Committee

tie Boardroom

8 November 2006 – 12.00 to 15.00

Attendees:

Willie Gallagher (DPD Chair)

Damian Sharp

Duncan Fraser

Neil Renilson

Andie Harper

Bill Campbell

Graeme Bissett

Stewart McGarrity

Alastair Richards

Geoff Gilbert

Susan Clark

Trudi Craggs

Jim Harries

James Papps

Mark Bourke (Secretary)

Agenda Items

1. Actions from Previous Meeting
2. Project Director's Monthly Progress Report for October *
 - Safety report (*see Progress Report*)
 - Workstream Reports – (*see Progress Report*)
 - Resource Issues – (*see Progress Report*)
 - Change Control - (*see Progress Report*)
 - Risk Overview – Primary Risk Register (*see Separate Report*)*
 - Overall Programme compliance and anticipated issues (*see Progress Report*)
 - Review of Programme
3. Design (SDS)
 - a. Update on TRO Progress *
 - b. Report on Performance
4. Preparation for Infraco & Tramco
 - a. Evaluation Methodology for Submissions *
 - b. Gateway Review
 - c. Infraco
 - d. Tramco

Agenda

Design, Procurement and Delivery Sub-Committee

tie Boardroom

8 November 2006 – 12.00 to 15.00

5. Capital Cost and Risk Allowances
6. Funding Grant Requirements *
7. Risk Management Development Plan *
8. Other relationship to BPIC Workstreams
9. Matters for Tram Project Board
10. AOB

Next Meeting: December DPD: 13 December 2006 – TBA

*Papers Attached:

tie Limited
Edinburgh Tram Network

Minutes

Design, Procurement and Delivery Sub-Committee

11 October 2006

tie offices - Verity House, Boardroom

Directors Present:	In Attendance:
Willie Gallagher (DPD Chair) - WG	Graeme Bissett -GB Duncan Fraser – DF (partial) Andy Conway – AC (partial) Andie Harper - AH Geoff Gilbert -GG Alastair Richards - AR Stewart McGarrity - SM Steven Bell - SB Jim Harries - JH James Papps – JP Mark Bourke – MB

Apologies: Damian Sharp, Neil Renilson and Bill Campbell

Agenda items:

1	Actions from Previous Meeting	Action
1.1	The actions of the previous meeting were reviewed and outstanding actions discussed. A mark-up of the previous actions is appended to these notes.	
1.2	DF confirmed that a written response confirming CEC reserved matters would be provided tomorrow.	DF
2	Project Director's Monthly Progress Report	
2.1	Safety Report	
2.1.1	AH noted that increased diligence and monitoring of survey contractors was necessary in light of observed safety non-compliances.	

2.2	Programme & Progress	
2.2.1	AH reported progress on workstreams including production of capital cost information for FBC. AH confirmed that meeting had been held with SDS to discuss disputes and that further work in this area was ongoing.	
2.2.2	AH highlighted effort to accelerate design activities. DF noted the potential showstopper issue relating to the sensitivity of junction design and traffic impacts and in particular balance of bus/tram congestion. Further discussion of this matter is necessary.	AH/DF-AH has recently meet with SDS to review priorities on the programme
2.2.3	AH confirmed that a review of the SDS programme was ongoing with particular consideration of potential CEC and TSS resource constraints in relation to MUDFA design. A decision on whether a verbal briefing or paper is required for the TPB is to be made.	WG/AH-verbal update provided
2.2.4	SM noted that conclusion of modelling was critical to allow design development to proceed and confirmed that the 9 November 2006 date for submission of the FBC was still achievable. SM to review content of FBC and timing and content of Supplementary Information.	SM-ongoing
2.2.5	AH to review the extent and inclusion of costs associated with physical wide-area-impacts within current estimates.	AH- a small allowance has been made and will be included in project estimates
2.2.6	WG expressed his thanks to the team for their efforts in view of recent performance in successful gateway review, MUDFA award, Tramco tender returns and issue of ITN to programme. AH to pass on thanks to team members.	AH-actioned
2.3	Issues and Concerns	
2.3.1	AH outlined the key issues and concerns. WG highlighted that it was essential that tie/TEL/CEC Phase 1B objectives were aligned. WG to convene meeting to agree position.	WG-actioned
2.3.2	AH noted concerns regarding the ring-fencing of SDS resource in relation to Earl utility diversion design. A meeting to discuss this is to be convened with WG/AH and Barry Cross.	WG/AH-actioned
2.4	Risks and Opportunities	

2.4.1	AH summarised the principal opportunities being considered.	
2.4.2	AH tabled updated paper on risk management development plan. Plan to be developed further to encompass safety matters. Paper to be considered at next DPD and go to December TPB.	MB
2.4.3	AH presented the primary risk register and content was discussed with members. Future registers to include a one-page introductory summary.	MB- Completed by AH for last TPB
2.4.4	AH noted concern about additional pressure on overall programme milestones.	
2.4.5	MB to seek clarity on significance of NR related risks for future risks.	MB
2.4.6	GG outlined the potential risks emerging from excluded risks. SB noted the risk of increased pricing in passing these back to bidders. GG highlighted that mark-up of contract from Infraco bidders was due on 23 October 2006.	
2.4.7	GB to bring conclusion of TS/CEC funding arrangements and position of over-runs on agenda for planned meeting in relation to Phase 1B.	GB- ongoing
2.5	Matters for Support	
2.5.1	AH noted awaiting CEC approvals on land assembly. AC confirmed that achieving the 17 October 2006 deadline posed no problem.	DF
2.5.2	WG outlined the need for consistency in Business Plan production with regard to details on timing and areas of initial construction activity of MUDFA. AH to develop construction programme further.	AH- Construction programme received from SDS and under review.
2.6	Financial and Change Control	
2.6.1	AH confirmed that the financial summary was consistent with last month with no exceptional items to alert TPB.	
3	Design (SDS)	
3.1	WG outlined discussions with Chairman/CEO of Parsons Brinkerhoff in seeking more effective structuring and resource commitment. WG to review the scope of potential follow-up discussions with AH after outcome of pending dispute resolution and programme review.	WG/AH- ongoing, AH pushing to resolution.
4	Preparation for Infraco and Tramco	
4.1	AH tabled paper and discussed outcome of Gateway Review.	
4.2	AH tabled a paper on the assumptions with regard to timing of production of TROs. AC verified these assumptions. GB requested clarity of TS support to funding if TROs are not achieved and abortive costs are suffered.	AH- not sure what the action is here

4.3	GG provided verbal briefing on the outcome of the Bidders Conference outlining the positives responses in group and individual context relating to the principle of novation; the use of Parsons in detailed design development; need for them to perform due diligence on preliminary and detailed design; and timetable. GG noted that the bidders noted the need to have a 'freeze' on information release at end of October 2006.	
4.4	AH tabled a note and discussed the potential partnering arrangements between Infraco and Tramco. AH highlighted the risk in relation loss of bidders. WG requested that this would be discussed again at the next DPD.	
4.5	AH confirmed that the construction programme was under development.	
4.6	GG tabled paper on maintenance and led discussion on options for contracting party e.g. TEL or TET and duration. AR outlined the 'medium' to 'long' term plan to obtain single point responsibility through the Operator for combined Operation and Maintenance services. JP queried flexibility and bonding arrangements. JP recommended that development takes place to examine payment mechanism through scenario planning. WG requested consistency of Infraco maintenance duration and business case to avoid uncertainty.	GG/AR SM
4.7	GG confirmed that TS/CEC review of Tramco evaluation methodology was being sought prior to opening of tenders.	GG-actioned
5	Capital Cost	
5.1	AH confirmed cost and risk allowance assessments were progressing for input to the business case.	
6	Other relationship to BPIC Workstreams	
6.1	MB noted that number of risks discussed earlier in the meeting in relation to BPIC workstreams and highlighted that the development of maintenance arrangements would need to be considered.	
7	Matters for Tram Project Board	
7.1	AH to provide papers on Gateway Review; Prequalified Bidders for Infraco; and TRO Assumptions for TPB.	AH-completed
7.2	AH to provide verbal briefing on progress with review of Tramco tender submissions.	AH-actioned
8	AOB	
8.1	GG to prepare background paper on inflation indicators.	GG
8.2	MB to extend planned duration of next meeting to 3-hours.	MB

Prepared by: Mark Bourke

Date: 11 October 2006

Outstanding Actions from DPD minutes 13 September 2006

Agenda items:

1	Actions from Previous Meeting	Action
1.2	AH noted that Phil Douglas would take up project management role for the Depot. AH drew attention to outstanding resource to be filled in Health & Safety role, being actioned with CMacL (HR tie). AH putting together a resource plan for construction activities.	AH H&S progressing, Construction resourcing levels being finalised
1.4	GB clarified the management arrangements of reports from sub-committees to the Project Board. DS to provide clarification of reserved matters. AC to seek same from CEC.	DS-Sorted I believe AC-Outstanding
2.4	Resource	
2.4.5	TC to progress activities to remove CEC concerns regarding legal support to land acquisition.	TC-Now resolved, letter and protocol to be written
2.4.7	TC noted that further development would be necessary in relation to the legislative position of greenways and cycleways to prevent interference with planned TRO development. DS to consider how this may be delivered.	DS-Outstanding
2.5	Change Control	
2.5.1	AH highlighted the change log and noted difficulties in obtaining satisfactory estimates. AH will table change requests at TPB later this month.	AH-Outstanding, revised process tabled and estimates to go to next Board
2.6	Risk Overview	
2.6.1	AH discussed the two principal risks in relation to governance and the decision on the depot location. AH noted that opportunities including stop design being considered. GG to set up 'high level' review of value engineering options.	GG-Scheduled
3	Procurement	
3.2	AC noted concern regarding 'limited mobilisation' of Infracore and activities in relation to Standing Orders and Delegated Authorities. AC to brief A. Holmes in advance of further discussion at Project Board on 25 th September. DS cited this as an example of where CEC require to clarify the	AC-Outstanding

	delegated authorities of individuals.	
3.3	AC requested programme of project consents to be prepared in relation to CEC e.g. Traffic, Planning. This will allow CEC to plan/manage their resource.	TC- Outstanding, schedule received from SDS being reviewed by project team
4	Functional Specification	
4.1	TC tabled the proposed structure and noted that the Functional Specification would require sign-off at the next Project Board meeting.	AH-Functional Specification tabled at TPB and comments are being collated, meeting to discuss this week and hopefully finalise.
4.2	AC noted concerns regarding the 'noise' constraints being reviewed within the Council. SC to clarify concerns.	SC-this relates to CoCP and has been incorporated within ITN, Council still have some concerns.
5	Design – Tram Depot	
5.6	AH to confirm the 'drop-dead' date by which the depot location has to be finalised and steps by which the decision will be made.	AH- To be derived from Bidders programmes
5.8	SM requested that further progress be advised on TS/CEC funding agreement.	DS/AC-Outstanding



DRAFT

EDINBURGH TRAM PROJECT MONTHLY PROGRESS REPORT – OCTOBER 2006

1. Safety

Tom Condie has joined the team as project Health, Safety, Quality and Environmental (HSQE) manager for the project.

A total of four Non-conformance Reports (cumulatively) to date have been issued to SDS.

Issue date	Number issued	Open/Closed	Action
March 2006	1	Closed	Complete
October 2006	3	Open	Response required from SDS for all
Total	4		

Key Performance Indicators (KPI's) will be identified and reported in next month's report.

2. Programme and Progress

2.1 Current status of key project milestones planned for October:-

- Update of Project Estimate based on preliminary designs is largely complete with estimates being refined and validated.
- Land Purchase - informal letters were issued on the 30th of October 2006 in relation to phases 1a and 1b.
- Revised SDS detailed design programme received on the 5th October 2006. Programme has been subsequently 'not accepted' by tie
- SDS estimated construction programme was received on the 16th October 2006. This programme is currently under review.
- Presentations on the outputs from the JRC modelling (economic benefits and costs and patronage/revenue risks) and the TEL Business Plan (focussing on the future financial position of TEL with trams) were presented to the BPIC Sub-committee on 19th October and the Tram Project Board on the 24th November 2006. Work is now focussed on the drafting of the TEL Business Plan and Draft Final Business Case documents.
- Phase 2 of the Infraco ITN was issued to bidders on the 31st of October 2006. This comprised the following:
 1. SDS Preliminary Design Drawings.
 2. Employer's Requirements – Addendum of amendments, and including Project Scope Rev A.
 3. Amendments to Volume 2 Part 5 (information to be provided by bidders).
 4. RDA Heads of Terms.
 5. Infrastructure Maintenance Agreement & Schedules.

- Clarification meetings are ongoing with the Infraco bidders.
- Tramco tender evaluation is ongoing.

2.2 Future key project milestones to achieve project funding are:-

- Draft Final Business Case to be submitted on the 9th of November 2006 to TEL/CEC/TS.
- The Project Estimate Update will be finalised on the 16th November 2006.
- Preparations continue for Scottish Gateway 2 follow up Review, Stage 2 now scheduled for the 21st and 22nd of November 2006.
- Mid-Bid Infraco meetings to be undertaken on the 7th 8th and 9th of November 2006.
- Tramco (see attached Evaluation Methodology supporting paper for more detail)
 - Meeting of the Tramco Evaluation Panel to consider Preliminary Evaluation Report on 23rd November 2006.
 - Issue Supplementary Information Release to bidders on 24th November 2006.
 (see attached Evaluation Methodology supporting paper for more detail of process).

2.3 Programme for delivery into revenue service.

- The SDS Project construction phase programme has been reviewed and validated. This shows delivery into revenue service for both phases by July 2011 based on a 6 month driver training and trial running period assuming Infraco contract award in September 2007 and commencement of MUDFA works in March 2007.
- A staged approach to the delivery of phases 1a and 1b are currently being investigated with a view to achieving delivery into revenue service of phase 1a by December 2010. To achieve this an early start will be required on utilities diversions, an Infraco contract award of September 07 and probably an earlier mobilisation and procurement commitment to long lead items for certain Infraco works. An update will be provided at the Tram Project Board.
- It should be noted that if the process for obtaining TRO's prevents the commencement of construction prior to completion of the TRO process then completion will be later than planned. The project is working with CEC to resolve this issue.

The updated Key Milestone Schedule up to approval of the DFBC is shown in Appendix A.

2.4 Other achievements in October

- MUDFA Contract was awarded on the 4th of October 2006 and successful 10 day start up plan concluded. Site route walk undertaken on the 12th of October 2006 and preconstruction programme received on the 25th of October 2006.
- Four Tramco bids received on the 9th of October 2006.
- OJEU notice for Owner Controlled Insurance Package (OCIP) issued 26th October 2006.
- Business Case – Presentations on the outputs from the JRC modelling (economic benefits and costs and patronage/revenue risks) and the

TEL Business Plan (focussing on the future financial position of TEL with trams) were presented to the BPIC Sub-committee on 19th October 2006 and the Tram Project Board on 24th November 2006.

