

**Review of Major Projects: Edinburgh Tram
8 May 2006**

Attendees-		Panel	
Michael Howell	Tie Ltd	Bill Reeve	Transport Scotland
Graham Bissett	Tie Ltd	Damian Sharp	Transport Scotland
Mark Bourke	Tie Ltd	Ian Mylroi	Transport Scotland
Willie Fraser	Tie Ltd	Ken Davis	Transport Scotland
Ewan Kennedy	CEC	Fiona Spencer	Transport Scotland
		Matthew Spence	Transport Scotland
		John Ramsay	Transport Scotland
		Laura McCaig	Transport Scotland
Apologies-			
Fiona Spencer	Transport Scotland	Lorna Davis	Transport Scotland

Disclaimer: Unless otherwise stated the views expressed in this note are those of the Transport Scotland Review Panel, and do not necessarily reflect the views or opinions of the Project Promoter.

Item	Notes	Action & Date
Purpose of Meeting	<p>This was the third quarterly Panel Review, following that held on 3 February 2006. This review focussed primarily on the following areas:</p> <ul style="list-style-type: none"> • Notes/actions from the last meeting • Scope and Cost • Programme Issues • Risk Management • Procurement and Implementation • Conclusions and Actions <p>Although report and information of progress since 3 February had been requested for this Review, nothing had been produced – the departure of the Tram Director was cited as the reason for this however the Panel wished to unequivocally record that production of quality 4 periodic reports to Transport Scotland was a necessity.</p> <p>The next 4 weekly report, of satisfactory quality, was required by TS by 19 May.</p> <p>Action: Requirements of periodic project report to be clarified between TS and tie/CEC and once clarified, to be submitted to TS (John Ramsay as Project Manager) initially by 19 May and thereafter on a regular basis.</p>	(1)

	<p>Current Status of Actions from previous meeting</p> <p>1. Action: Transport Scotland to circulate notes no later than 3 weeks after meeting date. Current Status Closed</p> <p>2. Action: Transport Scotland to facilitate meeting on link at Haymarket. Current Status Continuing and will be picked up in Scope discussion</p> <p>3. Action: Transport Scotland to provide more information on indexation methodology being applied Current Status: Ongoing. Methodology agreed but not yet applied – further meeting necessary to review impact of indexation on trams current cost base. TS (Ken Davis) and tie (Stewart McGarrity).</p> <p>4. Action: tie ltd to provide Transport Scotland with key tests and critical decision points associated with revised programme. Transport Scotland to respond within further 10 days. (To be taken together with)</p> <p>5. Action: tie ltd and Transport Scotland to ensure CEC fully understand critical milestones; Current Status: Neither of these have been achieved. The Panel deemed them of critical importance and must be delivered in time for the Transport Scotland Investment Decision Maker meeting on 16th May. Damian Sharp, CEC and tie to discuss. Note essential that CEC are included in discussions.</p> <p>6. Action: tie ltd to propose clear process for securing “fit-for-purpose” quality decisions. Current Status: TS governance process is established but still requires decisions from key individuals. The imminent TEL Board should agree and endorse governance decisions and processes</p> <p>7. Action: tie ltd to provide clear proposals for how disciplined and rigorous risk management that would be brought by PPP can be fully achieved in the procurement structure that they are proposing. Current Status: Significant progress has been made but still requires specific proposals including that of low risk in procurement. This must be completed before Readiness Review, due for 22 May 2006 – TS (Damian Sharp) and tie (Mark Bourke and Stewart McGarrity)</p> <p>8. Action: tie ltd to provide Business Plan 06/07 to Transport Scotland</p>	<p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>
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	Current Status Closed	
Item	Notes	Action & Date
Scope and Cost	<p>The Panel were concerned that there was no current baseline scope in place. The Panel also noted that there were a number of changes imminent but not yet identified. A baseline scope must be confirmed and a cost estimate provided setting out remaining scope decisions with timescales.</p> <p>Tie will conduct a review of the existing baseline and change control process and confirm to TS and Promoter. Gap analysis also required. Baseline review to be completed by 19 May and accepted by all 3 key stakeholders. Matthew Spence to lead for TS, (Ken Davis to support) Willie Fraser to lead from (tie) – CEC (To be confirmed)</p>	(6)
Programme Issues/Risk Management	<p>Turner and Townsend and SDS to provide snapshot of project and report to be re-run on basis of revised baseline. To be complete supplied to TS by 19 May.</p> <p>Promoter to forward copy of resource loaded programme to TS</p> <p>Damian Sharp requested that tie forward an updated organogram to TS (ASAP)</p> <p>Promoter to confirm adequacy of resources against draft OBC for both EARL and Trams and report any conflict of interests to TS ASAP.</p> <p>Tie to supply copy of risk register to TS before 19 May</p> <p>On Optimism Bias – no reduction envisaged post Royal Assent but query regarding newly identified risks following on. QRA will check this. Promoter to supply updated QRA and Optimism Bias (OB) to TS</p> <p>Half-day workshop to be organised to discuss outcomes of readiness review - CEC, tie and TS all to attend. TS to organise. TS/tie to go forward with “progressive approvals” to review progress at regular, frequent intervals. Weekly action plan now required to provide update with input from CEC. TS will also conduct a 4 weekly review (Matthew Spence) to organise.</p>	<p>(7)</p> <p>(8)</p> <p>(9)</p> <p>(10)</p> <p>(11)</p> <p>(12)</p> <p>(13)</p> <p>(14)</p>

