
From: Miriam Thorne <Miriam.Thorne@tie.ltd.uk>
Sent: 27 September 2007 10:37
To: Rebecca Andrew
Subject: FW: Edinburgh Tram Project - Benchmarking
Attachments: Edinburgh Tram Project - Benchmarking 130607 v2 (2).doc

Hi Rebecca

Please find attached the benchmarking report we provided to Audit Scotland in the summer. As I explained before, benchmarking is difficult as each scheme is so different, but it provides comfort that we are not pitching the costs at a low level.

Happy to discuss

Kind regards

Miriam

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From: Geoff Gilbert
Sent: 14 June 2007 12:31

To: Graeme Greenhill (ggreenhill@audit-scotland.gov.uk)
Cc: Matthew Crosse; Stewart McGarrity
Subject: Edinburgh Tram Project - Benchmarking

Graeme

Further to our discussion last night I enclose our short summary of the benchmarking activities that we have undertaken. As discussed at our meeting we explain the reasons as to why caution needs to be applied in drawing conclusions from such data, particularly at the headline level.

Our analysis shows that the headline rate is high and that this is explicable given the variable factors that prevail on this scheme. This does though provide some comfort that our estimates, based on the bids that we have received, and that our value engineering and negotiation targets are feasible.

Let me know if you have any queries regarding the enclosed.

Stewart McGarrity mentioned to me your comment that the risks have reduced since our January estimate update. This is not quite the right conclusion. As explained at our meeting we update our Project Estimate for revised risk allowances at the time of formal estimate updates and out of our quarterly risk reviews. The current figures that I think you have taken from the current summary risk register that we passed you are work in progress in that the figures shown are at current costs levels and price escalation will be applied when we include them in our estimates at the next update. This would mean that for Phase 1a our risk allowance will be broadly in line with the January figure for Phase 1a and that the figure for Phase 1a will be a little above our January figure.

Please contact me if you wish to discuss any aspect of the above or require any further explanation.

Regards

Geoff Gilbert - Project Commercial Director
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