

# **Tram Project Board**

**Monday 20<sup>th</sup> November at 09:30**

## **Agenda**

- 1. Review of previous minutes**
- 2. Project Directors' Monthly Progress Report**
  - **Safety**
  - **Programme And Progress**
  - **Financial position**
- 3. Support papers**
  - a. Risk Management Paper including Primary Risk Register**
  - b. Update on TRO Progress**
  - c. Evaluation Methodology for Submissions**
  - d. Funding Grant Requirements**
  - e. Risk Management Development Plan**
  - f. Functional Specification Paper**
  - g. Preliminary Design Estimate**
    - due to the confidential nature of this paper it will be circulated at the meeting
  - h. Update on changes – to be circulated later.**
- 4. Executive Summary of DFBC – for circulation by Stewart McGarrity on Thursday 16<sup>th</sup> November.**
- 5. Executive Summary of TEL Business Plan – for circulation by Stewart McGarrity on Thursday 16<sup>th</sup> November.**
- 6. Draft recommendation letter from Chairman to TEL Board – for circulation by Stewart McGarrity on Thursday 16<sup>th</sup> November.**
- 7. AOB**

## TRAM PROJECT BOARD/TEL BOARD

Minutes of Meeting of Members 24 October 2006

TPB Meeting No. 3

TEL Board Meeting No. 12

<b>Members Present</b>	<b>Participants</b>
<p><b>TEL:</b> Bill Campbell (WC) Willie Gallagher (WG) Ricky Henderson (RH) Donald McGougan (DMc) David Mackay (DM) (Chairman) Fred Mackintosh (FM) Neil Renilson (NR)</p> <p><b>TBP:</b> Andrew Holmes (AHo) Bill Reeve (WR) James Papps (JP)</p>	<p>Graeme Bissett (GB) Andie Harper (AHP) Stewart McGarrity (SM) Alistair Richards (AR) Miriam Thorne (MT) Alasdair Sim (AS) Norman Strachan (NS)</p>
<p><b>In Attendance:</b></p> <p>TS Duncan Fraser (DF) SDG Andy Park (AP) SDG Adil Chandrey SDG Rupert Ingham Buchanans Grant Davidson</p>	

		<b>ACTION</b>
6.18	<p><b>JRC OVERALL CASE OVERVIEW</b></p> <p>Steer Davis Gleave and Buchanan's presented the final case output report which covered in detail the economic appraisal including BCR, the updated STAG assessment and the patronage and revenue risk analysis. The members and participants thoroughly engaged with JRC resulting in confidence with the output.</p>	
6.19	<p><b>TEL BUSINESS PLAN</b></p> <p>The TEL Chief Executive made a presentation to the Boards of the financial projections for TEL of lines 1a plus 1b. In principle the prognosis was encouraging however, it was stressed that economic viability was wholly dependent on development occurring as projected. Andrew Holmes commented that Edinburgh had some</p>	

	<p>history of development coming in ahead of schedule. The Chief Executive confirmed that excluding the uncertainty of patronage from development areas, he had high confidence in the accuracy of the projections. It was also confirmed that the projections were based on tram participation in the concessionary travel scheme which Bill Reeve confirmed as the correct assumption to include at this stage. Donald McGougan requested solutions for the possible dividend shortfall be considered by TEL. Bill Reeve noted that breakeven per se was some six years into the scheme and suggested that some of the assumptions were reviewed when a beneficial impact might be justifiably generated to improve the position. The Chairman was pleased to note that the projections were certainly moving in the right direction.</p>	<p><b>ACTION</b></p> <p><b>NR</b></p>
6.20	<p><b>EDINBURGH TRAM NETWORK – SCOPE OPTIONS</b></p> <p>Graeme Bissett presented a paper advising the Boards of the processes and decisions required to bring the tram business case to completion for approval by CEC. It was agreed that a sub-committee would be chaired by the Chairman to progress this prior to the next Board meeting.</p>	<p><b>DM</b></p>
6.21	<p><b>DRAFT FINAL BUSINESS CASE</b></p> <p>Stewart McGarrity updated the Board on the status of the report confirming that he would release sections as and when ready to CEC and TS for feedback.</p>	
6.22	<p><b>CORPORATE GOVERNANCE</b></p> <p>Graeme Bissett confirmed that the final version will be issued before the next meeting.</p>	<p><b>GB</b></p>
6.23	<p><b>DATE OF NEXT MEETING</b></p> <p>Monday 20 November 2006, Verity House</p> <p>1000hrs for Tram Project Board 1230hrs for TEL Board</p>	<p><b>SM</b> <b>NS</b></p>



**tie Limited**  
**Tram Project Board**  
**October Report**  
**Papers for Meeting**  
**20<sup>th</sup> November 2006**  
**09:30-12:00am**

**Distribution:-**

Willie Gallagher (DPD Chair)  
Damian Sharp  
Duncan Fraser  
Neil Renilson  
Andie Harper  
Bill Campbell  
Graeme Bissett  
Stewart McGarrity

Alastair Richards  
Geoff Gilbert  
Susan Clark  
Trudi Craggs  
Jim Harries  
James Papps  
Mark Bourke (Secretary)



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## Agenda

### Design, Procurement and Delivery Sub-Committee

#### tie Boardroom

8 November 2006 – 12.00 to 15.00

#### **Attendees:**

Willie Gallagher (DPD Chair)

Damian Sharp

Duncan Fraser

Neil Renilson

Andie Harper

Bill Campbell

Graeme Bissett

Stewart McGarrity

Alastair Richards

Geoff Gilbert

Susan Clark

Trudi Craggs

Jim Harries

James Papps

Mark Bourke (Secretary)

#### **Agenda Items**

1. Actions from Previous Meeting
2. Project Director's Monthly Progress Report for October \*
  - Safety report (*see Progress Report*)
  - Workstream Reports – (*see Progress Report*)
  - Resource Issues – (*see Progress Report*)
  - Change Control - (*see Progress Report*)
  - Risk Overview – Primary Risk Register (*see Separate Report*)\*
  - Overall Programme compliance and anticipated issues (*see Progress Report*)
    - Review of Programme
3. Design (SDS)
  - a. Update on TRO Progress \*
  - b. Report on Performance
4. Preparation for Infraco & Tramco
  - a. Evaluation Methodology for Submissions \*
  - b. Gateway Review
  - c. Infraco
  - d. Tramco

## Agenda

### **Design, Procurement and Delivery Sub-Committee**

#### **tie Boardroom**

**8 November 2006 – 12.00 to 15.00**

5. Capital Cost and Risk Allowances
6. Funding Grant Requirements \*
7. Risk Management Development Plan \*
8. Other relationship to BPIC Workstreams
9. Matters for Tram Project Board
10. AOB

**Next Meeting: December DPD: 13 December 2006 – TBA**

\*Papers Attached:

**tie Limited**  
**Edinburgh Tram Network**

**Minutes**

**Design, Procurement and Delivery Sub-Committee**

**8 November 2006**

**tie offices - Verity House, Boardroom**

<b>Directors Present:</b>	<b>In Attendance:</b>
Willie Gallagher (DPD Chair) - WG Bill Campbell – BC (partial)	Graeme Bissett -GB Matthew Spence - MS Duncan Fraser – DF Andie Harper - AH Alastair Richards - AR Trudi Craggs – TC Susan Clark - SC Jim Harries - JH James Papps – JP Mark Bourke – MB

**Apologies:** Damian Sharp, Neil Renilson, Geoff Gilbert and Stewart McGarrity

**Agenda items:**

<b>1</b>	<b>Actions from Previous Meeting</b>	<b>Action</b>
1.1	The actions of the previous meeting were reviewed and outstanding actions discussed. A mark-up of the previous actions is appended to these notes.	
1.2	DF confirmed that a written response confirming CEC reserved matters would be by the end of the week.	DF
1.3	AH noted that a workshop was planned with CEC/SDS to progress further dialogue to progress the project. AH noted that a separate working group with CEC was assessing the Code of Construction Practice including noise constraints.	AH
1.4	WG noted that discussions were progressing within CEC regarding the funding/phasing and that approval had been received for spending in relation to land. MS to confirm scope and funding.	MS
1.5	MB to discuss the required process of escalation of safety and environmental risks within Primary Risk register reporting with AH/SB	MB



<b>2</b>	<b>Project Director's Monthly Progress Report</b>	
<b>2.1</b>	<b>Safety Report</b>	
2.1.1	AH noted that no further safety issues had been identified to report.	
<b>2.2</b>	<b>Programme &amp; Progress</b>	
2.2.1	AH confirmed that the team were generally meeting targets and discussed immediate deadline issues relating to DFBC production, planned gateway review follow-up. MS noted need to set expectation for review resources regarding timing of DFBC issue and agreed to meet with SM this afternoon.	MS/SM
2.2.2	AH discussed plan to revise format amendment of current short-term report.	
2.2.3	WG requested clarification on location/timing of MUDFA works. AH to arrange briefing via A. Slessor and confirmed planned March 2007 start and would include Phase 1B diversions and report at next DPD.	AH
2.2.4	AH to submit recruitment plan for consideration at DPD meeting when available and report to next DPD.	AH
2.2.5	AH noted progress was moving well on communications.	
2.2.6	WG requested a short paper on the outcome of alignment review of SDS/TSS contracts and report to next DPD. AH confirmed that this included elements emerging issues from Tramco/Infracore.	GG
2.2.7	AH noted that land issues were progressing well with intention to issue notices for purchase on 24 November 2006.	
2.2.8	WG requested clarity of any papers required for the next planned TS Quarterly Project Review (24 November 2006) for tie Projects. MS confirmed that this would be clarified through the TS Project Managers e.g. J. Ramsay for Tram. MS to advise GB of any specific concerns/agenda items prior to meeting.	MS MS
<b>2.3</b>	<b>Key Issues and Concerns</b>	
2.3.1	AH reported becoming increasingly concerned regarding SDS performance over the past 4-6 weeks. SDS response to tie/SDS Senior Executive discussion has been less than adequate. AH noted that currently there was no confidence in their delivery. AH noted that lengthy subsequent discussions had been with Senior SDS staff with regard to their apparent lack of accurate internal reporting had resulted in flagging of concerns in co-ordination, working, resource and management and that currently awaiting response.	
2.3.2	AH confirmed that if there is no response in the next week then it will become necessary to micro-manage their activities (and pass costs to them). WG asked what steps had been taken to pursue this. AH noted that SDS have been informed and that discussions with C.McLauchlin on options had commenced. AH to sketch out plan and report to next DPD.	AH
2.3.3	WG requested clarity of alternative arrangements. AH noted that more	

	radical options would dilute the risk transfer achieved.	
2.3.4	AH confirmed that in response to Infraco bidder feedback, that further detail on structures design had been provided.	
2.3.5	AH confirmed that outcome of planned charette next week would require to be considered and dealt with through the Planning Summit.	
2.3.6	AH noted that SDS design of PU diversions were progressing on time and that review of strengthening the project management resource was underway.	
2.3.7	AH confirmed that Amec had noted their intention to withdraw from the Infraco bid. AH to obtain written confirmation. AH highlighted that two independent sources had noted that Amec were citing terms and conditions reasons for withdrawing rather than their JV failure as indicated directly. AH to highlight concerns to Amec regarding their confidentiality obligations, prepare response ready to deal with potential media interest and approach remaining bidders to confirm situation.	AH AH
<b>2.4</b>	<b>Risks and Opportunities</b>	
2.4.1	AH briefed the committee on progress with regard to opportunities. DF requested that opportunities are assessed in relation to the constraints imposed by the Private Bill and necessary traffic management.	TC
2.4.2	AH introduced risk report. JP requested that this be expanded with commentary on key progress, closed, new and worsening risks.	GG
2.4.3	MB noted the principal elements of mitigation progress related in the increased engagement with stakeholders, performance of the JRC in model development and achieving sign-off on necessary assumptions and in adopting an approach of a 'mock' planning application.	
2.4.4	MB noted that risk associated with late delivery of issue of Infraco tender documentation was now closed.	
2.4.5	MB noted new risks were escalated to the Primary Risk Register due to uncertainties in scope and location of PU diversions emerging from design; potential construction inflation and bidder withdrawal.	
2.4.6	MB noted need for increased mitigation in areas worsening due to delays in implementation including awaiting CEC statement of reserved matters; CEC planning risk; quality concerns and late delivery of SDS deliverables with consequence of loss of opportunity/value engineering examination.	
<b>2.5</b>	<b>Matters for Approval or Support</b>	
2.5.1	AH outlined the decisions required for the next Tram Board.	
<b>2.6</b>	<b>Financial and Change Control Position</b>	
2.6.1	AH reported the financial expenditure position and summarised the anticipated final cost.	
2.6.2	AH tabled a summary of the change control matters to close out a previous action. AH noted that these were for information and impacts had been incorporated in current cost estimate. GB requested that these be reported in context of Delegated Authority Rules to provide scrutiny to those above AH authority limit.	AH

