
From: Alan Coyle
Sent: 16 April 2008 15:32
To: Colin MacKenzie
Cc: Nick Smith; Rebecca Andrew
Subject: RE: Pricing - COMMERCIALY CONFIDENTIAL

Colin

The reduction in the QRA was taken from the unspecified risk pot, therefore no science was applied as per the usual QRA mechanism. I guess the reduction from £33m to £32m is no big deal given the overall value of the contracts and the other risks. SMG's statement on risk previously was actually for a figure of £32m rather than £33m so I guess it still holds and I guess we have to accept their word. Only thing I would say was that the OGC gateway review 3 guys had said the previous level of circa £50m would have been in line with industry norm, and given the procurement risks which reduce the figure will be closed at Financial Closed I guess it makes sense.

Regards
Alan

From: Colin MacKenzie
Sent: 16 April 2008 13:01
To: Alan Coyle
Cc: Nick Smith
Subject: RE: Pricing - COMMERCIALY CONFIDENTIAL
Importance: High

Alan,

Thanks for this information.

How does this feed through to the overall risk figure ? Can **tie** safely say that there is still enough in the QRA to meet all foreseeable risks: in other words can the Council be comfortable with the reduced figure ?

Regards,

Colin MacKenzie
for Council Solicitor

From: Alan Coyle
Sent: 16 April 2008 09:19
To: Gill Lindsay; Colin MacKenzie
Subject: FW: Pricing - COMMERCIALY CONFIDENTIAL

See Stewart's answer to my query.

Alan

From: Stewart McGarrity [mailto:Stewart.McGarrity@tie.ltd.uk]
Sent: 15 April 2008 14:57
To: Alan Coyle
Cc: Graeme Bissett; Andy Conway; Rebecca Andrew
Subject: RE: Pricing - COMMERCIALY CONFIDENTIAL

Alan,

You got it in one. We had a £1m increase in Tramco costs comprising £0.3m incremental cost for resetting the currency hedge to a new profile (one month later start and corresponding adjustment to all future payments) and

£0.7m for depot equipment to be procured via Tramco following clarification of what we need and what is to delivered by each of Tramco and Infraco. The corresponding adjustment is a reduction in the Risk Allowance and it came out of the general Unspecified Risk pot of £1.3m we had previously established.

The above was reflected in the P13 cost forecasts you saw us compiling and in the last draft of the close report you will have seen. I also verbally explained this to TPB last week.

Give me shout for anything else.

Stewart

From: Alan Coyle [mailto:Alan.Coyle@edinburgh.gov.uk]
Sent: 15 April 2008 14:36
To: Stewart McGarrity
Cc: Andy Conway - CEC; Rebecca Andrew
Subject: RE: Pricing - COMMERCIALY CONFIDENTIAL

Stewart

Quick question regarding price. I notice Tramco has moved from £56.979m to £58.040m, therefore how can the £508m hold true, other than the fact the QRA has reduced from £33.281m to £32.348m?

Regards
Alan

From: Stewart McGarrity [mailto:Stewart.McGarrity@tie.ltd.uk]
Sent: 15 April 2008 13:46
To: Alan Coyle
Cc: Andy Conway; Rebecca Andrew
Subject: Pricing - COMMERCIALY CONFIDENTIAL

COMMERCIALY CONFIDENTIAL

Alan,

Attached are two files:

1. The cost analysis spreadsheet which you know and love and which I have updated to reflect the very last knockings on Infraco price but which does not change the budget
2. Part 4 of the Schedule to the Infraco contract re Pricing – since it is the where the numbers go it's where all the last minute tweaking happens so there are still a couple of things to be incorporated which are being discussed and agreed today.

I'm sending this to you, Andy and Rebecca – can I ask that if distribute this to anyone else at CEC that the confidentiality of the information is absolutely preserved.

I'm on the end of the phone or email if you have questions.

Stewart

Stewart McGarrity
Finance Director

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