- Tramco contract - The Tramco tender Evaluation Methodology was prepared and signed off prior to opening of bids on 11th October 2006.
- A draft construction phase organisation chart was completed and used to update the Project Estimate.
- The Communication Strategy element for DFBC has been completed.
- A trip to Dublin took place on 19th October 2006 for Stakeholders to view the tram network, find out the benefits of a Tram system and speak to the company that delivered it.
- Further communication activities undertaken were: Radio adverts aired on Radio Forth, 98 sheet billboard advertisements, an ad van circling the city, posters and information stands for the Western General Hospital, bus and bus shelter advertising campaign throughout the city and further fact-sheets added to the current suite bringing the total to nine.
- The first of six public tram events took place on 26th October 2006. The event for the Roseburn Corridor event was attended by 333 people and was very well received.
- Papers /actions approved at the last Board Meeting
 - Primary risk Register - Noted
 - TTRO and TRO assumptions – further information requested.
 - Scottish Executive Gateway 2 Review Actions - Noted
 - InfraCo Prequalification Recommendation - Approved

2.5 Other actions for November

- Details of the contents of the Phase 2 Infraco ITN information will be submitted to the Stakeholder meeting on the 16th of November 2006
- A recruitment plan is being developed by the Tram Project to secure the resources required by its draft construction phase organisation chart.
- Given the concerns in respect of the potentially unaffordable level of Capex costs the Project will undertake a further value engineering exercise in November after completion of the Project Estimate Update
- Infraco/Tramco/MUDFA/DPOFA contracts - the review of these contracts to ensure consistency is in progress. This will be completed by the end of November.
- The Project is currently drafting a protocol which will set out how the necessary TTRO will be arranged and managed on a section by section basis. This Protocol will include traffic modelling based on SDS's Traffic Modelling Plan. The Protocol will be provided to Tram Board in December 2006.
- Further Comms activities are:
 - A further visit to Nottingham is planned for 14th November 2006 to take stakeholders to view the network, understand the benefits and speak to the company that delivered the system.
 - The tram DVD is due to be delivered 1st November 2006, the tram/bus launches on 16th November 2006.
 - The next public tram event will be held in the new Telford College on 29th November 2006.
 - Four new photovisual images of areas of the network are to be used in publications, news and events.
- Land Purchase – the first formal notice letter for sections 1a and 1b (1b to be discussed at the meeting) are to be issued on 24th of November 2006.

3. Key Issues and Concerns

3.1 Resolution of issues and concerns arising last month

- Land.
Advance Works
 - SRU Murrayfield – meeting was held on 9th October 2006 to resolve legal agreement and agree access periods for the alterations to the training pitches and for the Infraco works. From this meeting it was agreed that no advance works will be undertaken in this area in 2007. A Formal side agreement for all the Accommodation works in relation to SRU Murrayfield is being finalised by end of November 2006.
 - Badger sett relocations – Work will commence in this financial year to move the sett on line 1a only in January 2006.

- Ingliston Park & Ride – CEC have asked the project to prepare an analysis and report on the scale of the requirement for additional temporary car parking spaces to accommodate additional demand during tram construction works. This report will include funding requirements and programme for the temporary site and the implications and requirements if the permanent works are brought forward obviating the need for such temporary works. Early land purchase will be required if the permanent works are brought forward.
A Project Registry document has been completed and sent to CEC. It is understood that this meets the intent of the scope document provided to the project. A design and consultancy brief has been issued to both SDS and TSS to price with this due back by 17th November 2006. Meanwhile, a procurement strategy document has been prepared and will be further informed once consultancy support is procured. A programme is being developed to achieve a tender assessment date of 31st March 2007.

3.2 Current key issues and concerns arising in the period are:-

- System Design Services (SDS) – Numerous meetings have been held with SDS senior management in an attempt to address issues associated with:
 - Progress of design
 - Prioritisation of the detailed design programme
 - Quality of product
 - Resourcing to meet the programme
 - Non-compliance issues

TSS are preparing a report on the Preliminary Design, which will be complete by end of November 2006.

In particular, there is concern about the impact that the timing of the delivery of utility diversion design will have on the implementation of MUDFA works. AMIS have written to the project indicating that the quality of design is far below what they would have expected at this stage and indicating that this may have an impact on their ability to deliver their first programme. However, they have offered to engage with SDS's design process to fast track the designs, add constructability input and provide value engineering expertise. This offer will be accepted.

To mitigate against the MUDFA physical works being delayed, the following actions have been agreed:

- The Project will put a project manager into the MUDFA project team to manage the SDS utility design process to ensure that they are designing according to the agreed construction phasing and to validate that deliverables are being met
 - A series of design Partnership Meetings will be held involving SDS, AMIS and the Project's MUDFA team along with the statutory utility companies to fast track design
 - Co-location of these teams is being investigated to encourage closer co-operation and delivery of the process
- Scottish Power have requested 5 additional feasibility studies in the following areas:
 - Craigleith Drive
 - Roseburn Drive
 - Gogar/Gyle area
 - Haymarket Yards
 - Cultin Road

This is a concern as this may increase our current project estimate. The cost of these additional studies is currently being evaluated.

- Amec have withdrawn from the Infracore tender process as their sale of spie and the resulting corporate restructuring mean that they no longer have the capability to provide all the skills necessary to deliver a tram system. Whilst it would be preferable to have three bidders the increased risks to obtaining a competitive bid will be mitigated by:-
 - Obtaining and closely scrutinising the details of bidders price proposals and
 - Benchmarking prices against prices obtained for comparable tram networks in Liverpool and Dublin

4. Risks and Opportunities

4.1 See separate Risk Management Paper

4.2 Principal Opportunities

- These have now been removed from the Risk Register and are being tracked separately.
- The significant cost reduction opportunities that are being progressed are:
 - Reduction in depth of excavation for the Depot.
 - Change to a steel structure for the Edinburgh Park flyover.
- Details of current status are shown in **(Appendix B)**

5. Matters for Approval or Support

5.1 Decisions required from Tram Project Board.

The following draft papers for the Tram Project Board are submitted separately to DPD.

- Risk Management Paper including Primary Risk Register
- Update on TRO Progress
- Evaluation Methodology for Submissions
- Funding Grant Requirements
- Risk Management Development Plan

5.2 Decision /support required from TS

- Confirmation of Funding (Grant) Requirements to end of Financial Year 2006/2007

5.3 Decision /support required from City of Edinburgh Council (CEC)

- Endorsement of the Principles contained in the Update on TRO Progress

5.4 Decision /support required from others

- None

6. Financial and Change Control Position

6.1 Financial Status

The current reported forecast spend to end of December 2006 is £22.5m and £40.022m to the end of the financial year 2006/2007.

The recent approvals from TS on additional spend items has been reflected in these figures. The AFC to March 2007 is maintained at £40.022m pending further work in respect of scheduling land purchase. The land acquisition figure has been adjusted to maintain the current £40.022m AFC. Further details are contained in Appendix C which identifies the monthly variances at work-stream level for: Value of Work Done (VOWD), forecast to December 2006 and March 2007.

The current AFC for the scheme has been maintained at £623m. Both the Current Year Budget AFC (to December 2006) and VOWD in month are down against the corresponding forecast in the previous month.

The main reduction in forecast VOWD is due to:

- Utilities diversion (£600k) – Delayed payment from the project team to Scottish Gas Networks for advanced purchase of long lead manufactured equipment. Payment will now be made in November/December 2006 instead of October/November 2006.

More detail and explanation of the variances is shown in Appendix C.

Current Year Position

A – Current Budget Year Position (VOWD)- To December 06				
Approved Budget 06/07 £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678	£22,467	£22,960	(£493)	For reasons for variance refer to Appendix C

B - VOWD in current month 06/07				
Month £k (Incremental)	Current Actual £k (Cumulative)	Previous Forecast £k (Cumulative)	Variance £k (Current minus Previous)	Comment
£2,625	£16,893	£17,773	(£880)	For reasons for variance refer to Appendix C

C – Current Financial Year position - To March 07				
Approved Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678*	£40,022	£40,022	0	Refer Appendix C for individual budget line variances.

*Budget to end December 2006

D - Anticipated Final Cost				
Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£545,000	£623,000	£623,000	£0	

(Fuller financial details are provided in Appendix C)

6.2. Change Control Summary

Change Orders are being prepared in relation to changes issued to date. These Change Orders will be provided to the DPD sub-committee on November 2006.

7. Early Warning Claims

Negotiation of SDS claims remains ongoing and the Project has written to SDS with our assessment of the value of their claims.

Submitted by:- Andie Harper
Project Director

Date:- 06/11/06

Edinburgh Tram Project Key Milestone Schedule

Month	Day	Date	Key Milestone / From Meeting Dates	Team Project Dates	MD/FA	IFRACO	PROCUREMENT	IFRACO	SIS Milestones	OGC REVIEW	ARC	Business Case Development	Capital Expenditure Development	Traffic Management / Land Assembly / PR - Commencement
2005/09/24	Mon	27/09/2005	1st Project Review (TEL Board)											
	Tue	28/09/2005												
	Wed	29/09/2005												
	Thu	30/09/2005												
	Fri	01/10/2005												
	Sat	02/10/2005												
	Sun	03/10/2005												
	Mon	04/10/2005												
	Tue	05/10/2005												
	Wed	06/10/2005												
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	Sun	19/12/2005												
	Mon	20/12/2005												
	Tue	21/12/2005												

Day	Date	Milestone	Start Date	End Date	Duration
Mon	06/03/2007				
Tue	07/03/2007				
Wed	08/03/2007				
Thu	09/03/2007				
Fri	09/03/2007				
Sat	11/03/2007				
Sun	12/03/2007				
Mon	13/03/2007				
Tue	14/03/2007				
Wed	14/03/2007				
Thu	15/03/2007				
Fri	16/03/2007				
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Mon	19/03/2007				
Tue	20/03/2007				
Wed	21/03/2007				
Thu	22/03/2007				
Fri	23/03/2007				
Sat	24/03/2007				
Sun	25/03/2007				
Mon	26/03/2007				
Tue	27/03/2007				
Wed	28/03/2007				
Thu	29/03/2007				
Fri	30/03/2007				
Sat	31/03/2007				
Sun	01/04/2007				
Mon	02/04/2007				
Tue	03/04/2007				
Wed	04/04/2007				
Thu	05/04/2007				
Fri	06/04/2007				
Sat	07/04/2007				
Sun	08/04/2007				

**Edinburgh TRAM Project
OPPORTUNITIES**

	Opportunity	Status
1	Relocation of Depot to Leith	On hold pending realisation of saving on Gogar depot excavation depth.
2	Bespoke to off shelf tramstop shelters in locations that are not aesthetically critical	Still being considered.
3	Use of ballasted track where possible	Not being pursued further (currently ballasted track where line runs through open countryside on the Airport leg).
4	Omission of Ocean Terminal To Newhaven Section	Not being pursued further at present.
5	Alternative depot solution at Gogar to reduce depth of excavation	This is being implemented.
6	Delay procurement of the 6 additional tram sets to deliver 8/16 service pattern to 2014	This is being considered.
7	Deliver Network Rail Immunisation works concurrent with Network Rail Bathgate project	Being progressed.
8	Construct Edinburgh Park Viaduct in steel rather than concrete	Potential impact on maintenance cost currently being assessed

He Limited
 ETM PROJECT PROCESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007
 PHASING OF VALUE OF WORK DONE
 Date:-02.11.06
 Cumulative Approved Budget
 Cumulative Current Forecast. Value to expend Budget

Figures in £000s	Approved Budget	Cumulative Approved Budget vs Forecast						
		Spend/Bid to date (Oct)	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	
IMPLEMENTATION								
1 tie RESOURCES	2,612	2,026	2,319	2,612				07/03
2 DPOF	540	3,282	3,763	4,241	4,698	5,155	5,706	
3 LEGALS	2,072	1,655	1,864	2,072				
4 SDS	11,478	9,266	10,495	11,478	10,402	11,702	13,002	
5 JRC	638	612	624	638				
6 TSS	3,585	2,894	3,234	3,585	672	702	902	
7 UTILITIES		2,286	2,686	3,090	3,476	3,886	4,296	
8 DESIGN SUPPORT								
9 3RD PARTY NEGOT								
10 LAND & PROP	72	98	158	209	232	255	280	
11 TROS								
12 COMMS / MKTG	461	346	412	461				
13 TEL	585	376	420	470	520	570	620	
14 SERV INTEG PLANN	260	210	230	250				
15 PUK	54	38	58	58	58	58	58	
16 FINANCIAL ADVISOR	60	40	60	60				
17 INSURANCE	994	990	992	994	902	905	905	
18 CONSTRUCTION Utilities incl IM/DA	6,260	6,000	6,130	6,260	1,550	1,850	3,235	
19 Infraco								
20 Tramco								
99 OTHER	45	35	40	45				
SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971				
BUDGET TOTAL	32,678	27,552	30,264	32,678	28,943	28,943	40,029	
CURRENT FORECAST		16,888	20,072	22,167	23,820	25,943	40,029	

Apr - Dec 06 Review	Previous	Variance (current minus previous)	Comment
357	(59)	Transdev DFBC spend profile shows reduced spend until	
1,925	(41)	delay in progressing protocols with CEC/TRO's.	
9,552			
634			
3,239	(173)	Re-assessed to maintain current burn rate to Mar 07. New	
209			
33	(12)		
521	2		
515	(45)	Monthly spend cut from £60k to £50k going forward	
58			
62			
68	(30)	Previously reduced scope has now stopped with immediate effect. Tram FBC now being undertaken in-house.	
34	2		
1,260			
100	15		
22,960	(49)		

He Limited
 ETN PROJECT PROGRESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007
 PHASING OF VALUE OF WORK DONE
 Date: 02.11.06
 Cumulative Approved Budget
 Cumulative Current Forecast Value to expend Budget

Figures in £'000s	Approved Budget	Cumulative Approved Budget vs Forecast					
		Spent/submit to date (06)	Nov'06	Dec'06	Jan'07	Feb'07	Mar'07
APR - Dec 06							07/06
1 He RESOURCES	2,612	2,026	2,310	2,612	4,698	5,155	5,706
2 DPOF	540	420	480	540	328	358	389
3 LEGALS	2,072	1,655	1,864	2,072	2,416	2,634	
4 SDS	11,478	9,266	10,495	11,478	10,402	11,702	13,002
5 JRC	638	612	624	638	672	702	902
6 TSS	3,988	2,894	3,234	3,585	3,476	3,886	4,296
7 UTILITIES							
8 DESIGN SUPPORT							
9 3RD PARTY NEGOT		98	158	209	232	255	280
10 LAND & PROP	72	56	64	72	27	32	6,892
11 TROs							
12 COMMS / MKTG	461	346	412	461	566	609	638
13 TEL	585	455	520	585	570	570	620
14 SERV INTEG PLANN	250	210	230	250	58	58	58
15 PUK	54	42	48	54	68	74	80
16 FINANCIAL ADVISOR	60	40	60	60			
17 INSURANCE	994	990	992	994	902	905	908
18 CONSTRUCTION Utilities incl MUDFA	6,200	6,000	6,130	6,260	1,550	1,850	3,235
19 Infraco		265	1,065	1,260			
20 Tranco					200		
99 OTHER	45	35	40	45	125	135	145
SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971			
BUDGET TOTAL	32,678	27,552	30,264	32,678	25,820	28,943	40,022
CURRENT FORECAST		16,888	20,072	22,461	25,820	28,943	40,022

