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**From:** Matthew Crosse  
**Sent:** 19 September 2007 14:21  
**To:** Steven Bell  
**Subject:** RE: CEC external service provision to review TRAM project

Agree. But this will be their insurance policy (butt cover) for the future if the project overspends.

Matthew

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**From:** Steven Bell  
**Sent:** 19 September 2007 07:57  
**To:** Willie Gallagher; Graeme Bissett; Colin McLauchlan; Matthew Crosse  
**Cc:** Susan Clark; Barry Cross; Jim McEwan  
**Subject:** CEC external service provision to review TRAM project  
**Importance:** High

All

This was published yesterday. Did we expect it and are there any issues to manage from a communications perspective with the Bidders or other stakeholders? It seems an extremely sensitive brief to put out into the public domain at this time.

Steven

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Document Ref: **GB0030M54537**

Title: UK-Edinburgh: provision of consultancy services

Published By: THE CITY OF EDINBURGH COUNCIL

Date  
Published: 18/09/2007

Deadline Date: 20/09/2007

Document  
Type: Invitation to Tender Notice

#### Notice Abstract

Category of service and description, CPC reference number, quantity, options: CPV: Title Given to Contract by Awarding Authority: provision of consultancy services

Reference No: P07091396

The City of Edinburgh Council is engaged in the design and procurement of a tram network. The project is being delivered on the Councils behalf by tie Ltd., a wholly owned Council Company.

The proposed tram network comprises phase 1a (Newhaven to Edinburgh Airport) and phase 1b (Roseburn to Granton Square). There is currently GBP 545m of available funding (GBP 500m from Transport Scotland and GBP 45m from the City of Edinburgh Council). This is unlikely to be sufficient for both phases, so it is proposed that phase 1a is procured initially with an option to commence phase 1b at a later date (latest March 2009). Following a parliamentary decision on 27th June, the Transport Scotland funding will be capped, with the City of Edinburgh

Council fully exposed to any cost overrun risk.

The procurement strategy

employed by tie ltd was designed to reduce scheme costs by reducing risks to bidding contractors by procuring design and utilities diversions works in advance of the main contracts for design and manufacture of tram vehicles and construction of tram infrastructure. At financial close (anticipated to be January 2008), contracts for tram vehicles and design of the infrastructure (SDS) will be novated to the infrastructure contractor.

The

procurement process is at an advanced stage. The infrastructure design contract (SDS) and utilities contract (MUDFA) were both let some time ago and utility diversion works are underway. In addition, an Owner-Controlled Insurance Programme (OCIP) is in place to cover some of the project risks. BAFOs have been received from Tram Vehicle and Infrastructure bidders and it is intended that the preferred bidders be recommended to the City of Edinburgh Council meeting of 25th October 2007, along with the Final Business Case v1. Following this approval, negotiations will continue with the preferred bidders with a view to getting Council approval to the final deal on 20th December 2007 and contracts being signed in January 2008, provided Transport Scotland Approval is also received.

Contract negotiations

are well underway and draft contracts have been prepared for all bidders by tie's legal advisers.

Assignment Objectives

- To review the contract Risk

Allocation Matrix for the Infrastructure and Tram Vehicle contracts and identify those risks that remain within the public sector. DLA, the Projects and CEC's legal representatives have validated that the Risk Allocation Matrix reflects the risk allocation in these contracts. - To assess and quantify the level of public sector risk in proposed contractual arrangement, by reference to the Risk allocation matrix, taking into account the Owner-Controlled Insurance Programme.

- To provide a reasoned

explanation of the adequacy or otherwise of the available financial headroom, in view of the identified risks retained by the public sector, their probability of occurrence, impact on cost and time to the extent that these are not already provided for within the Project Risk allowances, the circumstances which would bring about the realisation of these risk and the mitigations that should be applied to reduce or avoid the risk impact.

Note:- The available financial headroom is the difference between total funding (GBP 545m) and the Project Estimate for Phase 1a, including risk and contingency allowances.

Access to information/personnel

The following

documents will be available for review

- Final Business Case v1 (available from 26th September)
- Draft Final Business Case (November 2006)
- Proposed

Infrastructure Contract (preferred bidder)

- Proposed Tram Vehicle Contract (preferred bidder)
- Contract Heads of Terms and Risk Matrix prepared by tie's legal advisers
- Owner Controlled Insurance Programme

- Capital Cost  
Estimat

### Notice Details

1. Awarding authority: The City of Edinburgh Council, N/A, Edinburgh, N/A,GB, Att: Paul Bell, Tel: [REDACTED] Fax: N/A, Email: Paul.Bell@edinburgh.gov.uk

2. Category of service and description, CPC reference number, quantity, options: provision of consultancy services

The City of Edinburgh Council is engaged in the design and procurement of a tram network. The project is being delivered on the Councils behalf by tie Ltd., a wholly owned Council Company.