Procurement and Implementation	<p>The Panel noted that an independent Readiness Review will be convened on 22 May 2006. Further progress with procurement will be contingent on outcomes. Gateway Review also envisaged prior to contract commencement</p> <p>Slippage on Procurement programme was evident. Whilst it was accepted that Tramco may be ready following the Readiness Review, Infracore is unlikely to be ready until end of June (previously April).</p> <p>The draft Final Business Case (FBC) has also slipped to end of November (previously October) Endorsement by Ministers not now anticipated before end of January 2007.</p> <p>The selection and appointment of the MUDFA 2 part contract could begin with design in June 2006 but Physical works would require approval of FBC so now unlikely before early 2007. The cost of the first part of MUDFA was noted at £2 million plus £5 million deposit liability.</p>	
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Conclusions and Actions		
	1. The Content and timing of periodic Project Reports to be clarified with TS and submitted to TS Project Manager, initially by 19 May, thereafter on a regular basis.	Tie /CEC – 19 May 2006
	2. Further meeting required to review impact of indexation on current cost base of Trams. TS (Ken Davis) and tie (Stewart McGarrity).	TS and tie – May 2006
	3. tie ltd to provide key tests and critical decision points associated with revised programme. Also tie ltd and Transport Scotland to ensure CEC fully understand critical milestones.	Tie / TS by 16 May 2006
	4. tie ltd to propose clear process for securing “fit-for-purpose” quality decisions: TEL Board should agree and endorse governance decisions and processes	Tie / TEL May 2006
	5. tie ltd to provide specific proposals including that of low risk in procurement. This must be completed before Readiness Review, due for 22 May 2006 –	Tie – 22 May 2006
	6. Review the existing baseline and change control process and Gap analysis also required..	Tie/CEC 19 May 2006
	7. Turner and Townsend and SDS to provide snapshot of project and report on basis of revised baseline. To be complete supplied to TS by 19 May.	Tie – 19 May 2006
	8. Tie to forward copy of resource loaded programme to TS	Tie – 19 May 2006
	9. Damian Sharp requested that tie forward an updated organogram to TS (ASAP)	Tie – ASAP
	10. Promoter to confirm adequacy of resources against draft OBC for both EARL and Trams and report any conflict of interests to TS ASAP.	Tie – ASAP
	11. Tie to supply copy of risk register to TS before 19 May	Tie – 19 May 2006
	12. Promoter to supply updated QRA and Optimism Bias (OB) to TS	Tie – 19 May 2006
	13. TS to organise half-day workshop to discuss outcomes of readiness review - CEC, tie and TS all to attend.	TS/tie/CEC
	14. Weekly action plan now required to provide update with input from CEC. TS will also conduct a 4 weekly review (Matthew Spence) to organise.	TS 19 May 2006