<b>3</b>	<b>Design (SDS)</b>	
3.1	WG raised concerns regarding resources being applied to achievement of consents. DF noted that the lack of programme had resulted reduced the ability to plan meetings and that resource had been cut back due to volume of information. DF to prepare paper for consideration at Project Board to provide assurance on resources.	DF
3.2	AH noted that the quality of submissions were poor and would need additional resource.	
3.3	TC introduced updated TRO paper that accounted for revised working assumptions requested by CEC that street construction works could not commence until TROs were in place and the steps to obtain TROs could not commence pre-election. TC to obtain QC advice.	TC
3.3	TC confirmed that MUDFA could commence as planned but that commencement of Infraco street works would be delayed from October 2007 to July 2008. AH confirmed that planned operation of December 2010 would be achieved as critical path depot construction could commence.	
3.4	TC noted that TROs could be broken down further to adopt a sectional approach. TC noted that potential additional float existed in delay to construction due to events of up to 6 weeks. DF noted that if amended TRO process was necessary then a paper could be submitted at February 2007 Full Council. TC to update paper for Project Board to reflect QC feedback and examination of options (including potential legislative changes on mandatory hearing elements) and convene pre-discussion with WG and A. Holmes. JH noted that the paper should include extended risk assessment in relation to SDS performance and constraints within TRO process e.g. availability of Reporters.	TC
3.5	DF noted that there was ongoing discussion with Police regarding greenways. MS to review TS Legal progress in developing revised legislative arrangements.	MS
<b>4</b>	<b>Preparation for Infraco and Tramco</b>	
4.1	JP queried the extent of planned work in scenario planning in relation to alternative risk allocation. AH noted that greater clarity would emerge with further dialogue and responses from bidders and that this was being examined by GG/BD.	
4.2	JP queried extent of pressure that could be placed on Amec and recommended proposed prepared statement. JH supported the approach to brief other bidders to situation.	
4.3	AH introduced the Tramco evaluation paper. AR confirmed that TEL was fully involved and supportive of the process. AH to provide verbal report on Tramco evaluation progress to Project Board.	
<b>5</b>	<b>Capital Cost and Risk Allowances</b>	
5.1	AH tabled a paper presenting estimates indicating Phase 1A + 1B greater than £545m quoted by the Minister, but noting 1A's affordability. AH noted certainty levels, exclusions and potential need to disaggregate costs further.	

5.2	AH confirmed that benchmarking of costs allowed for risk transfer and compared favourably to OBC estimate.	
5.3	JP queried the timing of decision on 1B. WG noted discussions were ongoing with CEC.	
5.4	AH noted savings for inclusion of 1B at present and premium necessary for delay to operations in July 2011. AH confirmed that the detailed design and MUDFA diversions would be carried out for both Phase 1A + 1B.	
<b>6</b>	<b>Funding Grant Requirements</b>	
6.1	AH discussed the Funding Grant paper and noted that this would be updated to reflect the increased funding from TS, confirmed earlier. SC confirmed that additional funding was for land purchase (to be clarified that relates to Phase 1A only).	SC
<b>7</b>	<b>Risk Management Development Plan</b>	
7.1	AH noted need to further internalise risk matters within the project and confirm the intended management arrangements. MB confirmed that this would be further developed within an updated Risk Management Plan to fit within the overall Project Controls framework. MS noted potential debate to be had in relation to who should own and be responsible for risk allowances. WG requested MS to clarify further with AH and if necessary a paper prepared or discussion convened with B. Reeve/A. Holmes/ D. Mackay and WG to resolve.	MS/AH
<b>8</b>	<b>Other relationship to BPIC Workstreams</b>	
8.1	No matters were raised.	
<b>9</b>	<b>Matters for Tram Project Board</b>	
9.1	AH to provide updated papers on Risk Management, TRO Progress, Tramco Evaluation Methodology, Grant Funding Requirements, Risk Management Development Plan, Functional Specification and Change Log.	AH
9.2	AH to provide verbal briefing on progress on Tramco evaluation.	AH
<b>10</b>	<b>AOB</b>	
10.1	AH noted need to examine land issues at Sighthill in relation to ease planned gas main diversions. AH/DF to explore.	AH/DF
10.2	AH queried timing of next meeting (scheduled 13 December) in light of Project Board on 11 December and whether this should be brought forward.	GB
10.3	MB to develop update forward plan for papers necessary for future meetings with GG/AH.	MB

**Prepared by:** Mark Bourke

**Date:** 9 November 2006

### Notes of Outstanding Actions: DPD 11 October 2006

	<b>Actions from Previous Meeting</b>	<b>Action</b>
1.2	DF confirmed that a written response confirming CEC reserved matters would be provided tomorrow.	DF
2.2.4	SM noted that conclusion of modelling was critical to allow design development to proceed and confirmed that the 9 November 2006 date for submission of the FBC was still achievable. SM to review content of FBC and timing and content of Supplementary Information.	SM
2.4.7	GB to bring conclusion of TS/CEC funding arrangements and position of over-runs on agenda for planned meeting in relation to Phase 1B.	GB
3.1	WG outlined discussions with Chairman/CEO of Parsons in seeking more effective structuring and resource commitment. WG to review the scope of potential follow-up discussions with AH after outcome of pending dispute resolution and programme review.	WG/AH
4.6	GG tabled paper on maintenance and led discussion on options for contracting party e.g. TEL or TET and duration. AR outlined the 'medium' to 'long' term plan to obtain single point responsibility through the Operator for combined Operation and Maintenance services. JP queried flexibility and bonding arrangements. JP recommended that development takes place to examine payment mechanism through scenario planning. WG requested consistency of Infraco maintenance duration and business case to avoid uncertainty.	GG/AR

### Notes of Outstanding Actions: DPD 13 September 2006

	<b>Actions from Previous Meeting</b>	<b>Action</b>
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
3.2	AC noted concern regarding 'limited mobilisation' of Infraco 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 <sup>th</sup> 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
4.1	TC tabled the proposed structure and noted that the Functional Specification would require sign-off at the next Project Board meeting.	AH



## EDINBURGH TRAM PROJECT MONTHLY PROGRESS REPORT – OCTOBER 2006

### 1. Safety

Tom Condie has joined the team as project Health, Safety, Quality and Environmental (HSQE) manager for the project.

A total of four Non-conformance Reports (cumulatively) to date have been issued to SDS.

Issue date	Number issued	Open/Closed	Action
March 2006	1	Closed	Complete
October 2006	3	Open	Response required from SDS for all
Total	4		

Key Performance Indicators (KPI's) will be identified and reported in next month's report.

### 2. Programme and Progress

#### 2.1 Current status of key project milestones planned for October:-

- Update of Project Estimate based on preliminary designs is largely complete with estimates being refined and validated.
- Land Purchase - informal letters were issued on the 30<sup>th</sup> of October 2006 in relation to phases 1a and 1b.
- Revised SDS detailed design programme received on the 5<sup>th</sup> October 2006. Programme has been subsequently 'not accepted' by tie
- SDS estimated construction programme was received on the 16<sup>th</sup> October 2006. This programme is currently under review.
- Presentations on the outputs from the JRC modelling (economic benefits and costs and patronage/revenue risks) and the TEL Business Plan (focussing on the future financial position of TEL with trams) were presented to the BPIC Subcommittee on 19th October and the Tram Project Board on the 24th November 2006. Work is now focussed on the drafting of the TEL Business Plan and Draft Final Business Case documents.
- Phase 2 of the Infraco ITN was issued to bidders on the 31st of October 2006. This comprised the following:
  1. SDS Preliminary Design Drawings.
  2. Employer's Requirements – Addendum of amendments, and including Project Scope Rev A.
  3. Amendments to Volume 2 Part 5 (information to be provided by bidders).
  4. RDA Heads of Terms.
  5. Infrastructure Maintenance Agreement & Schedules.

- Clarification meetings are ongoing with the Infraco bidders.
- Tramco tender evaluation is ongoing.

## **2.2 Future key project milestones to achieve project funding are:-**

- Draft Final Business Case to be submitted on the 9<sup>th</sup> of November 2006 to TEL/CEC/TS.
- The Project Estimate Update will be finalised on the 16<sup>th</sup> November 2006.
- Preparations continue for Scottish Gateway 2 follow up Review, Stage 2 now scheduled for the 21<sup>st</sup> and 22<sup>nd</sup> of November 2006.
- Mid-Bid Infraco meetings to be undertaken on the 7<sup>th</sup> 8<sup>th</sup> and 9<sup>th</sup> of November 2006.
- Tramco (see attached Evaluation Methodology supporting paper for more detail)
  - Meeting of the Tramco Evaluation Panel to consider Preliminary Evaluation Report on 23<sup>rd</sup> November 2006.
  - Issue Supplementary Information Release to bidders on 24<sup>th</sup> November 2006.
 (see attached Evaluation Methodology supporting paper for more detail of process).

## **2.3 Programme for delivery into revenue service.**

- The SDS Project construction phase programme has been reviewed and validated. This shows delivery into revenue service for both phases by July 2011 based on a 6 month driver training and trial running period assuming Infraco contract award in September 2007 and commencement of MUDFA works in March 2007.
- A staged approach to the delivery of phases 1a and 1b are currently being investigated with a view to achieving delivery into revenue service of phase 1a by December 2010. To achieve this an early start will be required on utilities diversions, an Infraco contract award of September 07 and probably an earlier mobilisation and procurement commitment to long lead items for certain Infraco works. An update will be provided at the Tram Project Board.
- It should be noted that if the process for obtaining TRO's prevents the commencement of construction prior to completion of the TRO process then completion will be later than planned. The project is working with CEC to resolve this issue.

The updated Key Milestone Schedule up to approval of the DFBC is shown in Appendix A.

## **2.4 Other achievements in October**

- MUDFA Contract was awarded on the 4<sup>th</sup> of October 2006 and successful 10 day start up plan concluded. Site route walk undertaken on the 12<sup>th</sup> of October 2006 and preconstruction programme received on the 25<sup>th</sup> of October 2006.
- Four Tramco bids received on the 9<sup>th</sup> of October 2006.
- OJEU notice for Owner Controlled Insurance Package (OCIP) issued 26<sup>th</sup> October 2006.
- Business Case – Presentations on the outputs from the JRC modelling (economic benefits and costs and patronage/revenue risks) and the

TEL Business Plan (focussing on the future financial position of TEL with trams) were presented to the BPIC Sub-committee on 19th October 2006 and the Tram Project Board on 24th November 2006.