Value of Work Done (VOWD) Review	
Variance (current minus previous)	Comment
3,332	(60) New Resource profile reduces previous reported ramp up in resources to Mar 07
257	(20)
1,438	(41) delay in progressing protocols with CEC/TRO's.
7,748	
596	
2,349	(63) Re-assessed to maintain current burn rate to Mar 07, with new resource profile adopted from Apr 07.
93	5
23	(12)
394	(62) Production items actuals below forecasted
395	(15) Balance from invoice reconciliation
58	
50	
68	Previously reduced scope has now stopped with immediate effect. Tram FBC now being undertaken in (30) house.
28	2
865	(600) HP Gas Diversion - long lead advance payments (£600) now anticipated Nov 06. Previously Oct 06.
17,773	(880)

ite Limited
 ETN PROJECT PROGRESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007
 PHASING OF VALUE OF WORK DONE
 Date:- 02.11.06

Cumulative Approved Budget
 Cumulative Current Forecast Value to expend Budget

Figures in '000s	Approved Budget	Cumulative Approved Budget vs Forecast						
		Spend/Bud to date (Oct)	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	07/08
IMPLEMENTATION								
1 ite RESOURCES	2,612	2,026 3,282	2,319 3,763	2,612 4,241	4,688	5,155	5,706	
2 DPOF	540	420 238	480 268	540 298	328	358	389	
3 LEGALS	2,072	1,655 1,397	1,864 1,637	2,072 1,884	2,160	2,416	2,634	
4 SDS	11,478	9,266 7,748	10,495 8,702	11,478 9,552	10,402	11,702	13,002	
5 JRC	638	612 596	624 604	638 634	672	702	902	
6 TSS	3,585	2,894 2,286	3,234 2,666	3,585 3,066	3,476	3,886	4,296	
7 UTILITIES								
8 DESIGN SUPPORT								
9 3RD PARTY NEGOT								
10 LAND & PROP	72	56 12	64 17	72 22	232	255	280	
11 TROs								
12 COMMS / MKTG	461	346 332	412 485	461 523	566	609	638	
13 TEL	585	455 370	520 420	585 470	570	570	620	
14 SERV INTEG PLANN	250	210 58	230 58	250	58	58	58	
15 PUK	54	42 50	48 56	54 62	68	74	80	
16 FINANCIAL ADVISOR	60	40 38	60 38	60 38	38	38	38	
17 INSURANCE	994	990 29	992 32	994	902	905	908	
18 CONSTRUCTION Utilities incl MUDFA	6,260	6,000 265	6,130 1,065	6,260 1,260	1,550	1,850	3,235	
19 Infraco					200		200	
20 Tranco								
99 OTHER	45	35 95	40 105	45 115	125	135	145	
SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971				
BUDGET TOTAL	32,678	27,552	30,264	32,678				
CURRENT FORECAST		16,892	20,072	22,467	25,820	28,943	40,022	

		Apr - Mar 07 Review	
Previous	Variance (current minus previous)	Comment	
6,018	(313)	New Resource profile reduces previous reported ramp up in resources to Mar 07	
507	(119)	Transdev DFBC spend profile shows reduced spend until 2008	
2,675	(41)	delay in progressing protocols with CEC/TROs.	
13,002		No Change, SDS latest programme under review	
702	200	For additional modelling to assess wider area impacts of the tram route	
4,479	(183)	Re-assessed to maintain current burn rate to Mar 07. New resource profile shows reduced reliance on TSS generating a reduced forecast from Apr 07 to completion.	
280			
6,311	581	Flexibility of commitment phasing utilised to balance other workstream variances to maintain £40m forecast.	
636	2		
710	(90)	Monthly spend cut from £60k to £50k going forward	
58			
80			
108	(70)	Previously reduced scope has now stopped with immediate effect. Tram FBC now being undertaken in-house.	
906	2		
3,235			
200		Design work for HV power requirements at Gogar/Airport (Scottish Power) - new substation and assoc HV cabling	
115	30		
40,022			

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Edinburgh TRAM Project (Commercial In Confidence)

Paper to : Tram Project Board

Subject : Risk Management Paper for Primary Risk Register

Date: 3rd November 2006

1.0 Introduction

- 1.1 The purpose of this document is to provide the monthly update to the Board with regard to the Primary Risk Register and the top risks facing the project.
- 1.2 Risk is most effectively managed when it is owned by the party best able to manage it. Risk owners are responsible for treating the risk by developing and implementing treatment plans that contain actions to reduce the likelihood of occurrence and the impact of the risk.
 - 1.2.1 The Primary Risk Register shows risks as Stakeholder Risks which are those owned by project stakeholders i.e. tie Corporate, Transport Edinburgh Limited, City of Edinburgh Council or Transport Scotland. Stakeholder owners may not have easy access to information from the project and therefore, a supporter from the project has been assigned for all stakeholder risks. Stakeholder Risks are more likely to impact directly on stakeholders than Project Risks.
 - 1.2.2 Risks that are not owned by stakeholders are owned by people who represent the project. These are shown as Project Risks. Whilst Project Risks could ultimately impact on all stakeholders, their impact may be able to be controlled within the project without having a direct impact on stakeholders. It is however, important for stakeholders to understand Project Risks, as un-controlled, the impacts may translate into a direct impact on Stakeholders.
- 1.3 Risks can be measured in terms of their significance and progress of their treatment plans.
 - 1.3.1 Risk significance is a qualitative method to show their likelihood multiplied by the level of impact i.e. the level of each risk. BLACK risks are classified as “showstoppers”. These are risks that will, either by process or through having unacceptably high impacts, prevent the project from proceeding. Often black risks cannot be quantified in terms of cost and/or time impact. RED, AMBER and GREEN levels are arrived at through comparing the likelihood and impact of each risk against a scale.

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- 1.3.2 Each Risk Treatment Plan has a status. This shows how risk treatment is proceeding in terms of treatment strategy programme i.e. is the treatment behind (RED), on (AMBER) or ahead (GREEN) of programme. Completed treatment strategies are also shown with green treatment status.
- 1.4 The risks on the Primary Risk Register have been extracted from the Project Master Risk Register and are those that have a high risk significance but which also require treatment in the near future.

2.0 Risk Significance and Treatment Status Summary.

- 2.1 Overall the significance of risks on the Primary Register has not changed.
- 3 risks of red significance level have been added. These are:
 - Risk 279 (Additional Treatment) – provide a work prior approval application to CEC to test process.
 - Risk 344 – withdrawal or submission of non compliant bids.
 - Risk – Change in participated inflation rate.
 - It is recommended that Risk 277 (Infraco Tender Documents Not Issued On Time) is removed from the Primary Risk Register as the Treatment Strategies are complete and the risk is now closed.
 - Risk 339 (CEC being unsuccessful in their representation to the SE on core measures legislation) has been realised and mitigation of its effects have reverted to general project management processes. Therefore, this risk should be removed.
- 2.2 Two of the three Treatments with red status last month have now been completed. One remains at red. Five additional treatments have fallen behind schedule and are now at red. (A net total of six)

On the whole however, the treatment status of the key risks identified has been positive with many treatments gaining green status or remaining on target at amber.

Nonetheless as indicated last month there remains a bow-wave of activity to be addressed over the forthcoming months as the Project approaches the time line for gaining funding approval.

- 2.3 The Primary Register is attached as Appendix (i). This document contains a risk status summary showing the changes from last month.

3.0 Consultation

- 3.1 The DPD Sub Committee has reviewed this register and their

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comments have been incorporated.

4.0 Recommendation.

4.1 The Board is asked to note this paper.

Proposed Geoff Gilbert
Project Commercial Director Date 03/11/2006

Recommended Andie Harper
Project Director Date 03/11/2006

Approved _____ Date 03/11/2006
David Mackay on behalf of the Tram Project Board

PRIMARY RISK STATUS SUMMARY				
Risk Significance (No of Risks)	Treatment Status (No of Treatments)			
	September	October	September	October
Black	7	7	-	-
Red	17	17	3	6
Amber	2	2	51	37
Green	0	0	15	25
Risks Added	-	3 (3 Red)	-	8 (1 Red, 6 Amber, 1 Green)
Risks Removed	-	0	-	0
TOTAL	26	29	69	75

RISK SIGNIFICANCE

- BLACK – SHOWSTOPPER; difficult to quantify impacts
- RED – High Risk
- AMBER – Medium Risk
- GREEN – Low Risk

TREATMENT STATUS

- RED – Treatment Strategy behind programme
- AMBER – Treatment Strategy on programme
- GREEN – Treatment Strategy ahead of programme or complete

Tram – Stakeholder Risks

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment end		Due Date	Risk Owner*
					Sep	Oct		
263	Failure to demonstrate robust case for scheme against required tests of Affordability, Financial Viability, Economic Viability and Modal Shift	<ul style="list-style-type: none"> Business case is not acceptable Approvals delayed Slips into purdah period 		Regular engagement with stakeholders to ensure clarity of requirements			Aug-Nov 06	Stewart McGarrity A&B
				Progressive development of draft business case				
				Updated Project estimate				

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
264	Political risk to continued commitment of TS/CEC support for the Tram scheme	<ul style="list-style-type: none"> Reversal of decisions by incoming administrations in either or both of CEC and Holyrood Project becomes key political issue during election campaign Protracted decision making and unnecessary debate during consideration of Business Case 		Monitor likely outcomes and do our best to brief all relevant parties about the project in a balanced way			Aug-Nov 06	Willie Gallagher A
				'Hearts and minds' campaign including Senior Executive Officer meetings with Councillors and MSPs and utilising the tram sounding board meeting with CEC and selected elected transport leads				
				Regular briefings and discussions with senior CEC and TS officers particularly in relation to Full Council presentations				
265	Poor project governance	<ul style="list-style-type: none"> Insufficient information flow to decision makers Slow or overturned decision making Failure to grasp or create opportunities 		Seek clarity of Delegated Authorities of TS and CEC representatives attending Board meetings [Awaiting CEC's statement of reserved powers, otherwise all aspects agreed.]			Aug 06	Graeme Bissett A Geoff Gilbert B
266	JRC model is insufficiently robust to support the Business Case.	<ul style="list-style-type: none"> Business case not approved. Time delay and resultant costs caused by redesign and remodelling. 		Intense engagement of TS, CEC and TEL in the development and delivery of patronage, revenue and BCR projections during August and September.			End Oct 06	Stewart McGarrity A&B
				Hold meeting with JRC and stakeholders to discuss results to gain confidence in performance.				
				Encourage approval for tram to be given appropriate priority at junctions during operation.				
				Scenario modelling of JRC cost estimate				
267	If there is inadequate progress on the operational system including bus/tram integration, development of network service pattern and TEL Business Plan may not be sufficiently robust.	<ul style="list-style-type: none"> Delay to JRC programme. Reworking of Plans or poorly developed Infraco arrangements with consequential delays due to re-working/change. 		Develop clarity on the role and planned deliverables of TEL to bring about integration including development of ticketing strategies and bus/tram service patterns.			Aug 06	Neil Renilson/ Bill Campbell (TEL) A
				Model integration plans through JRC with rigorous review process using LB knowledge.				

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
		<ul style="list-style-type: none"> Increased operating costs and loss of potential revenue. 		<p>Identify optimal position for a combined tram/bus position.</p> <p>Prepare TEL Business Plan (incorporating business case tram for system) with development of necessary policies to cover operations.</p>			Nov 06	B
268	Funding not secured or agreements not finalised regarding the total aggregate funding including £45m CEC contribution; developer contributions; cashflow/funding profile; financial covenant; and public sector risk allocation e.g. inflation	<ul style="list-style-type: none"> Possible showstopper. Delays and increase in out-turn cost may affect affordability. 		<p>Ensure close and continual interactions with TS and CEC to establish funding delivery confidence and agreement.</p> <p>Confidence required in contingency figures.</p> <p>Address risk allocation with bidders through negotiation</p> <p>Develop and implement strategy for additional contributions</p>			Feb 07	Graeme Bissett A Geoff Gilbert B
269	Agreement on financial over-run risks sharing has not been reached between CEC and TS due to doubts over costs staying in budget. AGREEMENT REACHED, TEXT TO BE SIGNED	<ul style="list-style-type: none"> Potential showstopper to project if agreement is not reached. 		<p>Hold discussions with CEC & TS to ensure adequate release of funds at appropriate periods of time.</p> <p>Understand commitments by TS and CEC re: 1A and 1B</p> <p>Facilitate agreement between CEC and TS.</p>			Dec 07	John Ramsay (TS) A
270	Uncertainty about requirements for wider area modelling and need and extent of construction works required on road network	<ul style="list-style-type: none"> Increased construction cost. Delay while additional funding is found. 		<p>Clarify and agree boundaries of scope and funding provision between TS and CEC</p>			Feb 07	Willie Gallagher A Trudi Craggs B
271	Failure to reach a suitable agreement with CEC regarding: 1. Roads maintenance responsibility where the tram has been installed in CEC	<ul style="list-style-type: none"> Delay to project while agreement with CEC is reached. Sacrifices being made to ensure 		<p>Heads of Terms in place by end Oct COMPLETE – CLOSE ACTION</p> <p>Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie</p>			Dec 06	Willie Gallagher A Trudi

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
	<p>maintained roads;</p> <p>2. What is and is not realistically within the scope of the tram infrastructure delivery contract;</p> <p>3. The way in which tram UTC priorities are handled at key junctions.</p>	<p>agreement is concluded.</p>		<p>Final alignments in place</p>				Craggs B
272	<p>Delay in land acquisition due to uncertainty of political commitment to scheme.</p>	<ul style="list-style-type: none"> Delays to Infraco and the overall Tram project. 		<p>Achieve approval as part of the Draft Final Business Case 1</p> <p>Develop alternative programme scenarios and commentary.</p> <p>Manage the political risk and enfranchise all political stakeholders in the benefits of Tram.</p>			Dec 06- Feb 07	<p>Willie Gallagher A</p> <p>Trudi Craggs B</p>
273	<p>Business case is not approved during February 2007 due to lack of political commitment due to impending elections until Summer 2007.</p>	<ul style="list-style-type: none"> Delay and resultant cost impacts (inflation) on total cost. Political support may evaporate. 		<p>Maintain procurement programme to deliver critical business case inputs</p> <p>Managing expectations on the part of TS and CEC as to the certainty with respect to costs which are reflected in the business case.</p> <p>Ongoing fortnightly reviews with bidders and mid term contractual mark up to inform above treatment</p>			Feb 07	<p>Stewart McGarrity A</p> <p>Bob Dawson B</p>
274	<p>Failure to engage with Transdev in order to adjust DPOFA in line with the development of the Infraco and Tramco procurements. This includes negotiation to secure Transdev acceptance of a subcontract to support system commissioning responsibilities.</p> <p>Negative PR coverage due to perceived mistakes or problems</p>	<ul style="list-style-type: none"> Failure to achieve most effective commercial solution Delay in resolution of Agreements 		<p>Engage with Transdev to ensure adjustment to DPOFA and negotiate requirements.</p>			Dec 06	Alasdair Richards A & B
275		<ul style="list-style-type: none"> Damage to tie's reputation 		<p>Control confidential information and closely monitor FoI(S)A requests</p>			On-going	Suzanne Waugh A

