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**From:** Steven Bell  
**Sent:** 17 August 2011 11:26  
**To:** Alan Coyle  
**Cc:** Dennis Murray  
**Subject:** Private and Confidential: Comments on Cost Assessments  
**Attachments:** FW: On street Price - tie commentary

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Alan Coyle	
	Dennis Murray	Read: 17/08/2011 11:30

Alan,

Many thanks for the opportunity to review your draft that you sent over yesterday. Dennis is marking up a final set of comments to send over to you by lunchtime, and I note below the highlighted points for your consideration. I'll give you a call to talk through these points.

### **Generally**

We would differentiate between the broad "post settlement budget" and any Contract Prices etc to be agreed with BBS. In overview the budget numbers and risk assessment ranges are very coherent, but much of the specific elements of contingency should be retained with CEC as client rather than included in a Contract Price element with BBS. We comment on specifics below.

### **Off Street Base Cost**

Looks ok given MOV4 commitments already made / agreed. Allowance for Forth Ports Scope change looks reasonable.

### **Off Street risks**

Should there be a risk for works Forth Ports demand CEC undertake to mitigate effect of incomplete work? Power cable at Gateway looks high (Factor of 2) and perhaps this is a flow through anyway to TS under the Gateway Grant?

### **On Street Base Costs**

Email of yesterday refers (see attached) regarding the Contract Price elements of both Siemens and BB. Suggest that there is still a £10 – £15m over statement of Contract Price but Client should hold some / much of that as contingency.

Siemens items includes elements counted elsewhere (e.g. Warranties).

### **On Street Risks**

Pricing assumptions risks should include for design drawings assumption unless / until we get a finalised design or the assumption is withdrawn.

Floating slab seems heavy (Siemens priced £600k in their submission)

Cathedral Lane Substation was a recoverable from Henderson Global therefore net zero. Has that changed?

Cycleway at Mound seems order of magnitude too high (should be ~£100k)

FG risk 8 warranties is priced in Siemens numbers

FG risk 17 OLE may not work must be a contractor risk therefore why allow any client costs?

### **Utilities Base Costs**

Master schedule of potential conflicts should be at £1.8m including both original "MUDFA" scope and other items (signs etc.)  
Trial Holes included within £400k for Prioritised Target Sum work in MOV4 and hence in the £33m for BB On street.  
Risks a double count.

**Utilities Risks**

FG risk 1 need to understand Colin's calculation and how it does affect the critical path. However, allowance doesn't seem unreasonable.  
FG Risk 31 Road Level lowering seems very high but we are still waiting for SDS to provide details of potential clashes. To put in context, the values are equivalent to all of the Clancy work at Haymarket and York place all over again. This is not realistic.  
However, there is no item for Betterment risks with SUCs and given the defensive positioning on that I suggest that ~£3m should be allowed there whereas the lowering issue is more likely to be nearer 0.5 – 1m from what we know. In the round the total may be appropriate for a budget assessment.

**CAF**

Seems ok.

**PM Costs**

Looks ok depending on CEC recharge policies.  
£300k of materials storage is double counted in Siemens price and general storage allowances seem very high.

**Discrete Risks**

21 day notification and proposed move to reimbursable is a major concern. Pessimistic may go to £10m based on PSSA experience?  
FG 40a Approval Body Pricing assumption we see as a significant risk of a new BDDI.  
FG 40d Excavations limits is currently a major risk £4m and should be the contractors but isn't yet.  
FG 40f Definition of utilities and utility free is cause for concern. Probably a contract negotiation issue.  
FG 40s Needs to be restricted to ticket machines. Cannot be allowed to encompass vested material already paid for.  
R002 **Insurance**. What has been allowed for OCIP extension costs? I couldn't find it easily but may be in PM costs.  
R020 **Exceptional adverse weather**. This should be a negotiated as a contractor risk and no costs allowed.  
FG12 Pessimistic view may be a little light.  
General Design Risk Perhaps this should include for close out of final accounting with SDS e.g. £750k including an unrealistic £500k for "incentivisation".

Hope this helps

Regards

Steven

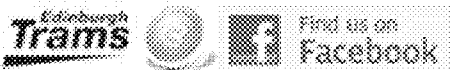
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