- Tramco contract - The Tramco tender Evaluation Methodology was prepared and signed off prior to opening of bids on 11<sup>th</sup> October 2006.
- A draft construction phase organisation chart was completed and used to update the Project Estimate.
- The Communication Strategy element for DFBC has been completed.
- A trip to Dublin took place on 19<sup>th</sup> October 2006 for Stakeholders to view the tram network, find out the benefits of a Tram system and speak to the company that delivered it.
- Further communication activities undertaken were: Radio adverts aired on Radio Forth, 98 sheet billboard advertisements, an ad van circling the city, posters and information stands for the Western General Hospital, bus and bus shelter advertising campaign throughout the city and further fact-sheets added to the current suite bringing the total to nine.
- The first of six public tram events took place on 26<sup>th</sup> October 2006. The event for the Roseburn Corridor event was attended by 333 people and was very well received.
- Papers /actions approved at the last Board Meeting
  - Primary risk Register - Noted
  - TTRO and TRO assumptions – further information requested.
  - Scottish Executive Gateway 2 Review Actions - Noted
  - InfraCo Prequalification Recommendation - Approved

## 2.5 Other actions for November

- Details of the contents of the Phase 2 Infraco ITN information will be submitted to the Stakeholder meeting on the 16<sup>th</sup> of November 2006
- A recruitment plan is being developed by the Tram Project to secure the resources required by its draft construction phase organisation chart.
- Given the concerns in respect of the potentially unaffordable level of Capex costs the Project will undertake a further value engineering exercise in November after completion of the Project Estimate Update
- Infraco/Tramco/MUDFA/DPOFA contracts - the review of these contracts to ensure consistency is in progress. This will be completed by the end of November.
- The Project is currently drafting a protocol which will set out how the necessary TTRO will be arranged and managed on a section by section basis. This Protocol will include traffic modelling based on SDS's Traffic Modelling Plan. The Protocol will be provided to Tram Board in December 2006.
- Further Comms activities are:
  - A further visit to Nottingham is planned for 14<sup>th</sup> November 2006 to take stakeholders to view the network, understand the benefits and speak to the company that delivered the system.
  - The tram DVD is due to be delivered 1<sup>st</sup> November 2006, the tram/bus launches on 16<sup>th</sup> November 2006.
  - The next public tram event will be held in the new Telford College on 29<sup>th</sup> November 2006.
  - Four new photovisual images of areas of the network are to be used in publications, news and events.
- Land Purchase – the first formal notice letter for sections 1a and 1b (1b to be discussed at the meeting) are to be issued on 24<sup>th</sup> of November 2006.



### 3. Key Issues and Concerns

#### 3.1 Resolution of issues and concerns arising last month

- Land.  
Advance Works
  - SRU Murrayfield – meeting was held on 9<sup>th</sup> October 2006 to resolve legal agreement and agree access periods for the alterations to the training pitches and for the Infraco works. From this meeting it was agreed that no advance works will be undertaken in this area in 2007. A Formal side agreement for all the Accommodation works in relation to SRU Murrayfield is being finalised by end of November 2006.
  - Badger sett relocations – Work will commence in this financial year to move the sett on line 1a only in January 2006.
  
- Ingliston Park & Ride – CEC have asked the project to prepare an analysis and report on the scale of the requirement for additional temporary car parking spaces to accommodate additional demand during tram construction works. This report will include funding requirements and programme for the temporary site and the implications and requirements if the permanent works are brought forward obviating the need for such temporary works. Early land purchase will be required if the permanent works are brought forward.  
A Project Registry document has been completed and sent to CEC. It is understood that this meets the intent of the scope document provided to the project. A design and consultancy brief has been issued to both SDS and TSS to price with this due back by 17<sup>th</sup> November 2006. Meanwhile, a procurement strategy document has been prepared and will be further informed once consultancy support is procured. A programme is being developed to achieve a tender assessment date of 31<sup>st</sup> March 2007.

#### 3.2 Current key issues and concerns arising in the period are:-

- System Design Services (SDS) – Numerous meetings have been held with SDS senior management in an attempt to address issues associated with:
  - Progress of design
  - Prioritisation of the detailed design programme
  - Quality of product
  - Resourcing to meet the programme
  - Non-compliance issues

TSS are preparing a report on the Preliminary Design, which will be complete by end of November 2006.

In particular, there is concern about the impact that the timing of the delivery of utility diversion design will have on the implementation of MUDFA works. AMIS have written to the project indicating that the quality of design is far below what they would have expected at this stage and indicating that this may have an impact on their ability to deliver their first programme. However, they have offered to engage with SDS's design process to fast track the designs, add constructability input and provide value engineering expertise. This offer will be accepted.

To mitigate against the MUDFA physical works being delayed, the following actions have been agreed:

- The Project will put a project manager into the MUDFA project team to manage the SDS utility design process to ensure that they are designing according to the agreed construction phasing and to validate that deliverables are being met
- A series of design Partnership Meetings will be held involving SDS, AMIS and the Project's MUDFA team along with the statutory utility companies to fast track design
- Co-location of these teams is being investigated to encourage closer co-operation and delivery of the process
- Scottish Power have requested 5 additional feasibility studies in the following areas:
  - Craigleith Drive
  - Roseburn Drive
  - Gogar/Gyle area
  - Haymarket Yards
  - Cultin Road

This is a concern as this may increase our current project estimate. The cost of these additional studies is currently being evaluated.

- Amec have withdrawn from the Infracore tender process as their sale of spie and the resulting corporate restructuring mean that they no longer have the capability to provide all the skills necessary to deliver a tram system. Whilst it would be preferable to have three bidders the increased risks to obtaining a competitive bid will be mitigated by:-
  - Obtaining and closely scrutinising the details of bidders price proposals and
  - Benchmarking prices against prices obtained for comparable tram networks in Liverpool and Dublin

#### **4. Risks and Opportunities**

##### **4.1 See separate Risk Management Paper**

##### **4.2 Principal Opportunities**

- These have now been removed from the Risk Register and are being tracked separately.
- The significant cost reduction opportunities that are being progressed are:
  - Reduction in depth of excavation for the Depot.
  - Change to a steel structure for the Edinburgh Park flyover.
- Details of current status are shown in **(Appendix B)**

#### **5. Matters for Approval or Support**

##### **5.1 Decisions required from Tram Project Board.**

The following papers for the Tram Project Board are submitted separately and have been agreed by the DPD.

- Risk Management Paper including Primary Risk Register
- Update on TRO Progress
- Evaluation Methodology for Submissions
- Funding Grant Requirements
- Risk Management Development Plan

#### **5.2 Decision /support required from TS**

- Confirmation of Funding (Grant) Requirements to end of Financial Year 2006/2007

#### **5.3 Decision /support required from City of Edinburgh Council (CEC)**

- Endorsement of the Principles contained in the Update on TRO Progress

#### **5.4 Decision /support required from others**

- None

### **6. Financial and Change Control Position**

#### **6.1 Financial Status**

The current reported forecast spend to end of December 2006 is £22.5m and £40.022m to the end of the financial year 2006/2007.

The recent approvals from TS on additional spend items has been reflected in these figures. The AFC to March 2007 is maintained at £40.022m pending further work in respect of scheduling land purchase. The land acquisition figure has been adjusted to maintain the current £40.022m AFC. Further details are contained in Appendix C which identifies the monthly variances at work-stream level for: Value of Work Done (VOWD), forecast to December 2006 and March 2007.

The current AFC for the scheme has been maintained at £623m. Both the Current Year Budget AFC (to December 2006) and VOWD in month are down against the corresponding forecast in the previous month.

The main reduction in forecast VOWD is due to:

- Utilities diversion (£600k) – Delayed payment from the project team to Scottish Gas Networks for advanced purchase of long lead manufactured equipment. Payment will now be made in November/December 2006 instead of October/November 2006.

More detail and explanation of the variances is shown in Appendix C.

## Current Year Position

<b>A – Current Budget Year Position (VOWD)- To December 06</b>				
Approved Budget 06/07 £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678	£22,467	£22,960	(£493)	For reasons for variance refer to Appendix C

<b>B - VOWD in current month 06/07</b>				
Month £k (Incremental)	Current Actual £k (Cumulative)	Previous Forecast £k (Cumulative)	Variance £k (Current minus Previous)	Comment
£2,625	£16,893	£17,773	(£880)	For reasons for variance refer to Appendix C

<b>C – Current Financial Year position - To March 07</b>				
Approved Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£32,678*	£40,022	£40,022	0	Refer Appendix C for individual budget line variances.

\*Budget to end December 2006

<b>D - Anticipated Final Cost</b>				
Budget £k	Current Forecast £k	Previous Forecast £k	Variance £k (Current minus Previous)	Comments
£545,000	£623,000	£623,000	£0	

(Fuller financial details are provided in Appendix C)

## 6.2. Change Control Summary

Change Orders are being prepared in relation to changes issued to date. These Change Orders will be provided to the DPD sub-committee on November 2006.

## 7. Early Warning Claims

Negotiation of SDS claims remains ongoing and the Project has written to SDS with our assessment of the value of their claims.