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
	in project becoming public	<ul style="list-style-type: none"> • Loss in confidence of tie's delivery • Funder/promoter dissatisfaction 		Develop relationship with press with support for PR advisors to control stories Communications Strategy being followed with Partners to ensure any problems are flagged up early and dealt with appropriately via the media or other stakeholders.				Mike Connolly B

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Tram – Project Risks

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment end Sep	Treatment end Oct	Due Date	Risk Owner
276	Unacceptable or inaccurate assumptions are used during JRC modelling and SDS design is based on the model.	<ul style="list-style-type: none"> Runtime performance requirements are not achieved. Business case is not approved due to doubts over model. Delay during remodelling and redesign resulting in cost and time impacts. 		Continually monitor JRC output through close interaction and progress meetings. Assumptions Approvals process. Ensure regular interaction with stakeholders to keep them informed of progress and expected model results.			End Oct 06	Stewart McGarrity
277	Infraco tender documents are not issued on time RISK CLOSED – TO BE REMOVED FROM PRIMARY RISK REGISTER	<ul style="list-style-type: none"> Delay to Infraco contract award and whole project progress. Potential showstopper due to cost and loss of political will. 		Continue to work on developing documents to issue on schedule and conduct tender and ongoing negotiations indicating the phased release of design information Identify what information is critical to pricing by Infraco. Procure legal advisor commitment to documents and deadlines set (action complete). Take on additional resource if necessary and appropriate. Ensure that governance structure facilitates fast decision making, review of documents and agreement to procurement strategy by stakeholders			Oct 06	Bob Dawson
278	Infraco tenderers seek extensions of time during tender period	<ul style="list-style-type: none"> Delay to market pricing and confirmation of business case capex requirements 		Agree bid programme with bidders			Aug-Sep 06	Bob Dawson
279	Third party consents including Network Rail, CEC Planning, CEC Roads Department, Historic Scotland, Building Fixing owner consent is denied or delayed.	<ul style="list-style-type: none"> Delay to programme. Risk transfer response by bidders is to return risk to tie Increased out-turn cost if 		Manage bid process to ensure bidders deliver to agreed dates Engagement with third parties to discuss and obtain prior approvals to traffic management plans, landscape and habitat plans, TTROs, TROs and construction methodologies in relation to archaeological and ancient monuments			9 Jan 07 Dec 06	Trudi Craggs

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner
					end Sep	end Oct		
		transferred and also as a result of any delay due to inflation		Identify fallback options CEC Planning – Mock application by SDS	New	15 Nov 06		
280	SDS deliverables are considered to be below quality levels required or late in production	<ul style="list-style-type: none"> Delay in submission of information to Infracore Delay in achieving consents and approvals Dilution of effort to de-risk Infracore pricing 		Identification of key areas requiring SDS attention. Re-focus SDS effort. Apply micromanagement to SDS delivery. Weekly reviews to press for deliverables.		Jul 07	Geoff Gilbert	
281	Insufficient planning of procurements and controls on management and contract costs.	<ul style="list-style-type: none"> Weak procurement plan Cost creep Damage to reputation 		Present update on procurement plans COMPLETE – CLOSE ACTION Closely manage expenditure including examination of opportunities for value engineering, influence of change and optimisation of value for money		Sep 06 Jun 07	Geoff Gilbert	
282	Procurement strategy has high level of risk transfer to contractors which results in a failure to sustain suitable interest from the market throughout bid process. RISK SIGNIFICANCE REDUCED SIGNIFICANTLY	<ul style="list-style-type: none"> Increased price of bids Withdrawal of bidders during bid process 		Make risk allocation clear to bidders COMPLETE – CLOSE ACTION Identify feasible alternatives to risk allocation and allow negotiation of risk allocation		Oct 07 Mid Nov 06	Bob Dawson	
283	Infracore tender returns are outside forecast estimates and business case capex limit	<ul style="list-style-type: none"> Draft Final Business Case requires major change and update Business case not sustainable Confidence is lost by Funders and politicians 		Identify feasible options to enable scheme to proceed Conduct review of scenarios and approach to be taken for business case Discuss contingency options with Funders and politicians		Oct 06- Jan 07	Stewart McGarrity	
284	If programme requires to be accelerated, early commencement of depot works	<ul style="list-style-type: none"> Potential delay and increased cost should 		Resolve whether or not Leith alternative is viable COMPLETE – CLOSE ACTION		Oct 06	Susan Clark	

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner
					end Sep	end Oct		
	is required (current programme has no contingency and shows depot works commencement Nov 07)	longer timescale		Gain TS agreement for early commencement of works including earthworks.				
285	tie fails to secure sufficient resource to manage all relevant processes. Especially issue of ITN, issue of Business Case and evaluation of Infraco tenders by required time.	<ul style="list-style-type: none"> Failure to advance processes at required rate resulting in programme delays and missing of milestones 		Flexible approach to resourcing including drawing on TSS support, support from other contract services providers e.g. Nicols, Dearle & Henderson etc Develop 6 month Resourcing Plan COMPLETE – CLOSE ACTION Develop Long Term Resourcing Strategy			On-going	Colin McLauchlan
187	Poor relationships with stakeholders including political, Network Rail and other major organisations, businesses, frontages, special interest groups (including Spokes, SNH etc, Equalities Transport (DDA), medial, community councils and residents associations.	<ul style="list-style-type: none"> Project loses political and public support Loss of funding support Delays due to protests 		Regular involvement with stakeholders to keep them informed and to better understand their concerns Develop strategies through Mike Connelly to counteract any negative comments Seek support from pro tram lobby groups to promote positive views Continue with Hearts and Minds campaign			On-going	Andie Harper
339	If CEC are unsuccessful in their representation to Scottish Executive on core measures and the Traffic Regulation Orders process resumes, there could be an adverse recommendation from TRO hearing.	<ul style="list-style-type: none"> Traffic Orders delayed Delay in section of project Reporter does not approve and prevents Tram Network from going ahead Ultimately, CEC could be subject to judicial review 		Meeting with Scottish Executive RISK REALISED – DEVELOP PLANS TO MITIGATE IMPACT LEVELS. REMOVE FROM PRIMARY RISK REGISTER.			n/a	Trudi Craggs
286	Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged	<ul style="list-style-type: none"> Significant delay to delivery of Tram Loss of Reputation Significant extra costs 		Consult with legal Introduce Infraco bidders to SDS as early as possible			Feb 07	Bob Dawson
344	Withdrawal of bidders or submission of non-compliant	<ul style="list-style-type: none"> Less than 3 Infraco bids 		Develop strategy to maintain confidence in delivery of value two-way procurement	New Risk		Jan 07	Bob Dawson

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network
Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner
					end Sep	end Oct		
	<p>bids due to non-project related issues</p> <ul style="list-style-type: none"> Less than 3 compliant Infraco bids are submitted Public sector procurement guidelines are not met resulting in significant delay 	<ul style="list-style-type: none"> are submitted Infraco bids are submitted Public sector procurement guidelines are not met resulting in significant delay 		Ongoing liaison with bidders to maintain engagement				
139 & 164	<p>Uncertainty of Utilities location and consequently required diversion work/ unforeseen utility services</p> <ul style="list-style-type: none"> Increase in MUDFA costs or delays as a result of carrying out more diversions that estimated Re-design and delay to Infraco works 			Ground Penetration Radar surveys to confirm location of Utilities under Tramway. To be plotted onto drawings by SDS.	New Risk		End Nov 06	Alasdair Slessor
				In conjunction with MUDFA, create and implement schedule of trial excavations to confirm locations of Utilities			Mid Dec 06	
				Review design information and re-measure during design workshops with Utility Companies and MUDFA. Develop PC Sums into quantified estimates.			End Nov 06	
				Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales			Dec 06-Aug 07	
1	Change in anticipated inflation rate from 5% (included in base estimate)	<ul style="list-style-type: none"> Out-turn cost higher than reported 		Monitor market and inflation indexes such as BCIS to ensure that correct adjustment is applied to project estimate and update project funder at regular intervals	New Risk		Jun 07	Geoff Gilbert

*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

DRAFT
Edinburgh TRAM Project
(Commercial In Confidence)

tie Limited

Paper to : **Tram Project Board**
Subject : **Update on TRO process**
Date : **8th November 2006**

1.0 Background

1.1 Following the last Tram Project Board where the last paper on TTRO and TRO assumptions was not approved, the following developments have occurred:-

1.2.1 There was a meeting on the 31 October 2006 with Duncan Fraser and Andy Conway both of The City of Edinburgh Council (CEC), Anthony Lang of tie, Ann Faulds of Dundas & Wilson CS LLP and Richard Firth of SDS to advance the way forward on outstanding traffic issues.

1.2.1.1 The CEC advised that it will not allow the traffic regulation order process in respect of the permanent core measures to commence prior to the local government elections in May 2006.

1.2.1.2 In addition, CEC advised that at present their position is that the construction of the Infracore Works cannot commence prior to all or any of the permanent traffic regulation orders in respect of the core measures being in place. This could otherwise be seen by the public as prejudicing the outcome of any hearing. CEC also advised that it would not make TTRO's where the measures being sought would ultimately be permanent unless a TRO mirroring the TTRO being sought had been made. Therefore TTRO's are of little or no value before the TRO has been obtained. It should be noted that this is contradictory to earlier advice from the CEC.

1.2.2 As instructed by the Tram Project Board at the September Board meeting, Keith Rimmer of CEC and Ann Faulds also met with the Scottish Executive to discuss the possibility of amending the Local Authorities Traffic Orders (Procedure) (Scotland) Regulations 1999 in relation to major projects that have already been approved by the Scottish Parliament or the Scottish Ministers. However they were advised that there is insufficient time available in which to make the change. In addition the question arose as to the definition of major projects.

1.2.3 The effect of the outcome of these meetings is to **delay the commencement of the construction of the on street sections until November 2008** excluding the impact of the May 2007 election.

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2.0 Programme

3.1 In light of the recent developments, tie and SDS are currently reviewing the programme to try to establish when the TRO could be made and the impacts of that on the construction programme. All efforts are being made to minimise any delay to the programme and the commencement of construction. An update will be given to the Tram Project Board later this month.

3.0 Consultation

3.1 The DPD has reviewed this paper and their comments have been incorporated.

4.0 Recommendation

4.1 The Board is asked to note this paper and to confirm that the assumptions set out at paragraph 1.3.2 are correct.

Proposed Trudi Craggs Date:- 03/11/06
 Development and Approvals Director

Recommended Andie Harper Date:- 03/11/06
 Project Director

Approved Date:-
 David Mackay On behalf of the Tram Project Board

DRAFT
Edinburgh TRAM Project

Paper to : Tram Project Board
Subject : Tramco Evaluation Methodology
Date : 8th November 2006

1.0 Introduction

1.1 A Tramco Evaluation Methodology has been prepared which will be used to evaluate the tender submissions from

- Alstom,
- CAF,
- Bombardier and
- Siemens

This Methodology will also be used to evaluate any further responses/clarifications from the Candidates received by tie throughout the negotiation process leading up to the appointment of a Preferred Candidate. The process set out in this document follows the principles set out in the Procurement Strategy approved by the Tram Project Board in September 2006.

1.2 Details of the Tramco Evaluation Methodology are enclosed as Appendix A. The hard copy original will be brought to the Tram Project Board Meeting for signature.

2.0 Consultation

2.1 Our principal stakeholder, Transport Scotland, City of Edinburgh Council and Transport Edinburgh Limited have been consulted on the paper and their comments incorporated prior to finalisation. The Evaluation Methodology was then signed off by the Project Commercial Director and Project Director prior to opening the returned tenders

3.0 Recommendation

3.1 The Board is asked to note and approve the Tramco Evaluation Methodology.

Proposed Geoff Gilbert Date:- 03/11/06
Project Commercial Director

Recommended Andie Harper Date:- 03/11/06
Project Director

Approved Date:-
David Mackay on behalf of the Tram Project Board



tie LIMITED

EDINBURGH TRAM NETWORK

**EVALUATION METHODOLOGY FOR
SUBMISSIONS IN RESPONSE TO THE
INVITATION TO NEGOTIATE ISSUED ON
7 JULY 2006 FOR THE PROPOSED
AWARD OF AN AGREEMENT FOR THE
DESIGN, MANUFACTURE AND SUPPLY
OF TRAMS AND ASSOCIATED
EQUIPMENT AND AN AGREEMENT FOR
THE PROVISION OF TRAM
MAINTENANCE SERVICES FOR THE
EDINBURGH TRAM NETWORK ("ITN")**

Date: 11th October 2006

tie limited
19 Haymarket Yards
Edinburgh
EH12 5BH

CONTENTS

1. OVERVIEW OF TENDER SUBMISSION EVALUATION METHODOLOGY	1
1.1 Introduction	1
1.2 Evaluation Criteria	1
1.3 Overview of the Evaluation Process	3
1.4 Indicative Timetable	7
1.5 Members of the TramCo Group and the TramCo Evaluation Teams	9
1.6 Confidentiality	11
2. THE RETURN, OPENING, CHECKING AND DISTRIBUTION OF TENDER SUBMISSIONS	12
2.1 The Return of Tender Submissions	12
2.2 The Opening of Tender Submissions	12
2.3 ITN Submission Requirements	12
2.4 The Checking of Tender Submissions	12
2.5 Clarifications and Missing/Incomplete Information	12
2.6 Distribution of Tender Submissions	13
3. EVALUATION OF THE TENDER SUBMISSIONS TO SELECT CARP CANDIDATES	14
3.1 Introduction	14
3.2 Preliminary Evaluation	14
3.3 Format of Formal Interviews of Candidates and Clarification/Negotiation Sessions	14
3.4 Final Evaluation	15
EVALUATION	16
4.1 Introduction	16
4.2 Evaluation Process	16
5. VARIANT PROPOSALS	18
7. APPENDICES	
Appendix 1 – ITN Tender Submission Checklist	
Appendix 2 – Tender Evaluation Criteria	

1. OVERVIEW OF TENDER SUBMISSION EVALUATION METHODOLOGY

1.1 Introduction

This document sets out the methodology (the "**Methodology**") which will be used to evaluate the submissions by Alstom, CAF, Bombardier and Siemens (the "**Candidates**") in response to the ITN issued by **tie** on 7 July 2006 ("**the Tender Submissions**"). This Methodology will also be used to evaluate any further responses/clarifications from the Candidates received by **tie** throughout the negotiation process leading up to the appointment of a Preferred Candidate.

The process set out in this document follows the principles set out in the Procurement Strategy approved by the Tram Project Board in September 2006.

