

**MINUTES**  
**Panel Review of Major Projects: Edinburgh Tram**  
**24 November 2006**

Attendees-		Panel	
Andie Harper	tie Ltd	Bill Reeve	Transport Scotland
Stewart McGarrity	tie Ltd	Damian Sharp	Transport Scotland
Graham Bisset	tie Ltd	Matt Spence	Transport Scotland
Steven Bell	tie Ltd	Ian Mylroi	Transport Scotland
		Nadia Savage	Transport Scotland
		John Ramsay	Transport Scotland
		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
<b>Purpose of Meeting</b>	<p>This was the fifth quarterly Panel Review, following that held on 14 August 2006. This review focussed primarily on the following areas:</p> <ul style="list-style-type: none"> <li>• Notes/actions from the last meeting</li> <li>• Scope and Cost</li> <li>• Programme Issues</li> <li>• Procurement and Implementation</li> <li>• Conclusions and Actions</li> </ul> <p><u>Current Status of Actions from previous meeting</u></p> <p><b>(1) Action:</b> tie to receive further clarification in order to understand 5 categories of indices.            - Further discussion needs to take place on this to ensure that the indexation calculations that tie are using in cost estimates are in line with those used across all of the TS Major Projects Programme and previously provided to tie.</p> <p><b>(2) Action:</b> tie Ltd to provide a summary of key tests and critical decision points prior to the proposed high level meeting on 17<sup>th</sup> August 2006.            - Complete</p> <p><b>(3) Action:</b> TS require a copy of the governance paper prior to the next Tram Board meeting w/c 21<sup>st</sup> August 2006. It was also emphasised that TS require sight of all papers prior to Tram Board</p>	<b>(1)</b>

	<p>meetings. - Complete. Meeting cycle working more efficiently as a result.</p> <p><b>(4) Action:</b> tie Ltd confirmed that further work is being undertaken and that TS will receive a functional specification by Monday 11<sup>th</sup> September 2006. - Functional Specification submitted as part of the DFBC review process on 16<sup>th</sup> Nov 2006. Meeting scheduled for technical walk through Monday 27<sup>th</sup> November to assist in review process. <b>(2)</b></p> <p><b>(5) Action:</b> tie Ltd to provide a resource loaded programme by end of month. - Programme has been received. It is not cost or resource loaded. Appropriate level of cost loading now required at high level to enable this to be included within the 13<sup>th</sup> December TS IDM paper. <b>(3)</b></p> <p><b>(6) Action:</b> tie Ltd to review £32.7m spend profile. - Complete. Re-wording of current grant letter needs to be made to account for increase in cost and period of time i.e. £44m and end of 06/07 financial year. <b>(4)</b></p> <p><b>(7) Action:</b> Capital cost estimates are now due end September 2006. Comparison to be made against the bottom up work being undertaken by Cyrill Sweett. - Exercise is complete. Andie Harper to ensure that Geoff Gilbert liaises with Ken Davis of Cyrill Sweett to enable this to be formally closed out. <b>(5)</b></p> <p><b>(8) Action:</b> TS to explore Cabinet's ability to pre-agree against a proposed construction price range. - Unable to pursue due to lack of DBFC information submitted against original timescales.</p> <p><i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p><b>(10) Action:</b> Promoter to supply updated QRA, top 10 high level risks and Opportunities Register to TS. -Complete.</p>	
<b>Scope and Cost</b>	<p>Functional Specification has been submitted as part of the DFBC review process. This has not been formally signed off. Meeting scheduled for technical walk thought Monday 27<sup>th</sup> November between key members of the Technical team.</p> <p>It is TS's expectation to see evidence at this meeting which provides the assurances that the functional specification is robust and specific to a tram project in Edinburgh which includes evidence that detailed Interchange design exists.</p>	

	<p>tie confirmed costs to be £40m to the end of the 06/07 financial year. £44m would include the advance land purchase.</p> <p>tie to confirm issue surrounding property title ownership to give TS the assurance that the monies associated with this can be accrued in this financial year.</p> <p>Funding agreement between CEC and TS is currently with TS to progress and a draft will be completed by w/c 27<sup>th</sup> November subject to internal review.</p>	<p>(6)</p> <p>(7)</p>
<p><b>Programme Issues/Risk Management</b></p>	<p>Gateway Review (part 2) took place 21<sup>st</sup> and 22<sup>nd</sup> of November 2006.</p> <p>TS confirmed that a meeting had taken place between KPMG advisors and internal Economic advisor and that there are some key elements at this stage with the DFBC which require immediate issue/attention:</p> <p>(i) Model specification and validation report is required – tie confirmed that this had been emailed Thursday 23 November 2006.</p> <p>(ii) Independent audit report on the modelling work.</p> <p>(iii) In the DFBC documentation, there are a number of figures which have either been incorrectly quoted and correspondingly do not make sense or are results of more recent work which is not apparent from the overall documentation.</p> <p>tie agreed to schedule a series of meetings to enable these issues to be addressed. tie confirmed that the independent audit report prepared by Scott Wilson is not complete. Transport Scotland confirmed that this report or an update is necessary to enable a recommendation to be presented to TS IDM mid December 2006.</p>	<p>(8)</p>
<p><b>Procurement and Implementation</b></p>	<p>tie confirmed that MUDFA has been awarded, Tramco tenders have been returned and Infracore ITN has been issued.</p> <p><i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p>It was agreed that tie would confirm to bidders that the deadline would be extended to noon 12<sup>th</sup> January 2007 as opposed to the original date of 9<sup>th</sup> January. This will enable tie to confirm indicative price range to TS by noon on 26<sup>th</sup> January 2007.</p> <p>tie confirmed that they are pursuing the split of 1a affordability bracket. Target is to have Phase 1a operational by Dec 2010. The aspiration to complete Phase 1b in 2011 is dependent upon Q1 2009</p>	<p>(9)</p>