**Submitted by:-** Andie Harper  
Project Director

**Date:-** 06/11/06





Edinburgh Tram Project Key Milestone Schedule

Month	Year	Activity	Start Date	End Date	Notes
Mar	2007	1	01/03/2007		
Apr	2007	2	01/04/2007		
May	2007	3	01/05/2007		
Jun	2007	4	01/06/2007		
Jul	2007	5	01/07/2007		
Aug	2007	6	01/08/2007		
Sep	2007	7	01/09/2007		
Oct	2007	8	01/10/2007		
Nov	2007	9	01/11/2007		
Dec	2007	10	01/12/2007		
Jan	2008	11	01/01/2008		
Feb	2008	12	01/02/2008		
Mar	2008	13	01/03/2008		
Apr	2008	14	01/04/2008		
May	2008	15	01/05/2008		
Jun	2008	16	01/06/2008		
Jul	2008	17	01/07/2008		
Aug	2008	18	01/08/2008		
Sep	2008	19	01/09/2008		
Oct	2008	20	01/10/2008		
Nov	2008	21	01/11/2008		
Dec	2008	22	01/12/2008		
Jan	2009	23	01/01/2009		
Feb	2009	24	01/02/2009		
Mar	2009	25	01/03/2009		
Apr	2009	26	01/04/2009		
May	2009	27	01/05/2009		
Jun	2009	28	01/06/2009		
Jul	2009	29	01/07/2009		
Aug	2009	30	01/08/2009		
Sep	2009	31	01/09/2009		
Oct	2009	32	01/10/2009		
Nov	2009	33	01/11/2009		
Dec	2009	34	01/12/2009		
Jan	2010	35	01/01/2010		
Feb	2010	36	01/02/2010		
Mar	2010	37	01/03/2010		
Apr	2010	38	01/04/2010		
May	2010	39	01/05/2010		
Jun	2010	40	01/06/2010		
Jul	2010	41	01/07/2010		
Aug	2010	42	01/08/2010		
Sep	2010	43	01/09/2010		
Oct	2010	44	01/10/2010		
Nov	2010	45	01/11/2010		
Dec	2010	46	01/12/2010		
Jan	2011	47	01/01/2011		
Feb	2011	48	01/02/2011		
Mar	2011	49	01/03/2011		
Apr	2011	50	01/04/2011		
May	2011	51	01/05/2011		
Jun	2011	52	01/06/2011		
Jul	2011	53	01/07/2011		
Aug	2011	54	01/08/2011		
Sep	2011	55	01/09/2011		
Oct	2011	56	01/10/2011		
Nov	2011	57	01/11/2011		
Dec	2011	58	01/12/2011		
Jan	2012	59	01/01/2012		
Feb	2012	60	01/02/2012		
Mar	2012	61	01/03/2012		
Apr	2012	62	01/04/2012		
May	2012	63	01/05/2012		
Jun	2012	64	01/06/2012		
Jul	2012	65	01/07/2012		
Aug	2012	66	01/08/2012		
Sep	2012	67	01/09/2012		
Oct	2012	68	01/10/2012		
Nov	2012	69	01/11/2012		
Dec	2012	70	01/12/2012		
Jan	2013	71	01/01/2013		
Feb	2013	72	01/02/2013		
Mar	2013	73	01/03/2013		
Apr	2013	74	01/04/2013		
May	2013	75	01/05/2013		
Jun	2013	76	01/06/2013		
Jul	2013	77	01/07/2013		
Aug	2013	78	01/08/2013		
Sep	2013	79	01/09/2013		
Oct	2013	80	01/10/2013		
Nov	2013	81	01/11/2013		
Dec	2013	82	01/12/2013		
Jan	2014	83	01/01/2014		
Feb	2014	84	01/02/2014		
Mar	2014	85	01/03/2014		
Apr	2014	86	01/04/2014		
May	2014	87	01/05/2014		
Jun	2014	88	01/06/2014		
Jul	2014	89	01/07/2014		
Aug	2014	90	01/08/2014		
Sep	2014	91	01/09/2014		
Oct	2014	92	01/10/2014		
Nov	2014	93	01/11/2014		
Dec	2014	94	01/12/2014		
Jan	2015	95	01/01/2015		
Feb	2015	96	01/02/2015		
Mar	2015	97	01/03/2015		
Apr	2015	98	01/04/2015		
May	2015	99	01/05/2015		
Jun	2015	100	01/06/2015		
Jul	2015	101	01/07/2015		
Aug	2015	102	01/08/2015		
Sep	2015	103	01/09/2015		
Oct	2015	104	01/10/2015		
Nov	2015	105	01/11/2015		
Dec	2015	106	01/12/2015		
Jan	2016	107	01/01/2016		
Feb	2016	108	01/02/2016		
Mar	2016	109	01/03/2016		
Apr	2016	110	01/04/2016		
May	2016	111	01/05/2016		
Jun	2016	112	01/06/2016		
Jul	2016	113	01/07/2016		
Aug	2016	114	01/08/2016		
Sep	2016	115	01/09/2016		
Oct	2016	116	01/10/2016		
Nov	2016	117	01/11/2016		
Dec	2016	118	01/12/2016		
Jan	2017	119	01/01/2017		
Feb	2017	120	01/02/2017		
Mar	2017	121	01/03/2017		
Apr	2017	122	01/04/2017		
May	2017	123	01/05/2017		
Jun	2017	124	01/06/2017		
Jul	2017	125	01/07/2017		
Aug	2017	126	01/08/2017		
Sep	2017	127	01/09/2017		
Oct	2017	128	01/10/2017		
Nov	2017	129	01/11/2017		
Dec	2017	130	01/12/2017		
Jan	2018	131	01/01/2018		
Feb	2018	132	01/02/2018		
Mar	2018	133	01/03/2018		
Apr	2018	134	01/04/2018		
May	2018	135	01/05/2018		
Jun	2018	136	01/06/2018		
Jul	2018	137	01/07/2018		
Aug	2018	138	01/08/2018		
Sep	2018	139	01/09/2018		
Oct	2018	140	01/10/2018		
Nov	2018	141	01/11/2018		
Dec	2018	142	01/12/2018		
Jan	2019	143	01/01/2019		
Feb	2019	144	01/02/2019		
Mar	2019	145	01/03/2019		
Apr	2019	146	01/04/2019		
May	2019	147	01/05/2019		
Jun	2019	148	01/06/2019		
Jul	2019	149	01/07/2019		
Aug	2019	150	01/08/2019		
Sep	2019	151	01/09/2019		
Oct	2019	152	01/10/2019		
Nov	2019	153	01/11/2019		
Dec	2019	154	01/12/2019		
Jan	2020	155	01/01/2020		
Feb	2020	156	01/02/2020		
Mar	2020	157	01/03/2020		
Apr	2020	158	01/04/2020		
May	2020	159	01/05/2020		
Jun	2020	160	01/06/2020		
Jul	2020	161	01/07/2020		
Aug	2020	162	01/08/2020		
Sep	2020	163	01/09/2020		
Oct	2020	164	01/10/2020		
Nov	2020	165	01/11/2020		
Dec	2020	166	01/12/2020		
Jan	2021	167	01/01/2021		
Feb	2021	168	01/02/2021		
Mar	2021	169	01/03/2021		
Apr	2021	170	01/04/2021		
May	2021	171	01/05/2021		
Jun	2021	172	01/06/2021		
Jul	2021	173	01/07/2021		
Aug	2021	174	01/08/2021		
Sep	2021	175	01/09/2021		
Oct	2021	176	01/10/2021		
Nov	2021	177	01/11/2021		
Dec	2021	178	01/12/2021		
Jan	2022	179	01/01/2022		
Feb	2022	180	01/02/2022		
Mar	2022	181	01/03/2022		
Apr	2022	182	01/04/2022		
May	2022	183	01/05/2022		
Jun	2022	184	01/06/2022		
Jul	2022	185	01/07/2022		
Aug	2022	186	01/08/2022		
Sep	2022	187	01/09/2022		
Oct	2022	188	01/10/2022		
Nov	2022	189	01/11/2022		
Dec	2022	190	01/12/2022		
Jan	2023	191	01/01/2023		
Feb	2023	192	01/02/2023		
Mar	2023	193	01/03/2023		
Apr	2023	194	01/04/2023		
May	2023	195	01/05/2023		
Jun	2023	196	01/06/2023		
Jul	2023	197	01/07/2023		
Aug	2023	198	01/08/2023		
Sep	2023	199	01/09/2023		
Oct	2023	200	01/10/2023		
Nov	2023	201	01/11/2023		
Dec	2023	202	01/12/2023		
Jan	2024	203	01/01/2024		
Feb	2024	204	01/02/2024		
Mar	2024	205	01/03/2024		
Apr	2024	206	01/04/2024		
May	2024	207	01/05/2024		
Jun	2024	208	01/06/2024		
Jul	2024	209	01/07/2024		



**Edinburgh TRAM Project  
OPPORTUNITIES**

	<b>Opportunity</b>	<b>Status</b>
1	Relocation of Depot to Leith	On hold pending realisation of saving on Gogar depot excavation depth.
2	Bespoke to off shelf tramstop shelters in locations that are not aesthetically critical	Still being considered.
3	Use of ballasted track where possible	Not being pursued further (currently ballasted track where line runs through open countryside on the Airport leg).
4	Omission of Ocean Terminal To Newhaven Section	Not being pursued further at present.
5	Alternative depot solution at Gogar to reduce depth of excavation	This is being implemented.
6	Delay procurement of the 6 additional tram sets to deliver 8/16 service pattern to 2014	This is being considered.
7	Deliver Network Rail Immunisation works concurrent with Network Rail Bathgate project	Being progressed.
8	Construct Edinburgh Park Viaduct in steel rather than concrete	Potential impact on maintenance cost currently being assessed

tie Limited  
 ETN PROJECT PROGRESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007  
 PHASING OF VALUE OF WORK DONE  
 Date:- 02.11.06

Cumulative Approved Budget  
 Cumulative Current Forecast Value to expend Budget

Figures in '0000s	Approved Budget	Cumulative Approved Budget vs Forecast						
		Apr - Dec 06	Spend/Bud to date (Oct)	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07
<b>IMPLEMENTATION</b>								
1 tie RESOURCES	2,612	2,026	2,319	2,612				
		3,282	3,763	4,241	4,698	5,155	5,706	
2 DPOF	540	420	480	540				
		238	268	298	328	358	388	
3 LEGALS	2,072	1,655	1,864	2,072				
		1,397	1,637	1,884	2,160	2,416	2,634	
4 SDS	11,478	9,266	10,495	11,478				
		7,748	8,702	9,552	10,402	11,702	13,002	
5 JRC	638	612	624	638				
		596	604	634	672	702	902	
6 TSS	3,585	2,894	3,234	3,585				
		2,286	2,666	3,066	3,476	3,886	4,296	
7 UTILITIES								
8 DESIGN SUPPORT								
9 3RD PARTY NEGOT		98	158	209	232	255	280	
10 LAND & PROP	72	56	64	72				
		12	17	22	27	32	6,892	
11 TROs								
12 COMMS / MKTG	461	346	412	461				
		332	485	523	566	609	638	
13 TEL	585	455	520	585				
		370	420	470	520	570	620	
14 SERV INTEG PLANN	250	210	230	250				
		58	58	58	58	58	58	
15 PUK	54	42	48	54				
		50	56	62	68	74	80	
16 FINANCIAL ADVISOR	60	40	60	60				
		38	38	38	38	38	38	
17 INSURANCE	994	990	992	994				
		26	32	35	902	905	908	
18 CONSTRUCTION Utilities incl MUDFA	6,260	6,000	6,130	6,260				
		265	1,065	1,260	1,550	1,850	3,235	
19 Infraco								
					200	200		
20 Tramco								
99 OTHER	45	35	40	45				
		95	105	115	125	135	145	
SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971				
<b>BUDGET TOTAL</b>	<b>32,678</b>	<b>27,552</b>	<b>30,264</b>	<b>32,678</b>				
<b>CURRENT FORECAST</b>		<b>16,893</b>	<b>20,072</b>	<b>22,467</b>	<b>25,820</b>	<b>28,943</b>	<b>40,022</b>	

Apr - Dec 06 Review		
Previous	Variance (current minus previous)	Comment
4,394	(153)	New Resource profile reduces previous reported ramp up in resources to Mar 07
357	(50)	Transdev DFBC spend profile shows reduced spend until
1,925	(41)	delay in progressing protocols with CEC/TRO's.
9,552		
634		
3,238	(173)	Re-assessed to maintain current burn rate to Mar 07. New
209		
33	(12)	
521	2	
515	(45)	Monthly spend cut form £60k to £50k going forward
58		
62		
88	(30)	Previously reduced scope has now stopped with immediate effect. Tram FBC now being undertaken in-house.
34	2	
1,260		
100	15	
22,960	(494)	

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tie Limited  
 ETN PROJECT PROGRESS REPORT FOR SEPT 06 - PROJECT SPEND TO MAR 2007  
 PHASING OF VALUE OF WORK DONE  
 Date:- 02.11.06

Cumulative Approved Budget  
 Cumulative Current Forecast Value to expend Budget

Figures in '€000s	Approved Budget	Cumulative Approved Budget vs Forecast							
		Apr - Dec 06	Spend/Bud to	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	07/08
			date (Oct)						
<b>IMPLEMENTATION</b>									
1	tie RESOURCES	2,612	2,026	2,319	2,612				
			3,282	3,763	4,241	4,698	5,155	5,706	
2	DPOF	540	420	480	540				
			238	268	298	328	358	388	
3	LEGALS	2,072	1,655	1,864	2,072				
			1,397	1,637	1,884	2,160	2,416	2,634	
4	SDS	11,478	9,266	10,495	11,478				
			7,748	8,702	9,552	10,402	11,702	13,002	
5	JRC	638	612	624	638				
			596	604	634	672	702	902	
6	TSS	3,585	2,894	3,234	3,585				
			2,289	2,666	3,060	3,476	3,886	4,298	
7	UTILITIES								
8	DESIGN SUPPORT								
9	3RD PARTY NEGOT		98	158	209	232	255	280	
10	LAND & PROP	72	56	64	72				
			12	17	22	27	32	6,892	
11	TROs								
12	COMMS / MKTG	461	346	412	461				
			332	485	523	566	609	638	
13	TEL	585	455	520	585				
			370	420	470	520	570	620	
14	SERV INTEG PLANN	250	210	230	250				
			58	58	58	58	58	58	
15	PUK	54	42	48	54				
			50	56	62	68	74	80	
16	FINANCIAL ADVISOR	60	40	60	60				
			38	38	38	38	38	38	
17	INSURANCE	994	990	992	994				
			29	32	35	902	905	908	
18	CONSTRUCTION Utilities incl MUDFA	6,260	6,000	6,130	6,260				
			265	1,065	1,260	1,550	1,850	3,235	
19	Infraco						200	200	
20	Tramco								
99	OTHER	45	35	40	45				
			95	105	115	125	135	145	
	SPECIFIED CONTINGENCY	2,971	2,505	2,751	2,971				
	<b>BUDGET TOTAL</b>	<b>32,678</b>	<b>27,552</b>	<b>30,284</b>	<b>32,678</b>				
	<b>CURRENT FORECAST</b>		<b>16,893</b>	<b>20,072</b>	<b>22,467</b>	<b>25,820</b>	<b>28,943</b>	<b>40,022</b>	

