

tie Limited
Edinburgh Tram Network

Minutes

Design, Procurement and Delivery Sub-Committee

13 September 2006

tie offices - Verity House, Boardroom

Directors Present:	In Attendance:
Bill Campbell – WC (<i>partial</i>)	Damian Sharp - DS Graeme Bissett (Chair) Andy Conway - AC Andie Harper - AH Geoff Gilbert (GG) Susan Clark -SC Trudi Craggs - TC Alastair Richards - AR Stewart McGarrity - SM Jim Harries - JH James Papps – JP Mark Bourke – MB

Apologies: Willie Gallagher (DPD Chair), Duncan Fraser & Neil Renilson

Agenda items:

1	Actions from Previous Meeting	Action
1.1	GG confirmed that it would be the same team as previously undertaking the Gateway Review.	
1.2	AH noted that Phil Douglas would take up project management role for the Depot. AH drew attention to outstanding resource to be filled in Health & Safety role, being actioned with CMacL (HR tie). AH putting together a resource plan for construction activities.	AH
1.3	AH briefly summarised the evaluation criteria and methodology for TramCo (tender returns 5 October) highlighting areas where accessibility would be considered. DS to review and comment on weightings and treatment of price in the evaluation. AH to provide CVs of planned evaluation team.	DS AH
1.4	GB clarified the management arrangements of reports from sub-committees to the Project Board. DS to provide clarification of reserved matters. AC to seek same from CEC.	DS AC
1.5	DS confirmed that there was no need to have sight of progress report	

	for review in advance of circulation of papers. DS requested for planned papers (highlighted on agenda schedule) it is useful to either discuss the key points during preparation of papers or issue an early draft to allow comment prior to circulation to DPD Members to enable views to be obtained from wider TS team.	AH
1.6	DS recognised that there may be a need for additional Special Board meetings to maintain programme. Acknowledged by all.	
2	Project Director's Monthly Progress Report	
2.1	Safety Report	
2.1.1	AH noted that documentation was developing and confirmed no significant issues or incidents to date.	
2.2	Key Issues/Concerns	
2.2.1	AH confirmed that SDS design was now being prioritised and whilst behaviours were becoming increasingly contractual, a recent session with senior PB management had improved focus. AH summarised that SDS claims/issues were in relation to the influence of the 'big' changes, behaviour of Infraco post-novation due to current obligation for tie to have the final say, and some areas of quantum. A process was underway to deal with the claims and related matters on a rolling basis and avoid a backlog building up.	
2.2.2	JP noted that a potentially more radical approach may be necessary. GG considered that it was too early in process to decide this as currently a radical decision could make the situation worse.	
2.2.3	AR highlighted that Infraco may include additional risk price due to SDS poor performance. AH confirmed that dialogue was continuing with bidders but that it would be inappropriate to raise options regarding SDS at the Bidders Conference. AH recognised the risk that the bidders initial pricing at tender returns (pre-clarification and negotiation) may be high and require significant effort to manage.	
2.2.4	DS noted potential difficulty in changing position with SDS post issue of ITN. GG highlighted that that this would be addressed in the drafting of the ITN and by the degree to which Infraco would use SDS post-novation, and that tie would not constrain bidders to only using SDS.	
2.2.5	GG confirmed that the ITN will be drafted with novation of SDS happening and Infraco taking design liability. GG advised of concern that if this was not the case that Infraco could potentially undermine the consents achieved to date.	
2.2.6	GG noted that there were compliance issues in relation to the OJEU Notice that could constrain options with SDS.	
2.2.7	DS requested further clarity on the options (legal and comms) and fall-back position regarding SDS for the Tram Project Board on 25 th September.	GG
2.2.8	AH noted that the Infraco bidders were yet to be formally pre-qualified.	

2.3	Programme	
2.3.1	AH noted that WG/DM require to sign-off on MUDFA.	AH/WG/DM
2.3.2	AH highlighted that there may be a need to challenge the current constraints on working practices to meet programme.	
2.3.4	AH to convene discussion with TS and CEC regarding the PR aspects of MUDFA Award, dFBC, issue of ITN documentation.	AH
2.3.5	DS confirmed that award of MUDFA had TS approval to proceed on 5 October 2006. AC confirmed CEC content also.	
2.3.6	AH to prepare note on MUDFA appointment for tie Board.	AH
2.3.7	MB to arrange rooms for Special DPD Subcommittee meetings on 29 September and 6 November to discuss outcomes of Gateway review.	MB
2.4	Resource	
2.4.1	DS confirmed that there was no authority to spend monies including advance works for Phase 1B elements except those needed to execute Infraco ITN and develop business case	
2.4.2	DS confirmed that the scope of the current grant (£40m) could be varied to include land acquisition. DS note that a further increase of grant could be arranged to encapsulate the remaining land to £51m.	
2.4.3	SM confirmed that assumption has been made that no physical works could be considered and that alternative spend to land may better de-risk the Infraco. DS clarified that tie may spend monies on SI works and Ancillary works (referring to the Bill) e.g. procurement activities or ordering long-lead items. SM/DS to meet to discuss arrangements including accruals.	SM/DS
2.4.4	DS confirmed that no physical works could commence prior to Full Council and Cabinet decision.	
2.4.5	TC to progress activities to remove CEC concerns regarding legal support to land acquisition.	TC
2.4.6	AH confirmed that Matthew Spence/Jeff Lloyd would continue to liaise in relation to the Network Rail interface. TC to finalise paper regarding Network Rail.	TC
2.4.7	TC noted that further development would be necessary in relation to the legislative position of greenways and cycleways to prevent interference with planned TRO development. DS to consider how this may be delivered.	DS
2.4.8	AC to chase funding from SESTRAN for Ingliston Park & Ride development.	AC
2.5	Change Control	
2.5.1	AH highlighted the change log and noted difficulties in obtaining satisfactory estimates. AH will table change requests at TPB later this month.	AH
2.5.2	AH noted that some of the changes will not be in the ITN, but would be released during tender preparation, as it was proving difficult to obtain costs.	