1.2 Evaluation Criteria

As stated in the OJEU Notice published on 28 November 2005 under reference 2005/S 230-227127, the Tram Maintenance Agreement ("**TMA**") and Tram Supply Agreement ("**TSA**") (together the "**Tramco Agreements**") will be awarded by **tie** to the Candidate which, at the conclusion of the process, offers the most economically advantageous tender.

In order to evaluate which Tender Submission is the most economically advantageous tender, **tie** has decided that the Tender Submissions will be evaluated in respect of the following key areas:

- 1.2.1 Financial;
- 1.2.2 Project Team;
- 1.2.3 Programme and Project Execution Proposals;
- 1.2.4 Legal and Commercial;
- 1.2.5 Technical; and
- 1.2.6 Insurance.

Candidates were notified in the ITN of the detailed evaluation criteria which will be used to evaluate each of these key areas. Details of the criteria are included in Appendix 2.

Two of the bidders, Siemens and Bombardier, are each members of two of the consortia bidding the Infraco contract. They have indicated informally that they propose to offer a discount on the Infraco contract if **tie** accepts their Tramco bid. So as to maintain probity and procurement compliance Infraco bidders will be advised that any such proposals are to be submitted as part of the Tramco negotiation process and that such proposals will be evaluated under this selection process for Tramco. In practice this will require Tramco Candidates to put forward a framework and structure for discounts which will be evaluated once evaluation of Infraco is sufficiently advanced.

1.3 Organisation

The evaluation of Tender Submissions will be supervised by the Tramco Evaluation Panel, which will consist of the following:

- Andy Harper – Project Director (lead)
- Steven Bell – Engineering Director

- Susan Clark – Delivery Director
- Trudi Craggs – Project Development and Approvals Director
- Geoff Gilbert – Commercial Director
- Stuart McGarrity – Financial Director

The evaluation process will be managed by the Tramco Group, which will consist of the following:

- David Powell – **tie** Tramco Project Manager (lead)
- Mark Bourke – **tie** Risk Manager
- Iain Bowler – Partner DLA Piper
- Bob Dawson – **tie** Procurement Manager
- Tony Goodyear – Tram Rolling Stock Engineer Parsons Brinckerhoff
- Roger Jones – Project Engineer Transdev
- Tim Knapp – Systems Specialist TSS / Interfleet

The Tramco Project Manager will report to the Tramco Evaluation Panel, supported as necessary by other members of the Tramco Group.

The detailed evaluation of each Tender Submission will be conducted by evaluation teams (the Tramco Evaluation Teams). Each Evaluation Team will be led by one of the members of the Tramco Group and will be responsible for evaluation of one of the key evaluation criteria listed in section 1.2 above. The members of each team are set out in section 1.6 below.

The relationships between these teams are shown in Figure 1 below:

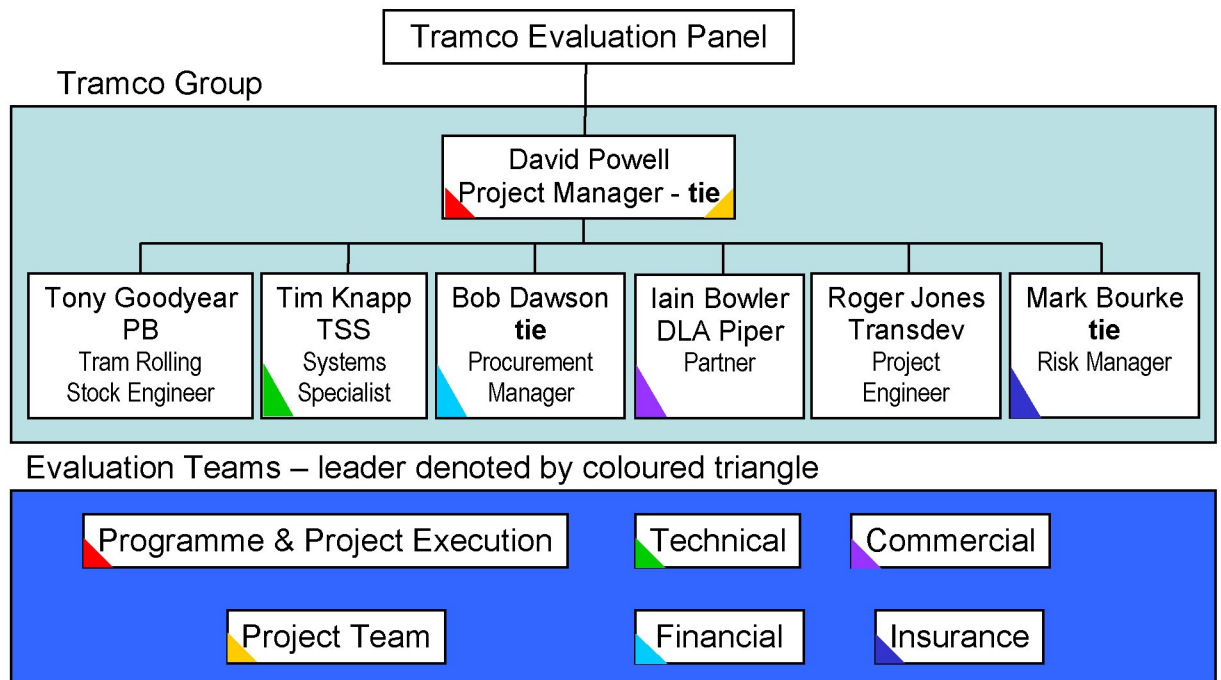


Figure 1 Hierarchy of teams to undertake evaluation of Tramco bids

Dialogue with the Project Stakeholders (CEC and Transport Scotland) will be maintained via individuals designated from CEC, TS and TEL through regular briefing sessions which will typically be held on a monthly basis, organised by the **tie** Tram Project Delivery Team. Meetings will be organised to coincide with the following stages of the Tramco evaluation process:

1. Selection of the Preferred Tramco bidder
2. Completion of detailed negotiations with the Preferred Tramco bidder

For maximum effectiveness, the same individuals will represent the stakeholders throughout this process. These sessions will allow the Stakeholders to be kept informed of the progress of the Tramco evaluation (as well as other projects constituting the Tram project). These briefing sessions will be attended by members of the Evaluation Panel and Tramco Group as required.

1.4 Overview of the Evaluation Process

The steps in the evaluation process are:

- Opening of bids and checking
- Initial analysis to enable project estimate update
- Initial clarifications
- Preliminary evaluation
- Formal meetings and presentations with candidates
- Finalisation of preliminary evaluation
- Supplementary information release
- Updated preliminary evaluation
- Further negotiations and submissions
- Draft final evaluation recommendation
- Facilitated Tramco / Infraco negotiations
- Final negotiations
- Close final deal
- Final evaluation recommendation
- Tram board approval of final evaluation recommendation
- Submit final evaluation recommendation to CEC
- Notification and debriefing
- Award

An overview of the evaluation process which will be used by the Tramco Group and Tramco Evaluation Teams to process and evaluate the Tender Submissions received from the Candidates is set out below:

The process to be followed from the date of Tender Submissions is as follows:

1.4.1 The Return and Opening of Tender Submissions

Tender Submissions are to be returned by Candidates to **tie** by 3:00 pm on 9th October 2006 ("**the Return Date**"). **tie** reserves the right to either treat as valid or disregard any tender Submission or other submission which is not received by the Return Date or which otherwise does not comply with the delivery requirements of the ITN. The Tender Submissions will be opened in accordance with **tie's** procedures. See further detail in Section 2 of this Methodology.

1.4.2 Checking and Distribution of Tender Submissions

Once opened, Tender Submissions will be checked by **tie** to ensure that the Tender Submissions are complete, and then distributed. See further detail in Section 2 of this Methodology.

1.4.3 Initial Analysis of the Tender Submissions

Following distribution of the Tender Submissions, the Tramco Group will conduct a preliminary analysis of the Tender Submissions, the purpose of which will be to make an initial assessment of the financial proposals offered by Candidates, so that a price, taking account of any principal qualifications in each Candidates' Tender Submissions, can be included within the Draft Final Business Case

1.4.4 Meetings of Tramco Evaluation Teams

On receipt of the Tender Submissions, each Tramco Evaluation Team will meet to discuss the content of the Tender Submissions received, in preparation for meeting with the other Tramco Evaluation Teams to decide on the clarification questions which need to be issued.

1.4.5 Initial Clarifications

Following an initial review of the Tender Submissions, the Tramco Evaluation Teams will decide on any initial clarifications which need to be requested from the Candidates. The Tramco Evaluation Teams will also decide on the standard "discussion" questions or any clarification questions that are to be issued to Candidates in advance of the formal interviews to be carried out pursuant to Section 1.4.8 below. A decision will also be taken as to when these questions will be released to the Candidates. See Section 3.3 of this Methodology for further detail.

1.4.6 Preliminary Evaluation

The Tramco Evaluation Teams will evaluate the relevant sections of each Tender Submission against the evaluation criteria set out in Section 4 of this Methodology ("**the Preliminary Evaluation**"), and in accordance with the evaluation process set out therein in order to prepare a preliminary report setting out initial evaluation of each of the Candidates' proposals, in accordance with the process set out in Section 4 ("**the Preliminary Report**"). The details of this Preliminary Report are set out in Section 3.2 of this Methodology.

During the Preliminary Evaluation stage the principal objectives are to ensure that the Candidate's proposals are fully understood and clarifications sought to ensure that all bids are evaluated on a like for like basis.

1.4.7 Meeting of the Tramco Group to discuss the Preliminary Evaluation.

The Tramco Group will meet to discuss the Preliminary Reports prepared by the Tramco Evaluation Teams. Each of the Tramco Evaluation Teams will make a short presentation which will summarise its preliminary conclusions on each Tender Submission and propose any further clarifications which need to be made to Candidates. Also, the Tramco Group will agree whether any further clarifications should be made to Candidates in writing or at the formal interviews to be held with each Candidate. The Tramco Group will also agree which matters are to be the subject of negotiation with each Candidate at the clarification/negotiation sessions to be held with each Candidate. Following this meeting, the Tramco Project Manager will prepare the first draft of the Preliminary Evaluation Report.

1.4.8 Meeting of the Tramco Evaluation Panel

This draft will be presented to the Tramco Evaluation Panel by the Tramco Project Manager.

1.4.9 Formal Meetings with Candidates

Following the Preliminary Evaluation of Tender Submissions, the Tramco Group, supported where appropriate by members of the Evaluation Teams, will engage in a formal meeting with each Candidate, which will include a presentation by the Candidate and a formal interview including provision of replies to any clarification questions which have been issued to the Candidate. Each Candidate's performance at this interview will be evaluated and the evaluation of this performance will be included as part of the final evaluation report prepared by the relevant Tramco Evaluation Team. The format of these interviews is set out in Section 3.3 of this Methodology.

1.4.10 Finalisation of the Preliminary Evaluation

The Evaluation Teams will prepare their contributions to the Finalised Preliminary Evaluation Report which will be presented to the Tramco Group.

The Tramco Group will consider whether any candidates should be eliminated from the competition as a result of the Preliminary Evaluation and shall make a recommendation to that effect to the Tramco Evaluation Panel.

If any candidates are to be eliminated at this stage, this will be undertaken in writing by the Tramco Project Manager, following the approval of the Tramco Evaluation Panel and they will be offered the opportunity of a debriefing session.

1.4.11 Supplementary Information Release

A package of information will be prepared and issued to all remaining Tramco Candidates. The content of this package will be selected to harmonise the information that has been provided to the Tramco bidders with that which has been issued to the Infracore bidders. As a minimum, the following documentation will be included within the package:

- Alignment drawings
- Statement of workshop equipment
- Pantograph information
- Wheel-rail interface report
- Any adjustments to the tram delivery programme

- Interface information relating to the free-issue supervisory & communications equipment
- Matrix of responsibilities within the depot
- Revised depot layout
- Health, Safety, Quality and Environmental requirements

Other documents may be added to the package, including potentially a revised version of the Tram Supply and Tram Maintenance Agreements incorporating the comments from the Infracos.

The Candidates will be asked to incorporate this additional information into their proposals and to update their bids.

1.4.12 Update Preliminary Evaluation

Following the receipt of Candidates' revised proposals, the steps set out in 1.4.4 to 1.4.10 will be repeated.

1.4.13 Further Negotiations/Re-submissions

To the extent necessary to fully evaluate Candidate's proposals prior to Infraco/Tramco facilitated negotiations, dialogue will continue with the remaining candidates, which is expected to be based around further enquiries/clarifications of Candidates' proposals and Candidates' proposals updated accordingly.

Again the process set out in steps 1.4.4 to 1.4.10 above will generally be employed to ensure transparency of the process. At each stage the potential elimination of candidates will be considered.

1.4.14 Draft Final Evaluation Recommendation

Following the completion of the process of further negotiations and re-submissions, the Tramco Evaluation Teams will complete their evaluation of each remaining candidate and prepare Final Evaluation Reports.

This evaluation report will recommend the Preferred Candidate to participate in the Facilitated Tramco / Infraco negotiations.

1.4.15 Brief Evaluation Panel and Board on Draft Final Evaluation

On finalisation the Draft Final Evaluation Report will be presented to the Tram Project Board for approval to proceed to the next stage.

1.4.16 Conduct Infraco/Tramco Facilitated Negotiation

The purpose of these negotiations is to ensure that all issues between Tramco and Infraco are closed to ensure alignment on commercial, programme and technical aspects. For example, the negotiations will ensure that any scope gaps between the two are closed.

Satisfactory conclusion of these negotiations will pave the way for a "de-risked" novation.

In preparation for these negotiations, the negotiation team will:

- Identify the issues that need to be resolved from examination of the bids and issues emerging from negotiations

- Prepare draft resolutions for each of the issues
- Test draft resolutions separately with Tramco and Infraco candidates

The Draft Final Evaluation Report will be updated for the outcome of these negotiations. The Tramco Evaluation Panel will be briefed on completion of this stage.

1.4.17 Meeting of the Tramco Group to discuss the Final Evaluation

The Tramco Group will meet to review the Final Reports prepared by each Tramco Evaluation Team. Each Tramco Evaluation Team will make a short presentation which will summarise its final conclusions on each Tender Submission explaining how the final evaluation of each Candidate was reached. At this meeting, the decision will be taken as to which Candidate the Tramco Group will recommend to the tie Evaluation Panel should be taken forward as the Preferred Candidate.

The Tramco Group's recommendations and a collated combined final evaluation report ("**Final Evaluation Report**") (which will include the conclusions from the Tramco Evaluation Teams' Final Reports and an outline of the evaluation methodology) will be prepared by the Tramco Project Manager.

1.4.18 Meeting of the Tramco Evaluation Panel to Consider Final Evaluation

The Tramco Project Manager will present the Final Evaluation Report to the Tramco Evaluation Panel, which will consider the recommendation as to the Preferred Candidate and either accept the recommendation or ask for further evaluation work to be undertaken.

If further evaluation work is required, this will be undertaken by the Evaluation Teams under the management of the Tramco Project Manager and the Tram Group's revised evaluation will be re-presented to the Tramco Evaluation Panel

Once a recommendation has been accepted by the Tramco Evaluation Panel, the results of the evaluation will be presented to the Tram Procurement & Delivery sub-committee and then the Tram Project Board for approval.