Value of Work Done (VOWD) Review		
Previous	Variance (current minus previous)	Comment
3,332	(50)	New Resource profile reduces previous reported ramp up in resources to Mar 07
257	(20)	
1,438	(41)	delay in progressing protocols with CEC/TRO's.
7,748		
596		
2,349	(63)	Re-assessed to maintain current burn rate to Mar 07, with new resource profile adopted from Apr 07.
93	5	
23	(12)	
394	(62)	Production items actuals below forecasted
385	(15)	Balance from invoice reconciliation
58		
50		
68	(30)	Previously reduced scope has now stopped with immediate effect. Tram FBC now being undertaken in-house.
28	2	
865	(600)	HP Gas Diversion - long lead advance payments (€600) now anticipated Nov 06. Previously Oct 06.
90	5	
<b>17,773</b>	<b>(880)</b>	

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**Paper to : Tram Project Board**

**Subject : Risk Management Paper for Primary Risk Register**

**Date: 3<sup>rd</sup> November 2006**

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## **1.0 Introduction**

- 1.1 The purpose of this document is to provide the monthly update to the Board with regard to the Primary Risk Register and the top risks facing the project.
- 1.2 Risk is most effectively managed when it is owned by the party best able to manage it. Risk owners are responsible for treating the risk by developing and implementing treatment plans that contain actions to reduce the likelihood of occurrence and the impact of the risk.
  - 1.2.1 The Primary Risk Register shows risks as Stakeholder Risks which are those owned by project stakeholders i.e. tie Corporate, Transport Edinburgh Limited, City of Edinburgh Council or Transport Scotland. Stakeholder owners may not have easy access to information from the project and therefore, a supporter from the project has been assigned for all stakeholder risks. Stakeholder Risks are more likely to impact directly on stakeholders than Project Risks.
  - 1.2.2 Risks that are not owned by stakeholders are owned by people who represent the project. These are shown as Project Risks. Whilst Project Risks could ultimately impact on all stakeholders, their impact may be able to be controlled within the project without having a direct impact on stakeholders. It is however, important for stakeholders to understand Project Risks, as un-controlled, the impacts may translate into a direct impact on Stakeholders.
- 1.3 Risks can be measured in terms of their significance and progress of their treatment plans.
  - 1.3.1 Risk significance is a qualitative method to show their likelihood multiplied by the level of impact i.e. the level of each risk. BLACK risks are classified as “showstoppers”. These are risks that will, either by process or through having unacceptably high impacts, prevent the project from proceeding. Often black risks cannot be quantified in terms of cost and/or time impact. RED, AMBER and GREEN levels are arrived at through comparing the likelihood and impact of each risk against a scale.

1.3.2 Each Risk Treatment Plan has a status. This shows how risk treatment is proceeding in terms of treatment strategy programme i.e. is the treatment behind (RED), on (AMBER) or ahead (GREEN) of programme. Completed treatment strategies are also shown with green treatment status.

1.4 The risks on the Primary Risk Register have been extracted from the Project Master Risk Register and are those that have a high risk significance but which also require treatment in the near future.

## **2.0 Risk Significance and Treatment Status Summary.**

2.1 Overall the significance of risks on the Primary Register has not changed.

- 3 risks of red significance level have been added. These are:
  - Risk 279 (Additional Treatment) – provide a work prior approval application to CEC to test process.
  - Risk 344 – withdrawal or submission of non compliant bids.
  - Risk – Change in participated inflation rate.
- It is recommended that Risk 277 (Infraco Tender Documents Not Issued On Time) is removed from the Primary Risk Register as the Treatment Strategies are complete and the risk is now closed.
- Risk 339 (CEC being unsuccessful in their representation to the SE on core measures legislation) has been realised and mitigation of its effects have reverted to general project management processes. Therefore, this risk should be removed.

2.2 Two of the three Treatments with red status last month have now been completed. One remains at red. Five additional treatments have fallen behind schedule and are now at red. (A net total of six)

On the whole however, the treatment status of the key risks identified has been positive with many treatments gaining green status or remaining on target at amber.

Nonetheless as indicated last month there remains a bow-wave of activity to be addressed over the forthcoming months as the Project approaches the time line for gaining funding approval.

2.3 The Primary Register is attached as Appendix (i). This document contains a risk status summary showing the changes from last month.

## **3.0 Consultation**

3.1 The DPD Sub Committee has reviewed this register and their comments have been incorporated.

**4.0 Recommendation.**

4.1 The Board is asked to note this paper.

**Proposed** Geoff Gilbert  
Project Commercial Director Date 03/11/2006

**Recommended** Andie Harper  
Project Director Date 03/11/2006

**Approved** \_\_\_\_\_ Date 03/11/2006  
David Mackay on behalf of the Tram Project Board

PRIMARY RISK STATUS SUMMARY					
Risk Significance (No of Risks)			Treatment Status (No of Treatments)		
	September	October		September	October
Black	7	7	-	-	-
Red	17	17	Red	3	6
Amber	2	2	Amber	51	37
Green	0	0	Green	15	25
Risks Added	-	3 (3 Red)	Treatments Added	-	8 (1 Red, 6 Amber, 1 Green)
Risks Removed	-	0	Treatments Removed	-	0
TOTAL	26	29	TOTAL	69	75

RISK SIGNIFICANCE	TREATMENT STATUS
-------------------	------------------

- BLACK – SHOWSTOPPER; difficult to quantify impacts
- RED – High Risk
- AMBER – Medium Risk
- GREEN – Low Risk

- RED – Treatment Strategy behind programme
- AMBER – Treatment Strategy on programme
- GREEN – Treatment Strategy ahead of programme or complete

**Tram – Stakeholder Risks**

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
263	Failure to demonstrate robust case for scheme against required tests of Affordability, Financial Viability, Economic Viability and Modal Shift	<ul style="list-style-type: none"> <li>Business case is not acceptable</li> <li>Approvals delayed</li> <li>Slips into purdah period</li> </ul>		Regular engagement with stakeholders to ensure clarity of requirements			Aug-Nov 06	Stewart McGarrity A&B
				Progressive development of draft business case				
				Updated Project estimate				

\*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner



Edinburgh Tram Network  
**Appendix 1 to Risk Management Paper**

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
264	Political risk to continued commitment of TS/CEC support for the Tram scheme	<ul style="list-style-type: none"> <li>Reversal of decisions by incoming administrations in either or both of CEC and Holyrood</li> <li>Project becomes key political issue during election campaign</li> <li>Protracted decision making and unnecessary debate during consideration of Business Case</li> </ul>		Monitor likely outcomes and do our best to brief all relevant parties about the project in a balanced way			Aug-Nov 06	<b>Willie Gallagher A</b>  <b>Andie Harper B</b>
				'Hearts and minds' campaign including Senior Executive Officer meetings with Councillors and MSPs and utilising the tram sounding board meeting with CEC and selected elected transport leads				
				Regular briefings and discussions with senior CEC and TS officers particularly in relation to Full Council presentations				
265	Poor project governance	<ul style="list-style-type: none"> <li>Insufficient information flow to decision makers</li> <li>Slow or overturned decision making</li> <li>Failure to grasp or create opportunities</li> </ul>		Seek clarity of Delegated Authorities of TS and CEC representatives attending Board meetings [Awaiting CEC's statement of reserved powers, otherwise all aspects agreed.]			Aug 06	<b>Graeme Bissett A</b>  <b>Geoff Gilbert B</b>
266	JRC model is insufficiently robust to support the Business Case.	<ul style="list-style-type: none"> <li>Business case not approved.</li> <li>Time delay and resultant costs caused by redesign and remodelling.</li> </ul>		Intense engagement of TS, CEC and TEL in the development and delivery of patronage, revenue and BCR projections during August and September.			End Oct 06	<b>Stewart McGarrity A&amp;B</b>
				Hold meeting with JRC and stakeholders to discuss results to gain confidence in performance.				
				Encourage approval for tram to be given appropriate priority at junctions during operation.				
				Scenario modelling of JRC cost estimate				
267	If there is inadequate progress on the operational system including bus/tram integration, development of network service pattern and TEL Business Plan may not be sufficiently robust.	<ul style="list-style-type: none"> <li>Delay to JRC programme.</li> <li>Reworking of Plans or poorly developed Infracore arrangements with consequential delays due to re-working/change.</li> </ul>		Develop clarity on the role and planned deliverables of TEL to bring about integration including development of ticketing strategies and bus/tram service patterns.			Aug 06	<b>Neil Renilson/ Bill Campbell (TEL) A</b>  <b>Stewart McGarrity</b>
				Model integration plans through JRC with rigorous review process using LB knowledge.				

\*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
		<ul style="list-style-type: none"> <li>Increased operating costs and loss of potential revenue.</li> </ul>		Identify optimal position for a combined tram/bus position. Prepare TEL Business Plan (incorporating business case tram for system) with development of necessary policies to cover operations.			Nov 06	B
268	Funding not secured or agreements not finalised regarding the total aggregate funding including £45m CEC contribution; developer contributions; cashflow/funding profile; financial covenant; and public sector risk allocation e.g. inflation	<ul style="list-style-type: none"> <li>Possible showstopper.</li> <li>Delays and increase in out-turn cost may affect affordability.</li> </ul>		Ensure close and continual interactions with TS and CEC to establish funding delivery confidence and agreement. Confidence required in contingency figures. Address risk allocation with bidders through negotiation Develop and implement strategy for additional contributions			Feb 07	Graeme Bissett A Geoff Gilbert B
269	Agreement on financial over-run risks sharing has not been reached between CEC and TS due to doubts over costs staying in budget.  AGREEMENT REACHED, TEXT TO BE SIGNED	<ul style="list-style-type: none"> <li>Potential showstopper to project if agreement is not reached.</li> </ul>		Hold discussions with CEC & TS to ensure adequate release of funds at appropriate periods of time. Understand commitments by TS and CEC re: 1A and 1B Facilitate agreement between CEC and TS.			Dec 07	John Ramsay (TS) A
270	Uncertainty about requirements for wider area modelling and need and extent of construction works required on road network	<ul style="list-style-type: none"> <li>Increased construction cost.</li> <li>Delay while additional funding is found.</li> </ul>		Clarify and agree boundaries of scope and funding provision between TS and CEC			Feb 07	Willie Gallagher A Trudi Craggs B
271	Failure to reach a suitable agreement with CEC regarding: 1. Roads maintenance responsibility where the tram has been installed in CEC	<ul style="list-style-type: none"> <li>Delay to project while agreement with CEC is reached. Sacrifices being made to ensure</li> </ul>		Heads of Terms in place by end Oct <b>COMPLETE – CLOSE ACTION</b> Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie			Dec 06	Willie Gallagher A Trudi

