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**From:** Mark Bourke  
**Sent:** 06 February 2007 21:49  
**To:** Matthew Crosse  
**Cc:** Willie Gallagher; Graeme Bissett; Stewart McGarrity; Steven Bell; Susan Clark; Geoff Gilbert; Miriam Thorne  
**Subject:** Tram > QRR > Notes of Actions < Commercially Confidential

Matthew

Further to today's Tram Quality & Risk Review, please find a brief summary of planned actions, as discussed.

### **Edinburgh Tram Network – Commercially Confidential**

#### Points Discussed

- Beyond the May elections there will be programme matters to address due to the current underestimation of time for negotiation to reach Financial Close. This was recently commented on in part by James Stewart (PUK) who highlighted that date to reach preferred bidder of 10 May was not achievable. At present, the bidders accept the programme and this will be used to keep pace in negotiations.
- The current 'desired' risk allocation achieved with SDS and/or intended with Infraco may require to be reviewed resulting in additional public sector borne risk e.g. TRO and Stray Current matters. At present, SDS are adopting a 'conservative' approach on Stray Current due to their PI exposure. Transparency on decision making is necessary to ensure clear design liability, however, instruction to downgrade will dilute intended risk transfer. Any amendment will need a balancing of books with SDS. Option being examined for a tie project PI policy in OCIP may provide some flexibility but will be subject to affordability/VFM tests.
- Total SDS novation may not present the best value. The desire for longer term risk transfer on O&M matters (akin to PFI) by TS is recognised. Concerns regarding the potential risk of Infraco 'non-bidder' challenge due to any emerging differences in risk allocation will need attention.
- Planned 'Get Well' arrangements with SDS are necessary to motivate and re-energise the team. The potential use of SDS as an Engineering Section and their support in Infraco negotiation was noted with concerns of conflict of interest highlighted.
- The timing of 4-2 down-selection of Tramco bidders may be driven to ensure legal compliance with concerns that this could close down options too early in the process with Infraco. Challenge risks were discussed.
- Current efforts by Transdev to progress DPOFA re-negotiation may be better placed on support to design development and Infraco/Tramco tender evaluation. Management arrangements with A. Richards filling O&M Director role with accountability to MC and re-focus of Transdev on generating solutions will provide greater benefits.
- Risk of potential increased costs due to inflation, re-mobilisation and potential claim for postponing 1B MUDFA works are recognised. AMIS report on schedule for recruitment. TS have no desire to undertake any 1B Works. Benefits are accepted in this allowing SDS to advance design but it limited benefit in accelerating 1A MUDFA works due to compounding of traffic disruption.
- No safety issues are highlighted.
- Risks in relation to bus/tram integration were discussed.
- CEC wish to have discussions on Charette changes although it is not clear who is driving this. Planned weekly meeting WG/A.Holmes to consider. Management arrangements will include DF acting as Project Manager with responsibility for CEC costs and accountability to MC using tie reporting mechanism.
- NR are presenting some difficulties in relation to lease agreements.
- Resource requirements in relation to Project Controls are to be examined.

#### Actions

- MC to review if increased negotiation period will lead to compromise on planned date for commencement of service.
- MC to hold 'blue sky' review of public/private/shared risk allocation with James Stewart. This will need review with TS and proposals developed on how tie would manage the additional risk pre and post novation.
- SB/GG to review flexibility on timing of decision on 2 Tramco bidders to take forward.
- MC to seek legal view on potential challenge risks emerging from any amended risk allocation arrangements.
- MC to report implications of suspending 1B MUDFA works to TS at DPD.
- MC to distil out major Charette proposals for discussion with CEC and highlight threats associated with changes in next DPD report.

- SC to hold discussions with DF on CEC staff requirements for planned Office Move and clarify extent of CEC staff fulfilling Statutory role will be co-located.
- MC to clarify the individual accountable for TEL sign-off of monthly costs.
- MC to report on outcome of value engineering/opportunity assessments being co-ordinated by Mike Jeffries under GG.

Mark

**From the desk of Mark Bourke, Risk Manager**

**tie limited**  
Verity House  
19 Haymarket Yards  
Edinburgh  
EH12 5BH

P: +44 (0) [REDACTED]  
F: +44 (0) [REDACTED]  
M: +44 (0) [REDACTED]  
E: [mark.bourke@tie.ltd.uk](mailto:mark.bourke@tie.ltd.uk)  
W: [www.tie.ltd.uk](http://www.tie.ltd.uk)

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