1.4.19 CEC Approval of the Recommendation

Thereafter the recommendation shall be submitted to CEC and TS for approval and on approval the contract awarded, following the requisite 'cooling off period'.

It is the intention that Tramco will be awarded contemporaneously with Infraco and the novation of the Tramco and SDS contracts to Infraco made at the same time.

1.5 Indicative Timetable

It is currently anticipated that the evaluation process set out in Section 1.4 of this Methodology will be carried out in accordance with the indicative timetable set out below:

9 October 2006	Submission of Tender Submissions
9 & 10 October 2006	Checking of Tender Submissions for completeness and distribution of Tender Submissions to the

	Tramco Evaluation Teams and Tramco Group
13 October 2006	Initial analysis of the Tender Submissions
16 October 2006	Meetings of the Tramco Evaluation Teams
16 – 27 October 2006	Preliminary Evaluation of Tender Submissions
24 October 2006	Meeting of the Tramco Group
26 October 2006	Meeting of the Tramco Evaluation Panel
27 October 2006	Initial clarifications (if any) to be issued to Candidates
3 November 2006	Responses to be received from Candidates to initial clarifications (provisional date, may be extended depending on quantity of clarifications)
6 – 9 November 2006	Formal Meetings with Candidates
10 – 17 November 2006	Finalisation of Preliminary Evaluation
21 November 2006	Meeting of the Tramco Group to finalise Preliminary Evaluation Report
23 November 2006	Meeting of the Tramco Evaluation Panel to consider Preliminary Evaluation report
24 November 2006	Supplementary Information Release
8 January 2007	Return of Re-submitted Bids from Candidates
8 & 9 January 2007	Checking of Re-submitted Bids for completeness and distribution of Tender Submissions to the Tramco Evaluation Teams and Tramco Group
9 – 19 January 2007	Evaluation of Re-submitted Bids
January / February 2007	Further negotiations/requests for Re-submitted bids as required. Tramco Project Manager to develop detailed timetable.
26 February – 2 March 2007	Draft Final Evaluation to select Preferred Bidder
5 April 2007	Meeting of the Tramco Group to consider Final Evaluation and complete the Final Evaluation Report
10 April 2007	Meeting of the Tramco Evaluation Panel to consider Final Evaluation report and the recommended Preferred Tramco Candidate
27 March – 9 April 2007	Preparation for Tramco / Infraco facilitated negotiations
17 April - 14 May 2007	Facilitated negotiations between Preferred Candidates for Tramco and Infraco
25 June 2007	Completion of negotiations with preferred Tramco Candidate
June 2007	Commencement of Pre-Works Development Services under separate Mobilisation Agreement by the Preferred Candidate
September 2007	Tramco Contract Award and Novation to Infraco

Further meetings of the Tramco Group and the Tramco Evaluation Teams shall be arranged as required.

1.6 **Members of the Tramco Group and the Tramco Evaluation Teams**

The members of the Tramco Evaluation Panel and the Tramco Group are set out in section 1.3 above

The members of the Tramco Evaluation Teams are set out below. It may be necessary to supplement the identified resources with specialist support. Any such change will be proposed by the Tramco Project Manager and agreed by the Tram Project Director before proceeding.

Tramco Evaluation Teams	
<i>Programme and Project Execution Proposals</i>	David Powell (lead)
	Susan Clark
	Tom Hickman
	Graeme Walker
	Tim Knapp
<i>Financial Submission</i>	Bob Dawson (lead)
	David Powell
	David Carnegie
<i>Legal and Commercial Submission</i>	Iain Bowler (lead)
	Emily Feenan
	Robert Smith
	Matthew Duncombe
	David Powell
	Bob Dawson
<i>Technical Submission</i>	Tim Knapp (lead)
	Tony Goodyear
	Roger Jones
	David Powell
	Specialist support will be provided in a number of areas as follows:
	Suzanne Waugh (aesthetics)
	Andy Kelland (performance)
	Alastair Richards (maintenance)
	Richard Ordish (maintenance)
	Christian Peckham (maintenance)
<i>Insurance Submission</i>	Mark Bourke
	Graham Nicol
	Barry Lidford
	Mike Hawkes
	Emily Feenan

1.7 Evaluation Procedures and Confidentiality

The Tramco Group and the Tramco Evaluation Teams are required to maintain confidentiality throughout the Tramco evaluation process, and must treat the Tender Submissions, the negotiation/responses/submissions, any clarifications, interviews, deliberations, meetings and the reports/responses prepared by the Tramco Group and the Tramco Evaluation Teams as strictly confidential. Access to the Tender Submissions and other associated documents and the reports prepared by the Tramco Evaluation Teams, must be strictly controlled at all times.

Evaluators will only see those parts of the bid that relates to their area of evaluation. The financial aspects of the bid will not be shared with other members of the evaluation team. The minimum number of copies of relevant sections of bids will be made which are necessary for remotely based evaluators to complete their evaluation. The tender submissions will be kept in a locked cabinet within the **tie** office. Access will be strictly controlled with evaluators being required to sign documents in and out of the locked cabinet. Financial proposals will be stored in a separate locked cabinet.

The Financial and Technical elements of the proposals are to be evaluated separately. The team evaluating the technical aspects of the bid will not have sight of the Financial or the Legal and Commercial aspects of the proposals. The technical and financial aspects of the evaluation will be brought together at completion of the Preliminary Evaluation stage. The process for assessing the comparing the incremental benefits of each bidders non Financial proposals with the Financial differences between bids will be managed and co-ordinated by the Lead Financial Evaluator (Bob Dawson).

All correspondence between the Tram Project and bidders will be in writing and will be conducted via the Tramco Project Manager. All meetings with bidders will be minuted by the Tram Project Manager and minutes issued to bidders for their agreement.

All participants in the evaluation process will be required to sign confidentiality agreements, including Stakeholders representatives, Evaluation Panel members and Evaluation Team members.

In order to maintain confidentiality, the Candidates have each been allocated code names and these names used in all communications, recommendations for approval and presentations. This will include the recommendations made to CEC and Transport Scotland.

The code names will be used in all written correspondence and reports prepared by the Tramco Group and the Tramco Evaluation Teams during the Tramco procurement.

2. THE RETURN, OPENING, CHECKING AND DISTRIBUTION OF TENDER SUBMISSIONS

2.1 The Return of Tender Submissions

Tender Submissions are to be returned by the Candidates to **tie** by 3:00pm on 9 October 2006. **tie** reserves the right to either treat as valid or disregard any tender Submission or other submission will is not received by the Return Date or which otherwise does not comply with the delivery requirements of this ITN. **tie's** own record of time and date of delivery will be conclusive and it is stated in the ITN that it will be the Candidate's responsibility to obtain a confirmation for safe receipt from **tie**. Any documentation (intended to form part of an incomplete Tender Submission) which is received late by **tie** is to be accorded such weight during evaluation as **tie** shall determine at its absolute discretion.

2.2 The Opening of Tender Submissions

The Tender Submissions will be opened by David Powell and Valerie Clementson in the presence of Geoff Gilbert who will witness the opening.

2.3 ITN Submission Requirements

Candidates have been required by the provisions of the ITN to submit 9 bound paper copies, 1 loose unbound copy marked original and 1 electronic copy (on a CD-ROM) of their Tender Submission.

2.4 The Checking of Tender Submissions

Tenders must be submitted in accordance with the ITN. If a Tender is not substantially complete, or is qualified or is not submitted strictly in accordance with the ITN, **tie** may exclude such a Tender from further consideration. **tie's** decision to exclude a Tender shall be final. Nevertheless, **tie** expressly reserves the right, in its absolute discretion, to treat any Tender as valid and to proceed with the inclusion of a Candidate notwithstanding any procedural defect in relation to a submission in respect of this ITN.

On receipt by **tie**, the Tender Submission will be checked for compliance and completeness with the requirements of the ITN by **tie**. The checklist set out in Appendix 1 will be completed by **tie** in respect of each Tender Submission to indicate whether each Tender Submission (including the Standard Tender Submission and any Variant Tender Submissions) is compliant and complete. This is a simple checking and compliance exercise, and will not, at this stage, involve a detailed or qualitative assessment of the Tender Submissions. A checklist will be completed for each Tender Submission and will be signed for by David Powell and Susan Clark.

For a Tender Submission to be compliant, it must comprise a complete Base Bid. The structure of a Base Bid is set out in Section 3 of the ITN, and must:

- be accompanied by a signed and completed Formal Offers for both the award of the TSA and the award of the TMA and Anti-Collusion Certificate (as defined in the ITN);
- contain evidence of the legal authority of the individual who signs the documentation referred to in section 2.4.1 as set out in Section 6.9 of the ITN;

2.5 Clarifications and Missing/Incomplete Information

tie has reserved the right to seek clarification on any aspect of any Tender Submission following submission.

Where any item required in the ITN is not submitted or is submitted incomplete or damaged, **tie** has reserved the right to disregard the Tender Submission as non-compliant.

2.6 Distribution of Tender Submissions

Once checked by **tie**, the relevant elements of the Tender Submissions will be distributed by **tie**, as detailed in the table below in the appropriate number and format required by the members of the Tramco Evaluation Teams. These organisations will then distribute the relevant parts of the Tender Submissions to the appropriate members of the Tramco Evaluation Teams.

The Financial, Commercial and Legal sections of the Tender Submissions shall only be distributed to members of the Financial, Commercial and Legal Tramco Evaluation Teams, any further distribution of such submissions shall be subject to the approval of the Tram Project Director.

Organisation
Tie
TSS (Interfleet) (Tim Knapp) – Technical and Project Execution
Transdev (Roger Jones) – Technical
DLA Piper (Iain Bowler) – Legal
Parsons Brinckerhoff (Tony Goodyear) – Technical

3. EVALUATION OF THE TENDER SUBMISSIONS

3.1 Introduction

Following the return, opening, checking and distribution of the Tender Submissions, the Tramco Evaluation Teams will start the process of evaluating each Tender Submission and any Variant Tender Submissions received from the Candidates.

The detailed process for ranking the Candidates' Tender Submissions is set out in Section 4 of this Methodology.

3.2 Preliminary Evaluation

The Tenders will be first checked for compliance with the requirements of the ITN and for completeness. Clarification may be sought from Candidates in order for **tie** to determine if a Tender is complete and compliant.

The Tramco Evaluation Teams will evaluate the relevant sections of each Tender Submission against the evaluation criteria set out in Section 4 of this Methodology, and against the requirement for information to be submitted in terms of the ITN, and in accordance with the evaluation processes set out in this Methodology, in order to prepare a Preliminary Evaluation Report which will:

- evaluate each Candidate's Submission against the criteria set out in Section 4 and Appendix 2, ranking the Candidates in accordance with the procedure set out in Section 4 and setting out the reasoning for the assessed ranking and incremental benefit between Candidates and the relative strengths and weaknesses of its Tender Submission as appropriate;
- highlight any issues which need to be clarified by Candidates;
- highlight any matters on which the Tramco Evaluation Team wishes to negotiate with each Candidate;

Relevant Clarifications from each Tramco Evaluation Team will then be issued to Candidates by the Tramco Project Manager.

3.3 Format of Formal Interviews of Candidates and Clarification/Negotiation Sessions

Members of the Tramco Group will carry out a formal interview and clarification/negotiation session with each Candidate. It is anticipated that the **tie** interview panel will consist of David Powell, Tim Knapp, Tony Goodyear, Iain Bowler and Bob Dawson. Other members of the Tramco Group or individual Tramco Evaluation Teams may be invited to attend, as required.

Each Candidate will be notified in advance of the format of the interview, some of the questions which will be asked by the Tramco interview panel (e.g. the questions from and, if determined necessary by the Tramco Group, the matters that are to be the subject of clarification/negotiation.) All items which will be the subject of negotiation/clarification do not require to be notified in advance.

Each Candidate's performance at interview will be taken into account in the evaluation of that Candidate's bid and will be factored into **tie**'s evaluation of the Candidate and the evaluation of this performance will be included as part of the Evaluation Report prepared by the relevant Tramco Evaluation Team. Where appropriate, the Candidates will be asked to confirm in writing statements made at interviews.

Interviews will be carried out over a three hour period 9 am to 12 noon. The format of each interview will be as follows:

09:00 – 10:00	Candidate Presentation
10:00 – 11:00	Pre-prepared Questions & Answers on Tender Submission
11:00 – 12:00	Questions Arising from Presentation / Further issues arising on Tender Submissions

In accordance with the above format, the **tie** interview panel will ask clarification questions and enter into negotiations with the Candidate in relation to any areas of the Tender Submission which have been determined in advance by the relevant Tramco Evaluation Teams and confirmed by the Tramco Group. The Tramco Evaluation Teams, the Tramco Group and the **tie** interview panel must ensure that all Candidates are treated fairly and equally in respect of the matters to be negotiated and the conduct of the negotiations themselves.

3.4 Final Evaluation

Following the conclusion of the Final Negotiations and the receipt of any Re-submitted Bids from Candidates, the Tramco Evaluation Teams will complete their evaluation of each Tender Submission and update the Preliminary Evaluation Reports to produce Final Reports.

Each Final Report will:

- summarise the key issues arising from each Candidate's submission;
- incorporate a review of any clarification responses received from Candidates;
- include a finalised completed evaluation statement against the criteria set out in section 4 including details of any specific strengths/weaknesses, advantages/disadvantages of the Tender Submission and any other issues arising in relation to the relevant section of each Tender Submission in the comments to the evaluation matrix;
- incorporate a detailed summary of the position reached in any negotiations held pursuant to Section 3.3 confirming how these have been incorporated into the finalised evaluation.

These reports will be collated and discussed at a meeting of the Tramco Group. From this meeting, the Tramco project Manager will prepare the Final Evaluation Report, which will summarise the findings of the Evaluation Teams and make a recommendation at which candidate will be identified as the Preferred Bidder.

4. EVALUATION

4.1 Introduction

This Section of the Methodology sets out the manner in which the Candidates' proposals are evaluated and ranked. This process will be applied at each stage of the procurement process until the Preferred Candidate is identified.

4.2 Evaluation Process

tie will select the Preferred Tramco Candidate on the basis of the most economically advantageous tender.

The most economically advantageous Tender is that which offers the maximum value for money proposal, based upon a comparison of Candidates' overall Financial proposals which will include in each case the combined incremental differential effect of the accompanying proposals for Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance issues.

The evaluation of the Financial proposals will be undertaken on a Net Present Value (NPV) basis, incorporating the Tram Supply price and the Tram Maintenance price. In this evaluation, the first 15 years of the Maintenance pricing will be taken into consideration. The discount factor to be employed in the determination of the NPV of proposals will be that used in the Tram Business Case

Where practicable **tie** will assess financial impact of Candidates' qualifications (e.g. liability caps). Candidates will be informed of where this is proposed and given the opportunity to withdraw their qualification and to update their financial proposal accordingly. Where bidders do not withdraw their qualifications, **tie** will make an assessment of the financial impact of the qualification and will add it to the tendered sum.

tie will assess the Financial component to determine an initial ranking of Candidates and then proceed to evaluate Tenders against the non financial criteria on a comparative basis. The assessments will then be combined to produce a composite ranking.