\*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

Edinburgh Tram Network  
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Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
	maintained roads; 2. What is and is not realistically within the scope of the tram infrastructure delivery contract; 3. The way in which tram UTC priorities are handled at key junctions.	agreement is concluded.		Final alignments in place				Craggs B
272	Delay in land acquisition due to uncertainty of political commitment to scheme.	<ul style="list-style-type: none"> <li>Delays to Infraco and the overall Tram project.</li> </ul>		Achieve approval as part of the Draft Final Business Case 1 Develop alternative programme scenarios and commentary. Manage the political risk and enfranchise all political stakeholders in the benefits of Tram.			Dec 06- Feb 07	Willie Gallagher A  Trudi Craggs B
273	Business case is not approved during February 2007 due to lack of political commitment due to impending elections until Summer 2007.	<ul style="list-style-type: none"> <li>Delay and resultant cost impacts (inflation) on total cost.</li> <li>Political support may evaporate.</li> </ul>		Maintain procurement programme to deliver critical business case inputs Managing expectations on the part of TS and CEC as to the certainty with respect to costs which are reflected in the business case. Ongoing fortnightly reviews with bidders and mid term contractual mark up to inform above treatment			Feb 07	Stewart McGarrity A  Bob Dawson B
274	Failure to engage with Transdev in order to adjust DPOFA in line with the development of the Infraco and Tramco procurements. This includes negotiation to secure Transdev acceptance of a subcontract to support system commissioning responsibilities.	<ul style="list-style-type: none"> <li>Failure to achieve most effective commercial solution</li> <li>Delay in resolution of Agreements</li> </ul>		Engage with Transdev to ensure adjustment to DPOFA and negotiate requirements.			Dec 06	Alasdair Richards A & B
275	Negative PR coverage due to perceived mistakes or problems	<ul style="list-style-type: none"> <li>Damage to tie's reputation</li> </ul>		Control confidential information and closely monitor Fol(S)A requests			On-going	Suzanne Waugh A

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Edinburgh Tram Network  
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Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner*
					end Sep	end Oct		
	in project becoming public	<ul style="list-style-type: none"> <li>Loss in confidence of tie's delivery</li> <li>Funder/promoter dissatisfaction</li> </ul>		Develop relationship with press with support for PR advisors to control stories Communications Strategy being followed with Partners to ensure any problems are flagged up early and dealt with appropriately via the media or other stakeholders.				Mike Connolly B

\*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

**Tram – Project Risks**

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment		Due Date	Risk Owner
					end Sep	end Oct		
276	Unacceptable or inaccurate assumptions are used during JRC modelling and SDS design is based on the model.	<ul style="list-style-type: none"> <li>Runtime performance requirements are not achieved.</li> <li>Business case is not approved due to doubts over model.</li> <li>Delay during remodelling and redesign resulting in cost and time impacts.</li> </ul>		Continually monitor JRC output through close interaction and progress meetings.			End Oct 06	<b>Stewart McGarrity</b>
				Assumptions Approvals process.				
277	Infraco tender documents are not issued on time  RISK CLOSED – TO BE REMOVED FROM PRIMARY RISK REGISTER	<ul style="list-style-type: none"> <li>Delay to Infraco contract award and whole project progress.</li> <li>Potential showstopper due to cost and loss of political will.</li> </ul>		Ensure regular interaction with stakeholders to keep them informed of progress and expected model results.			Oct 06	<b>Bob Dawson</b>
				Continue to work on developing documents to issue on schedule and conduct tender and ongoing negotiations indicating the phased release of design information				
				Identify what information is critical to pricing by Infraco.				
				Procure legal advisor commitment to documents and deadlines set (action complete).				
				Take on additional resource if necessary and appropriate.				
278	Infraco tenderers seek extensions of time during tender period	<ul style="list-style-type: none"> <li>Delay to market pricing and confirmation of business case capex requirements</li> </ul>		Ensure that governance structure facilitates fast decision making, review of documents and agreement to procurement strategy by stakeholders			Aug-Sep 06	<b>Bob Dawson</b>
				Agree bid programme with bidders				
279	Third party consents including Network Rail, CEC Planning, CEC Roads Department, Historic Scotland, Building Fixing owner consent is denied or delayed.	<ul style="list-style-type: none"> <li>Delay to programme.</li> <li>Risk transfer response by bidders is to return risk to tie</li> <li>Increased out-turn cost if or delayed.</li> </ul>		Manage bid process to ensure bidders deliver to agreed dates			9 Jan 07	<b>Trudi Craggs</b>
				Engagement with third parties to discuss and obtain prior approvals to traffic management plans, landscape and habitat plans, TTROs, TROs and construction methodologies in relation to archaeological and ancient monuments				

\*Note: A – Stakeholder Risk Owner; B – Project Support to Stakeholder Risk Owner

## Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment			Risk Owner
					end Sep	end Oct	Due Date	
		transferred and also as a result of any delay due to inflation		Identify fallback options CEC Planning – Mock application by SDS	New		15 Nov 06	
280	SDS deliverables are considered to be below quality levels required or late in production	<ul style="list-style-type: none"> <li>Delay in submission of information to Infracore</li> <li>Delay in achieving consents and approvals</li> <li>Dilution of effort to de-risk Infracore pricing</li> </ul>		Identification of key areas requiring SDS attention. Re-focus SDS effort. Apply micromanagement to SDS delivery. Weekly reviews to press for deliverables.			Jul 07	Geoff Gilbert
281	Insufficient planning of procurements and controls on management and contract costs.	<ul style="list-style-type: none"> <li>Weak procurement plan</li> <li>Cost creep</li> <li>Damage to reputation</li> </ul>		Present update on procurement plans <b>COMPLETE – CLOSE ACTION</b> Closely manage expenditure including examination of opportunities for value engineering, influence of change and optimisation of value for money			Sep 06 Jun 07	Geoff Gilbert
282	Procurement strategy has high level of risk transfer to contractors which results in a failure to sustain suitable interest from the market throughout bid process.  RISK SIGNIFICANCE REDUCED SIGNIFICANTLY	<ul style="list-style-type: none"> <li>Increased price of bids</li> <li>Withdrawal of bidders during bid process</li> </ul>		Make risk allocation clear to bidders <b>COMPLETE – CLOSE ACTION</b> Identify feasible alternatives to risk allocation and allow negotiation of risk allocation			Oct 07 Mid Nov 06	Bob Dawson
283	Infracore tender returns are outside forecast estimates and business case capex limit	<ul style="list-style-type: none"> <li>Draft Final Business Case requires major change and update</li> <li>Business case not sustainable</li> <li>Confidence is lost by Funders and politicians</li> </ul>		Identify feasible options to enable scheme to proceed Conduct review of scenarios and approach to be taken for business case Discuss contingency options with Funders and politicians			Oct 06- Jan 07	Stewart McGarrity
284	If programme requires to be accelerated, early commencement of depot works	<ul style="list-style-type: none"> <li>Potential delay and increased cost should</li> </ul>		Resolve whether or not Leith alternative is viable <b>COMPLETE – CLOSE ACTION</b>			Oct 06	Susan Clark

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## Appendix 1 to Risk Management Paper

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment			Risk Owner
					end Sep	end Oct	Due Date	
	is required (current programme has no contingency and shows depot works commencement Nov 07)	longer timescale		Gain TS agreement for early commencement of works including earthworks.				
285	tie fails to secure sufficient resource to manage all relevant processes. Especially issue of ITN, issue of Business Case and evaluation of Infraco tenders by required time.	<ul style="list-style-type: none"> <li>Failure to advance processes at required rate resulting in programme delays and missing of milestones</li> </ul>		Flexible approach to resourcing including drawing on TSS support, support from other contract services providers e.g. Nicols, Dearle & Henderson etc			On-going	Colin McLauchlan
				Develop 6 month Resourcing Plan COMPLETE – CLOSE ACTION			Mid Oct 06	
				Develop Long Term Resourcing Strategy			Mid Oct 06	
187	Poor relationships with stakeholders including political, Network Rail and other major organisations, businesses, frontages, special interest groups (including Spokes, SNH etc, Equalities Transport (DDA), medial, community councils and residents associations.	<ul style="list-style-type: none"> <li>Project loses political and public support</li> <li>Loss of funding support</li> <li>Delays due to protests</li> </ul>		Regular involvement with stakeholders to keep them informed and to better understand their concerns			On-going	Andie Harper
				Develop strategies through Mike Connelly to counteract any negative comments			On-going	
				Seek support from pro tram lobby groups to promote positive views			On-going	
				Continue with Hearts and Minds campaign			On-going	
339	If CEC are unsuccessful in their representation to Scottish Executive on core measures and the Traffic Regulation Orders process resumes, there could be an adverse recommendation from TRO hearing.	<ul style="list-style-type: none"> <li>Traffic Orders delayed</li> <li>Delay in section of project</li> <li>Reporter does not approve and prevents Tram Network from going ahead</li> <li>Ultimately, CEC could be subject to judicial review</li> </ul>		Meeting with Scottish Executive		n/a		Trudi Craggs
286	Infraco refuses to accept or fully engage in novation of SDS and as a consequence award is successfully challenged	<ul style="list-style-type: none"> <li>Significant delay to delivery of Tram</li> <li>Loss of Reputation</li> <li>Significant extra costs</li> </ul>		Consult with legal			Feb 07	Bob Dawson
				Introduce Infraco bidders to SDS as early as possible				
344	Withdrawal of bidders or submission of non-compliant	<ul style="list-style-type: none"> <li>Less than 3 Infraco bids</li> </ul>		Develop strategy to maintain confidence in delivery of value two-way procurement	New Risk		Jan 07	Bob Dawson

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**Appendix 1 to Risk Management Paper**

Master Risk ID	Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment			Risk Owner
					end Sep	end Oct	Due Date	
	bids due to non-project related issues	<ul style="list-style-type: none"> <li>are submitted</li> <li>Less than 3 compliant Infraco bids are submitted</li> <li>Public sector procurement guidelines are not met resulting in significant delay</li> </ul>		Ongoing liaison with bidders to maintain engagement				
139 & 164	Uncertainty of Utilities location and consequently required diversion work/ unforeseen utility services	<ul style="list-style-type: none"> <li>Increase in MUDFA costs or delays as a result of carrying out more diversions that estimated</li> <li>Re-design and delay to Infraco works</li> </ul>		Ground Penetration Radar surveys to confirm location of Utilities under Tramway. To be plotted onto drawings by SDS.	New Risk		End Nov 06	<b>Alasdair Slessor</b>
				In conjunction with MUDFA, create and implement schedule of trial excavations to confirm locations of Utilities			Mid Dec 06	
				Review design information and re-measure during design workshops with Utility Companies and MUDFA. Develop PC Sums into quantified estimates.			End Nov 06	
				Identify increase in services diversions. MUDFA to resource/re-programme to meet required timescales			Dec 06-Aug 07	
1	Change in anticipated inflation rate from 5% (included in base estimate)	<ul style="list-style-type: none"> <li>Out-turn cost higher than reported</li> </ul>		Monitor market and inflation indexes such as BCIS to ensure that correct adjustment is applied to project estimate and update project funder at regular intervals	New Risk		Jun 07	<b>Geoff Gilbert</b>

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tie Limited

Paper to : Tram Project Board  
Subject : Update on TRO process  
Date : 20 November 2006

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## **1.0 Background**

- 1.1 At the Tram Project Board meeting on 23 October 2006, a paper was presented on the Temporary Traffic Regulation Orders (TTRO) and the Traffic Regulations Orders (TRO) assumptions and the following actions were agreed:-
- Andrew Holmes would consider the requirement for a hearing and would report to the Council accordingly; and
  - A meeting would be set up with the Scottish Executive in order to discuss the regulation of TRO's on mandatory hearings and the possibility of amending the Local Authorities Traffic Orders (Procedure) (Scotland) Regulations 1999 in relation to major projects
- 1.2 The paper also set out certain assumptions from which tie was to produce a programme:-
- The earliest the TRO process will commence will be September 2006; and
  - The commencement of the construction works is not dependent on the permanent TRO's being in place.
- 1.3 These assumptions were not agreed by the Board and tie was instructed to consider the matter further and revert to the Board.
- 1.4 This paper sets out what progress has been made to date and provides an update in relation to the programme.