2.6	Risk Overview	
2.6.1	AH discussed the two principal risks in relation to governance and the decision on the depot location. AH noted that opportunities including stop design being considered. GG to set up 'high level' review of value engineering options.	GG
2.6.2	JP requested that SDS dispute and SDS novation appear on the risk register. AH to consider separate risk paper to support monthly progress report.	AH
3	Procurement	
3.1	GG outlined the approach to delivery of the scheme and areas in need of attention, namely, enforcement of the novation of SDS and development of plans for advance works for FY07/08.	
3.2	AC noted concern regarding 'limited mobilisation' of Infracore and activities in relation to Standing Orders and Delegated Authorities. AC to brief A. Holmes in advance of further discussion at Project Board on 25 th September. DS cited this as an example of where CEC require to clarify the delegated authorities of individuals.	AC
3.3	AC requested programme of project consents to be prepared in relation to CEC e.g. Traffic, Planning. This will allow CEC to plan/manage their resource.	TC
3.4	AR requested clarification on the SDS warranty and noted that this would need emphasis in the ITN documentation.	GG
3.5	JP raised issues in relation to the payment mechanism within the maintenance contract, emphasising the need to understand this prior to ITN issue. GG to develop the rationale for delivery of maintenance services and the payment mechanism for Project Board on 25 th and discuss further with JP in advance.	GG
4	Functional Specification	
4.1	TC tabled the proposed structure and noted that the Functional Specification would require sign-off at the next Project Board meeting.	AH
4.2	AC noted concerns regarding the 'noise' constraints being reviewed within the Council. SC to clarify concerns.	SC
4.3	GB noted review prior to sign-off would need to include TEL and TET.	TC
5	Design – Tram Depot	
5.1	SC presented paper on the Gogar depot and alternative Leith depot and Gogar stabling solution.	
5.2	AC to confirm the value of land contribution associated with the Leith site.	AC
5.3	JH highlighted the potential presentational issues in moving away from a Gogar depot solution. JH noted caveats on opex estimates contained in initial assessment.	
5.4	AH noted that ITN would have Gogar as depot site and opportunity to examine the alternative could be introduced during negotiation.	AH
5.5.	GB drew attention to uncertainty of who would bear additional operating	

	costs and retain savings to capex between TEL and CEC. SM to review during planned modelling of alternative.	SM
5.6	AH to confirm the 'drop-dead' date by which the depot location has to be finalised and steps by which the decision will be made.	AH
5.7	DS requested that tolerance on assumed estimates be shown.	SC
5.8	SM requested that further progress be advised on TS/CEC funding agreement.	DS/AC
5.9	Concluded that the paper could be clarified before presentation to TPB, but would conclude that current evaluation was tentative and required further work before a formal proposal could be presented.	
6	Preparation of Infraco ITN	
6.1	Structure of the ITN	
6.1.1	GG presented the structure of the ITN documentation. The structure was accepted.	
6.2	Schedule for Infraco ITN Information Release	
6.2.1	GG tabled a paper outlining the schedule of dates for information release including stakeholder buy-in.	
6.2.2	AC requested outstanding information to be provided as soon as possible.	SC
6.2.3	SC requested confirmation of the extent of information required from CEC.	AC
6.2.4	GG to obtain confirmation that the Heads of Terms has been fully translated into the ITN from DLA. AC confirmed that this would be sufficient for CEC to be happy with content of ITN.	GG
6.2.5	AR highlighted concerns that given the very short programme that the ITN documentation that the quality of the documentation may be in jeopardy. AH provided re-assurance to TS and CEC that the ITN would only be issued if 'fit for purpose'.	
6.2.6	GG confirmed that the Gateway Review would take place on 25 th , 26 th and 27 th September and that a brief was currently being prepared. GG confirmed that the focus of the review would not be on the business case. DS confirmed that the Project Board should be the focus for issues regarding the strength of the Business Case. AH noted that it is likely that the governance arrangements would be an issue for review.	GG
6.3	Milestone Payments	
6.3.1	GG tabled a paper outlining the payment schedule for Infraco. DS noted that TS would be seeking KPMG view on the milestone arrangements of the Infraco payment schedules. GG to consolidate papers on Infraco payment mechanism, variants and maintenance arrangements to one paper for the Board.	GG
6.4	Variant Bid Requirements for the Infraco ITN	
6.4.1	GG tabled the range of variant options being considered within the ITN.	

	DS to feedback on details but confirmed content with number being considered.	DS
7	Capital Cost – Options for Addressing Funding Shortfall	
7.1	GB emphasised that the purpose of the paper was to ensure that proactive thinking was performed on how to handle the presentation of outcomes in a number of different scenarios. AH to progress with Comms team.	AH
7.2	DS to progress evidence of tie 's financial covenant.	DS
8	AOB	
8.1	AR tabled a paper on Commissioning Support Agreement and DPOFA and requested members to comment by Monday/Tuesday next week.	All

Prepared by: Mark Bourke

Date: 19 September 2006