	<p>decision surrounding 1b. tie want to recommend to continue MUDFA and Design with 1b - £9.3m associated with 1b. Current MUDFA plan shows 1a &amp; 1b works commencing April next year. Commitment to Phase 1b MUDFA works has not been agreed. Transport Scotland requested the following from tie:-</p> <p>(i) costs of doing MUDFA works related to Phase 1a &amp; Phase 1b at the same time  (ii) costs of doing MUDFA works related to Phase 1b straight after 1a i.e. no demobilisation  (iii) costs of doing MUDFA after Phase 1a has been completed and demobilisation has occurred.</p> <p>tie agreed to submit this information by 1st December 2006.</p> <p>tie stated that SDS currently remain the most significant risk to programme. tie is currently in the process of re-prioritising the SDS work programme in line with Phase 1a only approach. <i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p>TRO issue - TS need to escalate within Transport Group in order to establish:-</p> <p>(i) Who is the senior official responsible for change in Transport Group?  (ii) What the legislative position is currently?  (iii) What is required to assure TRO's are not delayed?</p> <p>Transport Scotland agreed that this was a Pre – Christmas issue and are committed to progressing this over the next two weeks.</p>	<p>(10)</p> <p>(11)</p> <p>(12)</p>
<p><b>Conclusions and Actions</b></p>	<p>(1) Discussion needs to take place on indexation to ensure that the calculations that tie are using in cost estimates are in line with those used across all of the TS Major Projects Programme. Nadia Savage to liaise with Andie Harper.</p> <p>(2) Functional Specification submitted as part of the DFBC review process on 16<sup>th</sup> Nov 2006. Meeting scheduled for technical walk through to assist in review process.</p>	<p>tie/TS – 20<sup>th</sup> December 2006</p> <p>tie/TS – 27<sup>th</sup> November 2006</p>

	<p><b>(3)</b> Appropriate level of cost loading now required at high level to enable this to be included within the 13<sup>th</sup> December TS IDM paper. Nadia Savage to issue TS requirements (short and long term) for cost/resource loaded programmes.</p> <p><b>(4)</b> Re-wording of current grant letter needs to be made to account for increase in cost and period of time i.e. £44m and end of 06/07 financial year.</p> <p><b>(5)</b> Andie Harper to ensure that Geoff Gilbert liaises with Ken Davis of Cyrill Sweett to enable Cost Estimate comparison exercise to be formally closed out.</p> <p><b>(6)</b> tie to confirm issue surrounding property title ownership to give TS the assurance that the monies associated with this can be accrued in this financial year.</p> <p><b>(7)</b> Funding agreement (Heads of Term) between CEC and TS to be finalised.</p> <p><b>(8)</b> Update required on independent audit (modelling).</p> <p><b>(9)</b> tie to confirm Infraco indicative price range to TS by noon on 26<sup>th</sup> January 2007 which allows a possible decision in Cabinet on 7<sup>th</sup> February 2007.</p> <p><b>(10)</b> tie to submit information surrounding Phase 1a and 1b MUDFA actual works.</p> <p><b>(11)</b> <i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p><b>(12)</b> TS to facilitate a meeting with Roads Policy branch responsible for TRO's.</p>	<p>tie/TS – 20<sup>th</sup> December 2006</p> <p>TS – 22<sup>nd</sup> December 2006</p> <p>tie – 1<sup>st</sup> December 2006</p> <p>tie 1<sup>st</sup> December 2006</p> <p>TS – 1<sup>st</sup> December 2006</p> <p>tie – 30<sup>th</sup> November 2006</p> <p>tie – 26<sup>th</sup> January 2007</p> <p>tie – 1<sup>st</sup> December 2006</p> <p>tie - 7<sup>th</sup> December 2006</p> <p>TS – 1<sup>st</sup> December 2006</p>
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