## **2.0 Update on the agreed actions and recommended follow up actions**

- 2.1 Keith Rimmer of the City of Edinburgh Council (CEC) and Ann Faulds of Dundas & Wilson CS LLP met with Ian Gardner of the Scottish Executive to discuss the possibility of amending the Local Authorities Traffic Orders (Procedure) (Scotland) Regulations 1999 in relation to major projects that have already been approved by the Scottish Parliament or the Scottish Ministers. However they were advised that there is insufficient time available in which to make the change.
- 2.2 The process to amend the legislation is as follows:-
- There would need to be agreement from Ian Gardner's line manager to prepare a paper for the Transport Minister;

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- The Minister would need to agree to take forward the amendment;
- A draft consultation paper would need to be prepared;
- There would be a three month consultation period with roads authorities and others;
- All responses would require to be analysed and then the Scottish Executive would need to decide whether to proceed with the amendment;
- If the amendment proceeded, OSSE (legal) would need to draft the amendment (OSSE has 1 solicitor for drafting roads legislation with an extremely high current workload); and
- Once drafted the amendment would be made

2.3 Ian Gardner advised that it is not possible to go through that process with the intention of publishing the draft TROs in February 2007 with the benefit of the revised legislation.

**3.0 Programme and assumptions**

3.1 There was a meeting on the 31 October 2006 with Duncan Fraser and Andy Conway both of CEC, Anthony Lang of tie, Ann Faulds of Dundas & Wilson CS LLP and Richard Firth of SDS to advance the way forward on outstanding traffic issues.

3.2 The CEC reiterated that it will not allow the TRO process to commence prior to the local government elections in May 2006.

3.3 In addition, the CEC advised that at present their position is that the construction of the Infracore Works cannot commence prior to all or any of the permanent TRO's in respect of the core measures being in place. (It has been agreed that core measures are those measures that fall within the tram line envelope and, if that line is within a lane\* width of the kerb, then also those measures that fall within that lane. (\* The width of the lane will vary depending on its current function: (1) Parking up to 2m, (2) loading up to 2.7m, (3) bus lane between 3m to 4.7m)). This could otherwise be seen by the public as prejudicing the outcome of any hearing. CEC also advised that it would not make TTRO's where the measures being sought would ultimately be permanent unless a TRO mirroring the TTRO being sought had been made. Therefore TTRO's are of little or no value before the TRO has been obtained. It should be noted that this is contradictory to earlier advice from the CEC.

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- 3.4 Working on these assumptions, SDS has produced a TRO programme with the following milestones/key dates based on various assumptions:-

Description of Milestone	Date
<p>Submit the draft orders, schedules, plans statement of reasons and other documents to the CEC for approval</p> <p><b>Note – this is dependent on SDS producing the necessary design and plans and have completed all necessary modelling. CEC will have two weeks to review although the preparation of the necessary documents will be an iterative process in order to ensure CEC buy-in.</b></p>	12 February 2007
Commence statutory consultation process (21 days)	1 March 2007
<p>Report to Council on consultation process and request approval to commence public consultation</p> <p><b>Note – following the end of the statutory consultation on 21 March, there will be three week period in which to analyse the responses, amend the orders and report to CEC. Taking account of the election and building in time for the officers to brief the new members following the elections, the programme assumes that a decision on whether to commence the public consultation will not be taken until August. It may be that decision would be made in June, reducing the programme by approximately one month.</b></p>	July Council meeting
<p>Commence public consultation process (28 days)</p> <p><b>Note – it is not ideal to undertake a public consultation during a holiday period. If this was acceptable to the CEC, there would need to be a good communications strategy to ensure that the public were aware earlier that there would be public consultation over this period.</b></p>	1 August 2007
<p>Report to Council on the objections and whether to proceed to a public hearing</p> <p><b>Note – this only allows around three weeks to analyse objections and prepare a council report. This may not be realistic if there are an excessive number of objections.</b></p>	September Council meeting
<p>Hearing commences</p> <p><b>Note – this allows three months to prepare for the hearing. While the time for tie to prepare its case has been condensed as much as possible, timescales for</b></p>	8 January 2008

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members of the public participating in the hearing must be reasonable to avoid a challenge.	
Hearing ends  Note – a six week hearing has been assumed although again depending on the number of objections this may not be reasonable. The availability of a reporter or reporters will need to be investigated.	15 February 2008
Receipt of reporters report  Note – as a rule the reporter has three writing days for every day the hearing is held	28 April 2008
Report to Council  Note – following this meeting the orders may be referred to the Scottish Executive for approval to proceed. A month has been allowed for this. It would be helpful if Transport Scotland could put pressure on the Scottish Executive to deal with this matter as quickly as possible.	May Council meeting
Orders are made  Note – there may need to be a special Council meeting to deal with this. Following the meeting the orders, the orders will need to be signed by CEC legal, statutory notices will need to be prepared.	June/early July Council meeting
Orders advertised	16 July 2008
First permanent measures able to take place	17 July 2008
End of six week judicial review period  Note – while the works can start once the first permanent measures are made, there is a six week judicial review period during which time the orders could be challenged and the work interdicted (prohibited). However given the restrictions on construction during the festival, there is unlikely to be any impact on the programme if the Infraco did not commence the works until the end of the judicial review period.	27 August 2008

- 3.5 There is potentially a variant to this programme which would mean that some of the core measures would be advanced and made by the Council without a public hearing of objections to the measures. The remaining measures would be made in accordance with Option 1.
- 3.6 This may have two potential advantages:

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- To secure approval of some of the critical measures should reduce the risk for Infraco of obtaining these approvals.
  - To secure approval of some of the critical measures could allow Infraco to start construction on the back of the approval.
- 3.7 If it was felt that accelerating some of the measures was beneficial for the project, it would be necessary to identify which measures could or should be advanced without a public hearing. That would depend on whether or not the measure triggered a mandatory hearing, on the assumption that there is insufficient time to change the regulations (see paragraph 2.3); the number and scope of objections to it and importantly, the decision of the Council as road traffic authority on the need for a discretionary hearing.
- 3.8 If the advanced orders are to be of use to Infraco, they presumably have to reflect all of the proposed works in any section. It is assumed that the advanced orders would have to contain all of the measures within the LOD in any given section and that the Infraco will not go onto a section and do whatever it can under the advanced orders and then go back some months later to complete works under the remaining orders.
- 3.9 The difficulty is that in order to minimise any challenge to the decision not to have a hearing, the core measures must be defined as narrowly as possible. They must be measures in respect of which there will be little, if any, scope to vary core measures. In contrast, for the purposes of the construction works, core measures might have to be defined as widely as possible to ensure that they reflect the proposed works.
- 3.10 As acceleration means no public hearing of objections to the relevant measure, the decision on whether or not to hold a discretionary hearing rests with the roads authority and cannot properly be taken in advance of a report on objections. That report will be available in July 2007.
- 3.11 In addition, there may be a significant number of objections to core measures and the CEC may be reluctant to make these orders without the benefit of a hearing of the objections. Again this decision cannot be taken in advance. It can only be taken at the stage of the consideration of the report into objections which will be considered at the September Council meeting. If there are significant objections, a decision not to hold a hearing could be susceptible to judicial review. However that has to be balanced against the fact that there is little, if any, scope to vary them and as such there is little value or merit in having a hearing.
- 3.12 If this variant was considered to have merit then following the council meeting in September 2007, the programme would be as follows:-

Description of Milestone	Date
<p>Report to Council to make orders</p> <p><b>Note - following the September meeting the orders may be referred to the Scottish Executive for approval to proceed. A month has been allowed for this. It would be helpful if Transport Scotland could put pressure on the Scottish Executive to deal with this</b></p>	<p>October/early November 2007 Council meeting</p>

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<p><b>matter as quickly as possible.</b></p> <p><b>There may need to be a special Council meeting to deal with this. Following the meeting the orders, the orders will need to be signed by CEC legal, statutory notices will need to be prepared.</b></p>	
Orders advertised	29 November 2007
First permanent measures able to take place	30 November 2007
<p>End of six week judicial review period</p> <p><b>Note – while the works can start once the first permanent measures are made, there is a six week judicial review period during which time the orders could be challenged and the work interdicted. However given the restrictions on construction during the festival, there is unlikely to be any impact on the programme if the Infraco did not commence the works until the end of the judicial review period.</b></p>	10 January 2008

- 3.13 The programme and the variant have both been developed on the assumption that the on street works cannot commence until the TROs are in place; the off-street sections can however commence ahead of the TROs being in place
- 3.14 The rationale behind this assumption is as follows. A TTRO authorises temporary works on a road. It has the effect of suspending any permanent order whilst the works are underway. After completion of the works, the TTRO is 'revoked' and the permanent order is reinstated. So there is no change in the permanent measure as a result of its temporary suspension for road works. Because there is no permanent change as a result of a TTRO, there is no right to object to TTROs.
- 3.15 In this case, some measures will be necessary for the tram works *and* for the subsequent tram operation. They will therefore remain in place after the works are complete.
- 3.16 CEC have said that they do not want to construct what will be a permanent measure under a TTRO. Public money will have been spent on a measure that has not been through due statutory process and could be seen as prejudging the outcome of that process. They have had senior counsel's opinion endorsing this approach in a previous case.
- 3.17 There is merit in CEC's argument. However, senior counsel has not been asked to consider the circumstances in this case where the scheme has already been endorsed by the Scottish Parliament and the Council is exercising powers under Acts of Parliament. It is arguable that in such circumstances no further consenting processes should thwart the will of Parliament. Accordingly it is recommended that senior counsel's opinion should be sought as a matter of urgency.

**Edinburgh TRAM Project  
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**4.0 Consultation**

4.1 The DPD has reviewed this paper and their comments have been incorporated.

**5.0 Recommendation**

5.1 The Board is asked to:-

- 5.1.1 note this paper and in particular the programme for obtaining TROs;
- 5.1.2 confirm that the construction of the works on the off-street works can commence ahead of the necessary TROs being in place in respect of the on-street sections;
- 5.1.3 instruct CEC to review the programme and to revert to the Board in December with its comments;
- 5.1.4 instruct CEC to consider the merits of the variant to the programme and whether it should be pursued as an option;
- 5.1.5 consider whether further meetings should be set up with the Scottish Executive to pursue an amendment to the Local Authorities Traffic Orders (Procedure) (Scotland) Regulations 1999 in light of the proposed programme and to instruct tie and CEC accordingly; and
- 5.1.6 instruct tie to obtain senior counsel's opinion as recommended at paragraph 3.17.

Prepared by: Trudi Craggs, Development and Approvals Director

Recommended by: Andie Harper, Project Director

Date: 13 November 2006

Approved ..... Date:- .....  
David Mackay on behalf of the Tram Project Board

## Edinburgh TRAM Project

**Paper to** : **Tram Project Board**  
**Subject** : **Tramco Evaluation Methodology**  
**Date** : **8<sup>th</sup> November 2006**

---

### 1.0 Introduction

1.1 A Tramco Evaluation Methodology has been prepared which will be used to evaluate the tender submissions from

- Alstom,
- CAF,
- Bombardier and
- Siemens

This Methodology will also be used to evaluate any further responses/clarifications from the Candidates received by tie throughout the negotiation process leading up to the appointment of a Preferred Candidate. The process set out in this document follows the principles set out in the Procurement Strategy approved by the Tram Project Board in September 2006.

1.2 Details of the Tramco Evaluation Methodology are enclosed as Appendix A. The hard copy original will be brought to the Tram Project Board Meeting for signature.