The Programme and Project Execution, Project Team and Technical proposals must meet minimum evaluation criteria in order to be considered. The minimum evaluation criteria are generally that the Candidate demonstrates in their proposals that they are able in the opinion of **tie** to deliver into operation tram vehicles that can be successfully integrated into the Edinburgh Tram Network and which comply with the requirements of the ITN, and in particular the requirements of the Tram Specification, Tram Maintenance Specification Tram Testing and Commissioning Specification and Tram Interface Specification contained in Volume 3 of the ITN.

The evaluation process is constructed to select the Candidate:-

- With the a Project Team we are confident can deliver
- With deliverable Programme and Project Execution Proposals
- That has Technical proposals that meets the tram system functional requirements
- With acceptable Legal and Commercial terms
- With acceptable Insurance proposals

Accordingly equal consideration will be given to the Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance proposals within the evaluation given their equal importance to successful delivery of the Project. The Legal and Commercial and Insurance proposals will be evaluated for acceptability or non-acceptability against the Compliance Matrices for the Tram

Supply and Tram Maintenance Agreements and Candidates' completion of the Insurance Questionnaires.

The initial consideration of proposals will focus on the Candidates' capability to deliver a tram system that operates to **tie's** requirements. Next we will then rank the Candidates in terms of price (the financial element of their bid) and the non financial aspects will then be reviewed and the incremental benefits between Candidates, one relative to the other, assessed. Finally will assess these incremental benefits against the differences between the prices in order to determine whether the utility of the incremental benefits changes the ranking of Candidates.

As part of the evaluation process, **tie** may contact the client references given as part of the pre-qualification process.

At each stage of the tendering process a report will be produced which shows the relative ranking of the Candidates' proposals. For the avoidance of doubt, it is anticipated that Candidates may have submitted a number of variant proposals, which will form part of **tie's** evaluation. Accordingly, there may be multiple rankings for each candidate.

As part of the evaluation, **tie's** team may conduct a number of visits to:

- reference project(s) where trams manufactured by the Candidate are currently in operation;
- reference project(s) where they are currently carrying out Tram maintenance;
- the factory(ies) where they are currently manufacturing trams, similar to those offered by them for the Edinburgh Tram Network.

Each Candidate's performance at such visit will be evaluated and the evaluation of this performance will be included as part of the Final Evaluation Report prepared in relation to each Candidate and information gathered from such visits will be incorporated into the Final Evaluation Report.

Legal and Commercial aspects - Qualifications to terms and conditions will be negotiated with bidders as a 'mark up' of the contract is to be submitted with the tender. Any qualifications which adversely change the fundamental principles of the Project Procurement Strategy and which are not withdrawn will at the discretion of the Project and its stakeholders disqualify the bidder from further consideration.

Insurances - Are proposed insurances the correct level with acceptable terms as specified in the ITN? If not bidders will be required to adjust their bids to include the specified requirements.

4.3 Evaluation Model

The evaluation will be conducted using the Evaluation Model. This sets out the basis for assessing the relative strengths of the Candidates' proposals for each evaluation criterion. The model also sets out the framework for determining the incremental benefit of the assessed non-financial proposals and for comparing this relative incremental benefit with the differences in the financial proposals of each bidder.

5.0 VARIANT PROPOSALS

In section 6.7 of the ITN, Candidates were allowed to submit Variant Proposals which they consider may produce better value for money, improved delivery times or System performance or improve the prospects of achieving an affordable scheme for the Edinburgh Tram Network.

The Variant Proposals will not be considered by **tie** unless a compliant Base Bid has also been submitted. **tie** reserved the right not to evaluate Variant Proposals where it considered that such proposals were contrary to the objectives for the Edinburgh Tram Network.

The assessment of any Variant Proposals will carried out on the same basis as the assessment of Base Bids as is described in this Methodology.

6.0 RECOMMENDATION

6.1 It is recommended that this evaluation process is accepted.

Proposed Geoff Gilbert Date: 11/10/06
 Project Commercial Director

Recommended Andie Harper Date: 11/10/06
 Project Director

Approved Date:
 David Mackay on behalf of the Tram Project Board

7.0 APPENDICES

APPENDIX 1

ITN TENDER SUBMISSION CHECKLIST

Has the Candidate submitted a complete Standard Tender Submission? YES/NO

Section Number	Content	Comment
1.	Executive Summary	
2.	Signed Formal Offers for Tram Supply and Tram Maintenance Agreement	
3.	Tram Technical and Performance Specification	
4.	Associated Equipment Technical and Performance Specification	
5.	Tram Maintenance Services Specification	
6.	Quality Plan 6A - Management, Organisation and Key Personnel 6B - Mobilisation Plan 6C - Delivery Plan and Programme 6D - Approvals, Testing and Commissioning Plan	
7.	Variant Proposals	
8.	8A - Completed Tram Supply Agreement Pricing Proformas 8B - Completed Tram Maintenance Agreement Pricing Proformas	
9.	Legal authority of signatory(ies)	
10.	Anti-Collusion Certificate	
11.	Tram Supply Agreement Compliance Matrix	
12.	Tram Maintenance Agreement Compliance Matrix	
13.	Tram Supply Agreement Risk Allocation Matrix	
14.	Tram Maintenance Risk Allocation Matrix	
15.	Mark-up of Tram Supply Agreement and Detailed Commentary on Mark-up	
16.	Mark-up of Tram Maintenance Agreement and Detailed Commentary on Mark-up	
17.	Tram Design Drawings and Illustration of Internal Layout	
18.	Completed Insurance Questionnaire	
19.	Commitments of material third parties and	

	shareholders (including parent companies/bond providers)	
20.	Completed Tram Technical Information Proformas	
21.	Pre-Works Development Services and Tram Mock-up Proposals and Mobilisation Services	
22.	Completed Spare Parts Proformas	
23.	Completed Tool and Test Equipment Proformas	
24.	Operator Training Plan	
25.	Maintenance Training Plan	
26.	Commentary on Depot Information	
27.	Commentary on Tram Interface Specification	
28.	Tram Requirements Specification Compliance Matrix	
29.	Tram Maintenance Specification Compliance Matrix	
30.	Return Condition	
31.	Completed Tram Major Components - Life Cycle Costs Proforma	
32.	Completed Tram Major systems - Reliability, Availability and Maintainability Proforma	
33.	Completed Tram Interface Specification "Tram Supplier Action" Information	
34.	Completed Track Alignment Criteria "Tram Supplier Comment" Information	

Checked by David Powell, tie
Checked by Valerie Clementson, tie
Witnessed by Geoff Gilbert, tie Date

APPENDIX 2

Tender Evaluation Criteria (As included in the Tramco ITN)

4.3 Tender Compliance

The Tenders will be first checked for compliance with this ITN and for completeness. Clarification may be sought from Candidates in order for **tie** to determine if a Tender is complete and compliant.

Candidates should make no unauthorised alteration or addition to the Formal Offers, the Anti-Collusion Certificate, or to any other component of the Tender other than as expressly permitted in this ITN.

Tenders must not be qualified and must be submitted strictly in accordance with this ITN.

If a Tender is not substantially complete, or is qualified or is not submitted strictly in accordance with this ITN, **tie** may exclude such a Tender from further consideration. **tie's** decision to exclude a Tender shall be final. Nevertheless, **tie** expressly reserves the right, in its absolute discretion, to treat any Tender as valid and to proceed with the inclusion of a Candidate notwithstanding any procedural defect in relation to a submission in respect of this ITN.

All information requested in this ITN must be provided in English. Where any element is not submitted or is submitted incomplete or damaged, **tie** reserves the right to disregard the Tender as non-compliant or to accord such weight as **tie** considers appropriate in its absolute discretion to the incomplete element. Where a Candidate considers that any information requested is not relevant for its Tender, this should be clearly stated, giving reasons. **tie** shall determine the validity or otherwise of these reasons in its sole discretion.

7.2 Tender Evaluation Criteria

The Tram Supply Agreement and Tram Maintenance Agreement shall be awarded by **tie** to the Candidate which, at the conclusion of the process, offers the most economically advantageous Tender.

In order to evaluate which Tender submission is the most economically advantageous Tender, **tie** has determined that the submissions will be evaluated in the following key areas:

- Programme and Project Execution Proposals
- Project Team
- Technical
- Financial
- Legal and Commercial
- Insurance

As guidance:

The most economically advantageous Tender is the Tender that offers the maximum value for money proposal, based upon a comparison of Candidates' overall Financial proposals which will include in each case the combined incremental differential effect of the accompanying proposals for Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance issues.

tie will assess the Financial component to determine an initial ranking of Candidates, subject to section 7.6, and then proceed to evaluate Tenders against the non financial criteria on a comparative basis. The assessments will then be combined to produce a composite ranking.

The Programme and Project Execution, Project Team and Technical proposals must meet minimum evaluation criteria in order to be considered. The minimum evaluation criteria are generally that the Candidate demonstrates in their proposals that they are able in the opinion of **tie** to deliver into operation tram vehicles that can be successfully integrated into the Edinburgh Tram Network and which comply with the requirements of this ITN, and in particular the requirements of the Tram Specification, Tram Maintenance Specification Tram Testing and Commissioning Specification and Tram Interface Specification contained in Volume 3 of this ITN.

Equal consideration will be given to the Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance proposals within the evaluation and the Legal and Commercial and Insurance proposals will be evaluated for acceptability or non-acceptability against the Compliance Matrices for the Tram Supply and Tram Maintenance Agreements and Candidates' completion of the Insurance Questionnaires.

Please note that, as part of the evaluation process, tie may contact the client references given as part of the pre-qualification process.

Variant Proposals proposed by Candidates will be evaluated against the same criteria as those used to evaluate Candidates' Base Bids. The basis of evaluation of any submissions made during dialogue and negotiations will be consistent with the criteria set out in this Section 7 for evaluation of Tenders.

7.3 Programme and Project Execution

Each Candidate's proposals for Programme and Project execution will be evaluated in accordance with the following criteria:

- robustness and comprehensiveness of the Candidate's proposals
- ability to provide the Pre-Works Development Services and Mobilisation Services within the overall Project programme
- ability to supply and deliver the required Trams within the overall Project programme
- approach to risk management
- comprehensiveness and robustness of the Candidate's quality plan, and
- overall understanding of the Candidate's responsibilities.

7.4 Project Team

Each Candidate's project team will be evaluated in accordance with the following criteria:

- experience, suitability and competence of the project team and the proposed key personnel including any sub-contractors
- availability of relevant, current and competent skill sets
- ability to manage resources
- applicable team and key personnel delivery track record
- resource availability
- ability to work with **tie** and **tie's** existing Project team
- suitability of management structure, and
- logistical organisation to support ongoing maintenance.

7.5 Technical

Each Candidate's technical proposals will be evaluated in accordance with the following criteria:

- compatibility with the Tram Requirements Specification
- compatibility with the Tram Maintenance Specification
- compatibility with Tram Interface Specification
- compatibility with the Non-Functional Requirements Specification
- reliability
- passenger carrying capacity of Tram
- floor height, configuration and ease of access to seating
- door configuration
- Tram vehicle performance:
 - run time, including speed limitation (in particular, around curves and through switches and crossings)
 - energy consumption
 - aesthetics
 - weight
 - quality of Operator facilities
 - quality of passenger facilities

- noise characteristics, and
- maintainability.

7.6 Financial

Each Candidate's financial submission will be evaluated to determine the acceptability of the value for money offered by the pricing proposed for Tram supply and the payments sought for provision of Tram maintenance services, including adjustment for **tie's** assessment of the value of the Candidate's qualifications and assumptions, if any, in respect of risk allocation between **tie** and the Candidate.

7.7 Legal and Commercial

The response to the contract documentation included by Candidates as part of the Tender submission will be evaluated in accordance with the following criteria:

- the Candidate's approach to overall risk allocation; and
- the extent to which the Candidate has supported any proposed revisions in the Tram Supply Agreement Compliance Matrix and Tram Maintenance Agreement Compliance Matrix with reasons acceptable to **tie**.

7.8 Insurance

Each Candidate's insurance proposals will be evaluated to determine the acceptability of the Candidate's insurance proposals.

7.9 Formal Interviews and Visits

A combined visit and formal interview with each Candidate will be held at each Candidate's offices/factory during the Tender development process. The purpose of the formal visit and interview will be to allow **tie** to engage with each member of the Candidate's core project team and to allow **tie** to assess the suitability of each Candidate's manufacturing facilities. It is expected by **tie** that the key members of the Candidate's proposed team will be in attendance at the formal visit and interview. **tie** will issue further instructions to Candidates regarding the format and timing of these formal visits and interviews in due course.

tie's assessment of each Candidate's performance at the formal interview will be included as part of the Tender evaluation process.

7.10 Clarification/Negotiation Meetings

tie will organise and timetable a series of technical, commercial, legal and/or insurance clarification/negotiation meetings with each Candidate during the Tender evaluation, clarification and negotiation periods. Discussions at these meetings will form part of the tender evaluation process.

7.11 Evaluation and Negotiation Programme

The stages in the tender evaluation and award process are:-

- Analysis and evaluation of Tenders;
- Initial negotiations to select preferred bidder to engage in Tramco/Infracore negotiations facilitated by **tie**;

- Infraco/Tramco facilitated negotiations;
- Final BAFO clarifications/negotiations, concluding with a binding BAFO; and
- Contract Award.

7.12 Tramco/Infraco Facilitated Negotiations

The objective of these negotiations is to resolve to **tie's** satisfaction all remaining commercial, technical, legal and programme issues, and to remove any qualifications of both parties to enable them to proceed to Final BAFO clarifications/negotiations and submission of BAFOs. **tie** may elect to observe and, where appropriate, manage timetable during the facilitated negotiations to safeguard principles of transparency, equality of treatment and proportionality.

Any submissions made during these sessions or arising from this phase shall be evaluated as outlined in 7.2 above.

