
From: Ware, Julian [Julian.Ware@KPMG.co.uk]
Sent: 16 January 2006 09:30
To: Rosie A (Sandy); King B (Ben)
Cc: Sharp DP (Damian); Ramsay J (John); Caskie A (Andrew); Reid DNG (David) (Finance)
Subject: RE: Tie - trams - URGENT

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Ben,

We spoke about this later on Friday, and I had spoken to John earlier.

I do not think there is any disagreement on this issue. But I just wanted to endorse Sandy's comments from a commercial perspective. There are particular issues about bidder confidence in the light rail market, where a series of schemes have collapsed in England from affordability issues. Bidders will want to have a high degree of comfort that the tender will proceed to conclusion, and that the scheme is affordable and properly supported.

I had personal experience last year of a "rush to tender", outside the UK, where the client pressed on hoping to build support during the process. It was not a success.

Julian Ware


From: Sandy.Rosie@scotland.gsi.gov.uk [mailto:Sandy.Rosie@scotland.gsi.gov.uk]
Sent: 13 January 2006 14:48
To: Ben.King@scotland.gsi.gov.uk; Ware, Julian
Cc: Damian.Sharp@transportscotland.gsi.gov.uk; John.Ramsay@scotland.gsi.gov.uk;
Andrew.Caskie@scotland.gsi.gov.uk; David.Reid3@scotland.gsi.gov.uk
Subject: RE: Tie - trams - URGENT

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Ben

This sounds similar to the concerns which arose with the EARL meeting - it seems to be about governance and accountability. I think that all FPU can do is re-state the normal and acceptable approach - ie, that SE money should not be committed until a Business Case and cost-benefit appraisal is completed to our satisfaction and Ministers have endorsed the project and spend. I do not see that we have reached that stage, and personally I am very concerned that tie appear to plan a sequence of procurement followed by re-appraisal of vfm. I have been saying for some time that it should be the other way round.

Without that approval and commitment, if tie goes to the market it will be doing so without really having the resources to buy the product. That is not good practice and could damage the reputation of SE and public authorities generally in the market if it later turned out that there were doubts about affordability and scope. Immediately after OJEU tie will have to provide the market with project and affordability information - on what basis can it give such information in good faith at this time without revealing doubts ? Such doubts will reduce the market bidding interest. If it continued with the procurement and later had to amend scope, then it could even face claims for aborted bidding costs from the market. The market will expect tie to have a detailed Invitation to Tender / Negotiate within about 3 months of OJEU - if there is delay it may lose interest and suspect problems. That timetable does not look likely if the Department accepts that it should be seeking further clarification of various matters. A more reasonable (still tight) time for OJEU might be Spring, with a detailed ITT/N issued in the Autumn ?

So I share your concerns and what we need is a clear project plan and timetable, agreed between tie, edc, and se. We are about to give Transport the final FPU note on delivery options which will clear the field on that front. All the more reason to ensure that tie does not then rush into procurement!

Sandy

-----Original Message-----

From: King B (Ben)
Sent: 13 January 2006 13:40
To: 'Ware, Julian'
Cc: Rosie A (Sandy); Sharp DP (Damian); Ramsay J (John); Caskie A (Andrew)
Subject: Tie - trams - URGENT

Hello Julian and others

I understand that Tie are considering imminently posting an OJEU (presumably for the main tenders to deliver the design / construction - main infrastructure).

I think in theory it can be flexible enough to cater for whatever shape the procurement is, and scope (1 or 2 lines). I would be very concerned if they did this without SE blessing. As I see it Scottish Executive require certain assurances / procedures etc to be undertaken prior to OJEU. For example, a Gateway Review is a fundamental requirement as well as OBC approval.

Also, I think (but am not 100% clear) that your advice / input / views to the above processes should happen, perhaps with some consultation with FPU.

I think this is a case of Tie getting ahead of themselves - I know they have procurement targets and timetables etc, but SE being comfortable with the way forward is critical.

What is everyone's views??

I may be over reacting, but we may have to act fast on this one (I have been tipped off by James Papps on this one who, as I understand, has raised these concerns direct with Tie - perhaps we need to make sure they are heard)

Regards

Ben

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