The proposed tram network comprises phase 1a (Newhaven to Edinburgh Airport) and phase 1b (Roseburn to Granton Square). There is currently GBP 545m of available funding (GBP 500m from Transport Scotland and GBP 45m from the City of Edinburgh Council). This is unlikely to be sufficient for both phases, so it is proposed that phase 1a is procured initially with an option to commence phase 1b at a later date (latest March 2009). Following a parliamentary decision on 27th June, the Transport Scotland funding will be capped, with the City of Edinburgh Council fully exposed to any cost overrun risk.

The procurement strategy employed by tie Ltd was designed to reduce scheme costs by reducing risks to bidding contractors by procuring design and utilities diversions works in advance of the main contracts for design and manufacture of tram vehicles and construction of tram infrastructure. At financial close (anticipated to be January 2008), contracts for tram vehicles and design of the infrastructure (SDS) will be novated to the infrastructure contractor.

The procurement process is at an advanced stage. The infrastructure design contract (SDS) and utilities contract (MUDFA) were both let some time ago and utility diversion works are underway. In addition, an Owner-Controlled Insurance Programme (OCIP) is in place to cover some of the project risks. BAFOs have been received from Tram Vehicle and Infrastructure bidders and it is intended that the preferred bidders be recommended to the City of Edinburgh Council meeting of 25th October 2007, along with the Final Business Case v1. Following this approval, negotiations will continue with the preferred bidders with a view to getting Council approval to the final deal on 20th December 2007 and contracts being signed in January 2008, provided Transport Scotland Approval is also received.

Contract negotiations are well underway and draft contracts have been prepared for all bidders by tie's legal advisers.

#### Assignment Objectives

- To review the contract Risk Allocation Matrix for the Infrastructure and Tram Vehicle contracts and identify those risks that remain within the public sector. DLA, the Projects and CEC's legal representatives have validated that the Risk Allocation Matrix reflects the risk allocation in these contracts.
- To assess and quantify the level of public sector risk in proposed contractual arrangement, by reference to the Risk allocation matrix, taking into account the Owner-Controlled Insurance Programme.
- To provide a reasoned explanation of the adequacy or otherwise of the available financial headroom, in view of the identified risks retained by the public sector, their probability of occurrence, impact on cost and time to the extent that these are not already provided for within the Project Risk allowances, the circumstances which would bring about the realisation

of these risk and the mitigations that should be applied to reduce or avoid the risk impact. Note:- The available financial headroom is the difference between total funding (GBP 545m) and the Project Estimate for Phase 1a, including risk and contingency allowances.

**Access to information/personnel**

The following documents will be available for review

- Final Business Case v1 (available from 26th September)
- Draft Final Business Case (November 2006)
- Proposed Infrastructure Contract (preferred bidder)
- Proposed Tram Vehicle Contract (preferred bidder)
- Contract Heads of Terms and Risk Matrix prepared by tie's legal advisers
- Owner Controlled Insurance Programme
- Capital Cost Estimates, incorporating BAFOs provided by bidders

Initial contact will be with Rebecca Andrew and Duncan Fraser at the City of Edinburgh Council. They will be able to arrange for meetings with relevant personnel within the Council and tie ltd, as is necessary to meet the assignment objectives.

Reference No: P07091396

3. Delivery to: Nuts Code: 7. Time limits for completion or duration of the contract, for starting or providing the service: from the award of the contract

8.a) Documents from: As in 1.

8.b) Requests not later than: --

8.c) Fee: 9.a) Deadline for receipt of tenders: 20-09-2007 (12:00)

9.b) Address: As in 1.

9.c) Language(s): English

11. Deposits and guarantees: 12. Financing and payment: 13. Legal form in case of group bidders: 14. Qualifications: 16. Award criteria: 17. Other information: If you are interested in this contract, register your

interest before 20-09-2007

To do this, please send an email with your name, company, contact details and full postal address to: Paul.Bell@edinburgh.gov.uk

Contact Name Paul Bell

Contact Telephone [REDACTED]

Contact Email Paul.Bell@edinburgh.gov.UK(MT Ref:54537)

Type of procedure: RESTRICTED

19. Notice postmarked: 17-09-2007

20. Notice received on: 17-09-2007

Steven Bell  
Engineering and Procurement Director

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For more information on Transport Edinburgh go to: [www.transport-edinburgh.org.uk](http://www.transport-edinburgh.org.uk)