TRAM Project

Paper to : Tram Project Board

Subject : Funding (grant) Requirements to end of Financial Year 2006/2007

Date : 3rd November 2006

1.0 Introduction

- 1.1 The purpose of this paper is to obtain from the Tram Project Board
- Confirmation of the current forecast budget of £40.7 million.
 - Approval for the completion of additional deliverables to be funded from this current budget and
 - Approval for all deliverables to be completed by 31st March 2007

2.0 Background

- 2.1 A grant offer from Transport Scotland was made to City of Edinburgh Council on the 20th of July 2006 in which the Scottish Ministers offered to provide a capital grant up to a maximum of £32.7 million to be used by the Project to implement the continued development of the Tram Project to completion and approval of the draft Final Business Case by end January 2006.
- 2.2 The current forecast 2006/2007 budget at for the Edinburgh Tram Project currently stands at £40.7 million and comprises the £32.7 million indicated above plus an £8 million under-spend from financial year 2005/2006.
- 2.3 The funding offer of £32.7 million (to be spent by December 2006) was made in respect of specific deliverables as detailed in the grant offer, section 17. These (original) deliverables are:
- *“Agreement by the Scottish Ministers, tie & City of Edinburgh Council on structure/content of the draft Final Business Case by end July 2006*
 - *Agreement by Scottish Ministers, tie, Transport Edinburgh Ltd and City of Edinburgh Council of the strengthened governance arrangements by end September 2006*
 - *Endorsement of the proposed TEL business plan by the TEL Board in November 2006*
 - *Agreement on baseline programme and costs based on Phase 1a, Phase 1b resulting from proposed phasing of tram network by end July 2006 – the programme and costs shall separately identify the elements relating to Phase 1a, Phase 1b and any common elements*
 - *Positive outputs from the Joint Revenue Committee work by mid October 2006 on:*
 - a. *Bus/Tram, Integration*
 - b. *Modal shift & new travel*
 - c. *Social inclusion*
 - d. *Travel accessibility*
 - *Implementation of recommendations of project reviews as set out in paragraph 15;*
 - *Completion of the draft Final Business Case by December 2006”*

TRAM Project

3.0 Funding (grant) Requirements to end of Financial Year 2006/2007

3.1 Subsequent to the grant letter the Project has identified opportunities to increase its spend to include the additional deliverables as confirmed in Transport Scotland's (Damien Sharp) e-mail dated 21 September 2006:

- *“MUDFA contractor's accommodation set up prior to end March 2007 – fixed costs only (£370,000)*
- *Trial holes – to ascertain service depths etc (on route 1a) (£25,000)*
- *SGN preliminary costs of HP diversion at Gogar Depot site – advance payment towards purchase of longlead items (£500,000)*
- *MUDFA preliminaries arising from 2.1 and 2.3 (£369,000)*
- *Design work for HV power requirements at Gogar/Airport (Scottish Power) (£200,000)*

The total estimated value of these works is £1,464,000.”

3.2 Although funding for District Valuers services was included in the £32.7 million funding for the forecast cost of land was not. The land purchase figure of £5.86m relates to Phase 1a only and excludes CEC owned and Section 75 land. This represents the value of land purchase that can be accommodated within the current forecast budget of £40.7m.

3.3 These additional deliverables can be met within the current Total Budget of £40.7 million. Appendix 1 details the original forecast spend at time of grant offer (highlighted in yellow) versus the revised forecast spend to deliver the additional deliverables referred to above (highlighted in orange).

3.4 All deliverables relate to spend on line 1a only in this financial year.

3.5 The forecast spend to the end of this financial year including the additional deliverables is summarised as follows. This is slightly less than the current budget of £40.7m due to matching land purchase cost to plot values.

Current Budget	£32,700
Items from 3.1 above	£1,464
Land purchase *	£5,860
Total funding in financial year 06/07	£40,022

4.0 Consultation

4.1 The following have been consulted in the preparation of this paper:-

- Transport Scotland

TRAM Project

5.0 Recommendation

5.1 It is recommended that the Board:

- Confirm the current forecast budget of £40.7 million within the current Financial Year 2006/2007.
- Approve the additional deliverables to be funded from the current forecast and
- Approve the completion of all deliverables (original and additional) by 31st March 2006

Proposed

Andie Harper
Project Director

Date:- 03/11/06

Recommended

Geoff Gilbert
Project Commercial Director

Date:- 03/11/06

Approved

.....
David Mackay On behalf of the Tram Project Board

Date:-

tie Limited
ETN PROJECT PROGRESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007
PHASING OF VALUE OF WORK DONE
Date:- 02.11.06

Cummulative Approved Budget
Cummulative Current Forecast Value to expend Budget

Figures in '€000s	Approved Budget	Cumulative Approved Budget vs Forecast							
		Apr - Dec 06	Spend/Bud to date (Oct)	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	07/08
IMPLEMENTATION									
1 tie RESOURCES	2,612	2,026 3,282	2,319 3,763	2,612 4,241		4,698	5,155	5,706	
2 DPOF	540	420 238	480 268	540 298		328	358	389	
3 LEGALS	2,072	1,655 1,397	1,864 1,637	2,072 1,884		2,160	2,416	2,634	
4 SDS	11,478	9,266 7,748	10,495 8,702	11,478 9,552		10,402	11,702	13,002	
5 JRC	638	612 596	624 604	638 634		672	702	902	
6 TSS	3,585	2,894 2,286	3,234 2,666	3,585 3,066		3,476	3,886	4,296	
7 UTILITIES									
8 DESIGN SUPPORT									
9 3RD PARTY NEGOT									
10 LAND & PROP	72	56 12	64 17	72 22		27	32	6,892	
11 TROs									
12 COMMS / MKTG	461	346 332	412 485	461 523		566	609	638	
13 TEL	585	455 370	520 420	585 470		520	570	620	
14 SERV INTEG PLANN	250	210 58	230 58	250 58		58	58	58	
15 PUK	54	42 50	48 56	54 62		68	74	80	
16 FINANCIAL ADVISOR	60	40 38	60 38	60 38		38	38	38	
17 INSURANCE	994	990 29	992 32	994 35		902	905	908	
18 CONSTRUCTION Utilities incl MUDFA	6,260	6,000 265	6,130 1,065	6,260 1,260		1,550	1,850	3,235	
19 Infraco							200	200	
20 Tramco									
99 OTHER	45	35 95	40 105	45 115		125	135	145	
SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971					
BUDGET TOTAL	32,678	27,552	30,264	32,678					
CURRENT FORECAST		16,893	20,072	22,467	25,820	28,943	40,022		

Paper to : **Tram Project Board**
Subject : **Risk Management Development Plan**
Date : **28th September 2006**

1.0 Introduction

- 1.1 The purpose of this document is to:-
- Ensure a consistent and demonstrable approach to risk management, risk allowances management and reporting;
 - Ensure accurate identification and assessment of risk;
 - Ensure delivery of mitigations;
 - Assure **tie** Board, the Project Board and stakeholders that risks are being managed appropriately; and
 - Support the ongoing decision making process of the **tie** project management team.
- 1.2 The scope of risks considered by this process shall comprise those potential events that have an impact on project cost, programme and quality (tram system performance) performance.
- 1.3 **tie** requires that a consistent, demonstrable approach to Risk Management is adopted across its projects thus providing an informed view of the risk position across all projects. In order to achieve this, the risk management process shall be mandatory.
- 1.4 The Tram Project maintains a risk register that has been used to undertake QRA analysis on capital cost estimates. The Tram Project is supported by service providers, including, SDS (Parsons Brinckerhoff) who maintain an Infrastructure Design Risk Register and JRC (Steer Davies Gleave) Transport Modelling Risk Register. It is proposed that a single platform for management of the risks is developed.
- 1.5 The Risk Manager (Mark Bourke) shall be responsible for implementing this Plan in consultation with the Commercial Director (Geoff Gilbert) with ultimate accountability for the management of risk exposures to the scheme residing with the Project Director (Andie Harper). It is intended that Risk Owners will be the Project Managers, Functional Manager or Team Principal Manager e.g. Procurement Manager.

2.0 Management Activities

- 2.1 The management activities associated with the co-ordination of service provider inputs will require to be documented within a Project Risk Management Plan.
- 2.2 An RACI chart has been appended to this report to summarise overall responsibilities.

- 2.3 The Plan will be developed to accommodate the inputs (e.g. reports on risk) from our contractors including MUDFA, TramCo and InfraCo. The format of inputs from current service providers including SDS, TSS, JRC and Operator shall be reviewed to ensure that the necessary information is obtained to manage the Project's risk position
- 2.4 The Risk Manager will be responsible for the development and maintenance of the Project Risk Management Plan.
- 2.5 Risks will be allocated to the relevant Risk Owners who will be responsible for managing them (essentially identifying and delivering the mitigations)
- 2.6 The indicators for measuring the success of mitigation shall be the delivery of planned mitigations and consequential reduction in project risk allowances, 'current' severity rating and ability to 'close' the risk. The Risk Manager shall hold one-to-one meetings with the agreed Risk Owners to assess the progress of planned mitigation measures for each risk and seek updates on progress on the above indicators. The 'due dates' for concluding planned mitigations will be defined by the Risk Owners consistent with the Project Design and Construction Phase implementation programme. The Risk Manager shall validate these due dates in consultation with the Project Managers.
- 2.7 Roles and Responsibilities in relation to planning and managing risk, risk allowances management and contractual risk allocation management are detailed below.
- The Estimating Manager (John Pantony) and Risk Co-ordination Manager in consultation with the Commercial Director shall be responsible for allocating the estimated risk allowances to the appropriate Contract, Budget Workstream and Project Manager
 - The Procurement Manager (Bob Dawson) shall be responsible for reviewing the risk register in consultation with Risk Manager and Risk Co-ordination Manager in order to ensure that the Contracts under preparation or negotiation adequately address the perceived risk exposures and that the desired allocation is set out in the Project Procurement Strategy and Contract Documents

3.0 Process

- 3.1 The risk management process can be broken down into the two stages.
- Identification and Assessment of Risk
 - Monitoring, Review, Reporting and Action
- 3.1.1 The Identification and Assessment of Risk stage requires the following to occur:-
- All Project Managers, Functional Managers and Directors to be responsible for the identification of risk to the Tram Project activities and bring this to the attention of the Risk Co-ordination Manager.
- 3.1.1.1 The Risk Co-ordination Manager shall:-
- be responsible for maintaining a 'live' risk register. The identification and assessment process shall be additionally supported through workshops.

DRAFT
Edinburgh TRAM Project

- liaise with the Risk Owners regarding the likelihood and severity of each risk and mitigation plans. This activity shall be recorded in a Risk Mitigation Plan Template.
- ensure that the risk register is updated each month via discussion with Risk Owners. Updates of QRA shall in turn be undertaken at each month for significant changes.
- be responsible for the preparation and maintenance of a Quantitative Risk Analysis and Optimism Bias Analysis for reporting the range of potential necessary risk allowances on the capital cost and estimate and programme. These analyses will inform the Project Estimate, Baseline Programme and in turn the Business Case.

3.1.2 Throughout the Monitoring, Review, Reporting and Action stage, the following actions shall need to be carried out:-

- The Risk Co-ordination Manager shall be responsible for monitoring the progress being made in completing mitigation actions with the Risk Owners and shall report where mitigation actions have not been completed by 'due dates' to the Risk Manager who will meet the relevant Risk Owners. The Risk Owners will be responsible for ensuring that the planned actions are completed.
- They shall also develop the format and content of Progress Reports with support from the Risk Manager and Commercial Director.
- The Risk Manager will supplement the monitoring with formal quarterly reviews (and at each significant milestone) of Risk Register to ensure that the risk management processes are meeting the objectives.
- The Risk Manager shall be responsible for presenting the risk report elements to the Commercial Director prior to them being reported to the DPD and Tram Project Board monthly meetings.
- The Project Director and Commercial Director shall be responsible for decision making regarding the release of risk allowances. The Commercial Director shall be responsible for reporting on this drawdown.
- Drawdown of risk allowances shall be authorised via the Project Change Control Process
- The following criteria will be used to extract the 'critical' external (stakeholder) and internal (project) risk exposures to readily inform the tie Board, Project Board and Project Team and incorporate within a monthly Progress Report.

Risk Type	Short-listing Criteria
Stakeholder	Severity of risk to tie's reputation; project viability and immediacy to mitigate risks e.g. project affordability, availability of funding, approval of business case.
Project	Magnitude of impact to cost and programme e.g. Network Rail interface costs, late submission of TRO information, unforeseen ground.

4.0 Risk Register Structure

- 4.1 The existing Tram Project risk register records both 'stakeholder' and 'project' risks and has been used to determine the levels of potential cost and time risk allowances required on the scheme by Monte Carlo analysis.

The following headers will be considered in the development of the single Risk Register by the Risk Co-ordination Manager in consultation with the Risk Manager.

- Identification of 'stakeholder' and 'project' risks
 - Cost, time and system performance impacts
 - Risk owners (named individuals) with dates for completing treatment and indication of 'status' (e.g. active or closed)
 - Scoping of 'complete actions' and 'planned mitigation' to allow current residual risk assessment
 - Contract where risk will be allocated (e.g. TramCo) and 'desired' risk allocation e.g. retained, transferred or shared with private sector
 - Mitigation factor to allow Optimism Bias estimation
- 4.2 The intended software to be used for recording risk register will be Active Risk Manager (web based software for enterprise risk management). The Risk Manager and Co-ordinator will be responsible for developing and implementing a plan to compile a 'single' scheme risk register under tie's control. The Risk Co-ordination Manager will agree the necessary licence requirements and access rights of Directors and principal Project Managers within the project team.

5.0 Principal Outputs

- 5.1 The main outputs from this development plan are summarised as follows.

1. Project Risk Management Plan including:-
 1. Risk Mitigation Plan Forms for each risk
 2. Project Risk Register
 3. Quantitative Risk Analysis (QRA) on estimated Cost and programme risk impacts
 4. Contract Risk Allocation Matrices
2. Risk Management Progress Report
3. Optimism Bias Estimate on Cost Estimates

6.0 Recommendation

6.1 It is recommended that the Sub Committee approves the proposals set out above.

Proposed Mark Bourke Date:- 10/10/06
 Risk Manager

Recommended Geoff Gilbert Date:- 10/10/06
 Project Commercial Director

Approved Date:-
 David Mackay on behalf of the Tam Project Board

Activity	Functional Roles							
	Finance Director	Commercial Director	Risk Manager	Risk Co-ordination Manager	Programme Manager	Estimating Manager	Procurement Manager	Project/Functional Managers
Development, Implementation & Maintenance of Project Risk Management Plan		A	R	C	C	C	C	C
Development of the risk management system including risk register and QRA		A	R	C				
Identification and Assessment of Risk to the Project	C	C	A	C	C	C	C	R
Development and Delivery of Risk Mitigation Plans	C	C	A	C	C	C	C	R
Update of the Project Risk Register		C	A	R	C	C	C	C
Quantitative Risk Analysis (QRA) on estimated cost impact	I	C	A	R	C	C	I	I
Programme Risk Analysis	I	C	A	C	R	C	I	C
Allocation of Risk and Allowances to Risk Owners	I	C	A	C	C	R	C	C
Update of Project Estimate for Updated QRA	I	C	A	C	C	R	C	C
Update of Project Programme for Updated QRA	I	C	A	C	R	C	C	C
Reporting on Management of Risk – workstream review	I	I	A	C	C	C	C	R
Reporting on Risk -Project Overview	I	A	R	C	C	C	C	C
Optimism Bias Estimate on Cost Estimates and Works Duration	I	C	A	R	C	C		C
Preparation and update of Contract Risk Allocation Matrices		A	C	C	C	C	R	C
Monitoring on Risk Management progress by Risk Owners	I	C	A	R	I	I	I	C
Quarterly/Milestone Risk Reviews -Risk Management Plan and Framework	I	A	R	C	C	C	C	C

RACI is an abbreviation for:

R = Responsible – owns the delivery of the Activity

A = to whom “R” is Accountable – must sign-off (approve) the output of the Activities

C = to be Consulted – has information or capability to contribute to the activity

I = to be Informed – must be notified of results