### 2.0 Consultation

2.1 Our principal stakeholder, Transport Scotland, City of Edinburgh Council and Transport Edinburgh Limited have been consulted on the paper and their comments incorporated prior to finalisation. The Evaluation Methodology was then signed off by the Project Commercial Director and Project Director prior to opening the returned tenders

### 3.0 Recommendation

3.1 The Board is asked to note and approve the Tramco Evaluation Methodology.

**Proposed**                      Geoff Gilbert    Date:- 03/11/06  
    Project Commercial Director

**Recommended**              Andie Harper    Date:- 03/11/06  
    Project Director

**Approved**                      .....    Date:- .....  
    David Mackay on behalf of the Tram Project Board





**tie LIMITED**

**EDINBURGH TRAM NETWORK**

**EVALUATION METHODOLOGY FOR  
SUBMISSIONS IN RESPONSE TO THE  
INVITATION TO NEGOTIATE ISSUED ON  
7 JULY 2006 FOR THE PROPOSED  
AWARD OF AN AGREEMENT FOR THE  
DESIGN, MANUFACTURE AND SUPPLY  
OF TRAMS AND ASSOCIATED  
EQUIPMENT AND AN AGREEMENT FOR  
THE PROVISION OF TRAM  
MAINTENANCE SERVICES FOR THE  
EDINBURGH TRAM NETWORK ("ITN")**

**Date: 11<sup>th</sup> October 2006**

**tie limited**  
19 Haymarket Yards  
Edinburgh  
EH12 5BH

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## 1. OVERVIEW OF TENDER SUBMISSION EVALUATION METHODOLOGY

### 1.1 Introduction

This document sets out the methodology (the "**Methodology**") which will be used to evaluate the submissions by Alstom, CAF, Bombardier and Siemens (the "**Candidates**") in response to the ITN issued by **tie** on 7 July 2006 ("**the Tender Submissions**"). This Methodology will also be used to evaluate any further responses/clarifications from the Candidates received by **tie** throughout the negotiation process leading up to the appointment of a Preferred Candidate.

The process set out in this document follows the principles set out in the Procurement Strategy approved by the Tram Project Board in September 2006.

### 1.2 Evaluation Criteria

As stated in the OJEU Notice published on 28 November 2005 under reference 2005/S 230-227127, the Tram Maintenance Agreement ("**TMA**") and Tram Supply Agreement ("**TSA**") (together the "**Tramco Agreements**") will be awarded by **tie** to the Candidate which, at the conclusion of the process, offers the most economically advantageous tender.

In order to evaluate which Tender Submission is the most economically advantageous tender, **tie** has decided that the Tender Submissions will be evaluated in respect of the following key areas:

- 1.2.1 Financial;
- 1.2.2 Project Team;
- 1.2.3 Programme and Project Execution Proposals;
- 1.2.4 Legal and Commercial;
- 1.2.5 Technical; and
- 1.2.6 Insurance.

Candidates were notified in the ITN of the detailed evaluation criteria which will be used to evaluate each of these key areas. Details of the criteria are included in Appendix 2.

Two of the bidders, Siemens and Bombardier, are each members of two of the consortia bidding the Infraco contract. They have indicated informally that they propose to offer a discount on the Infraco contract if **tie** accepts their Tramco bid. So as to maintain probity and procurement compliance Infraco bidders will be advised that any such proposals are to be submitted as part of the Tramco negotiation process and that such proposals will be evaluated under this selection process for Tramco. In practice this will require Tramco Candidates to put forward a framework and structure for discounts which will be evaluated once evaluation of Infraco is sufficiently advanced.

### 1.3 Organisation

The evaluation of Tender Submissions will be supervised by the Tramco Evaluation Panel, which will consist of the following:

- Andy Harper – Project Director (lead)
- Steven Bell – Engineering Director

- Susan Clark – Delivery Director
- Trudi Craggs – Project Development and Approvals Director
- Geoff Gilbert – Commercial Director
- Stuart McGarrity – Financial Director

The evaluation process will be managed by the Tramco Group, which will consist of the following:

- David Powell – **tie** Tramco Project Manager (lead)
- Mark Bourke – **tie** Risk Manager
- Iain Bowler – Partner DLA Piper
- Bob Dawson – **tie** Procurement Manager
- Tony Goodyear – Tram Rolling Stock Engineer Parsons Brinckerhoff
- Roger Jones – Project Engineer Transdev
- Tim Knapp – Systems Specialist TSS / Interfleet

The Tramco Project Manager will report to the Tramco Evaluation Panel, supported as necessary by other members of the Tramco Group.

The detailed evaluation of each Tender Submission will be conducted by evaluation teams (the Tramco Evaluation Teams). Each Evaluation Team will be led by one of the members of the Tramco Group and will be responsible for evaluation of one of the key evaluation criteria listed in section 1.2 above. The members of each team are set out in section 1.6 below.

The relationships between these teams are shown in Figure 1 below:

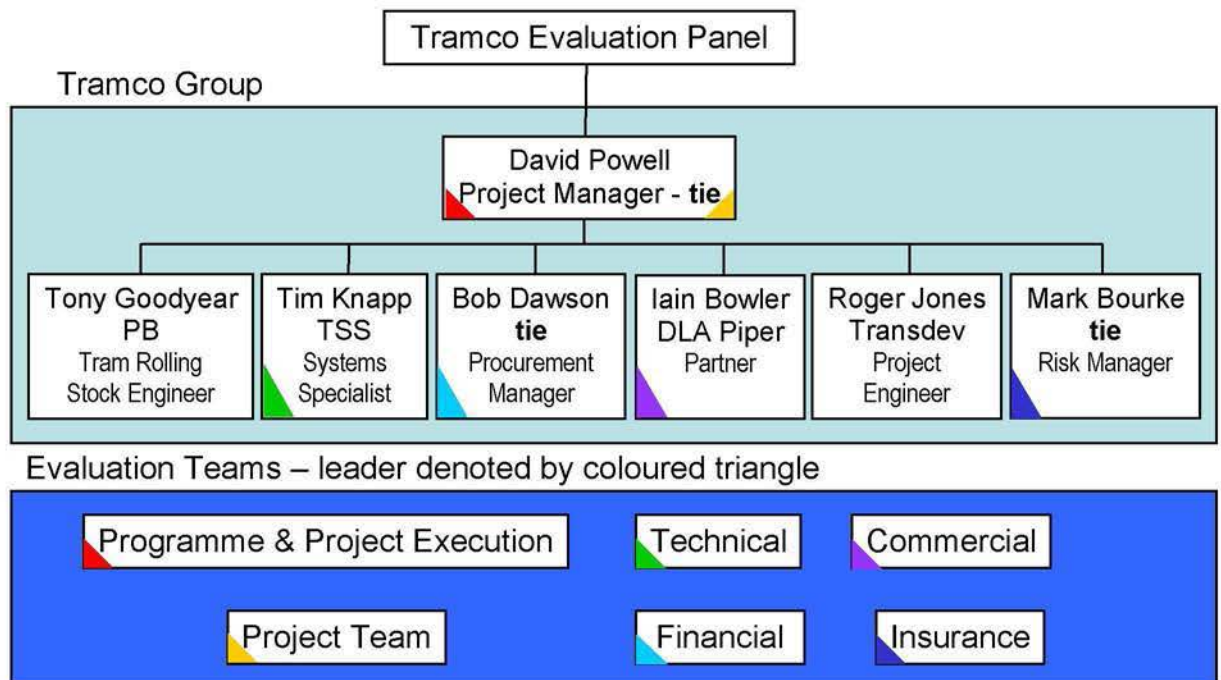


Figure 1 Hierarchy of teams to undertake evaluation of Tramco bids

Dialogue with the Project Stakeholders (CEC and Transport Scotland) will be maintained via individuals designated from CEC, TS and TEL through regular briefing sessions which will typically be held on a monthly basis, organised by the **tie** Tram Project Delivery Team. Meetings will be organised to coincide with the following stages of the Tramco evaluation process:

1. Selection of the Preferred Tramco bidder
2. Completion of detailed negotiations with the Preferred Tramco bidder

For maximum effectiveness, the same individuals will represent the stakeholders throughout this process. These sessions will allow the Stakeholders to be kept informed of the progress of the Tramco evaluation (as well as other projects constituting the Tram project). These briefing sessions will be attended by members of the Evaluation Panel and Tramco Group as required.

#### 1.4 Overview of the Evaluation Process

The steps in the evaluation process are:

- Opening of bids and checking
- Initial analysis to enable project estimate update
- Initial clarifications
- Preliminary evaluation
- Formal meetings and presentations with candidates
- Finalisation of preliminary evaluation
- Supplementary information release
- Updated preliminary evaluation
- Further negotiations and submissions
- Draft final evaluation recommendation
- Facilitated Tramco / Infraco negotiations
- Final negotiations
- Close final deal
- Final evaluation recommendation
- Tram board approval of final evaluation recommendation
- Submit final evaluation recommendation to CEC
- Notification and debriefing
- Award

An overview of the evaluation process which will be used by the Tramco Group and Tramco Evaluation Teams to process and evaluate the Tender Submissions received from the Candidates is set out below:

The process to be followed from the date of Tender Submissions is as follows:

#### **1.4.1 The Return and Opening of Tender Submissions**

Tender Submissions are to be returned by Candidates to **tie** by 3:00 pm on 9th October 2006 ("**the Return Date**"). **tie** reserves the right to either treat as valid or disregard any tender Submission or other submission which is not received by the Return Date or which otherwise does not comply with the delivery requirements of the ITN. The Tender Submissions will be opened in accordance with **tie's** procedures. See further detail in Section 2 of this Methodology.

#### **1.4.2 Checking and Distribution of Tender Submissions**

Once opened, Tender Submissions will be checked by **tie** to ensure that the Tender Submissions are complete, and then distributed. See further detail in Section 2 of this Methodology.

#### **1.4.3 Initial Analysis of the Tender Submissions**

Following distribution of the Tender Submissions, the Tramco Group will conduct a preliminary analysis of the Tender Submissions, the purpose of which will be to make an initial assessment of the financial proposals offered by Candidates, so that a price, taking account of any principal qualifications in each Candidates' Tender Submissions, can be included within the Draft Final Business Case

#### **1.4.4 Meetings of Tramco Evaluation Teams**

On receipt of the Tender Submissions, each Tramco Evaluation Team will meet to discuss the content of the Tender Submissions received, in preparation for meeting with the other Tramco Evaluation Teams to decide on the clarification questions which need to be issued.

#### **1.4.5 Initial Clarifications**

Following an initial review of the Tender Submissions, the Tramco Evaluation Teams will decide on any initial clarifications which need to be requested from the Candidates. The Tramco Evaluation Teams will also decide on the standard "discussion" questions or any clarification questions that are to be issued to Candidates in advance of the formal interviews to be carried out pursuant to Section 1.4.8 below. A decision will also be taken as to when these questions will be released to the Candidates. See Section 3.3 of this Methodology for further detail.

#### **1.4.6 Preliminary Evaluation**

The Tramco Evaluation Teams will evaluate the relevant sections of each Tender Submission against the evaluation criteria set out in Section 4 of this Methodology ("**the Preliminary Evaluation**"), and in accordance with the evaluation process set out therein in order to prepare a preliminary report setting out initial evaluation of each of the Candidates' proposals, in accordance with the process set out in Section 4 ("**the Preliminary Report**"). The details of this Preliminary Report are set out in Section 3.2 of this Methodology.

During the Preliminary Evaluation stage the principal objectives are to ensure that the Candidate's proposals are fully understood and clarifications sought to ensure that all bids are evaluated on a like for like basis.

#### **1.4.7 Meeting of the Tramco Group to discuss the Preliminary Evaluation.**

The Tramco Group will meet to discuss the Preliminary Reports prepared by the Tramco Evaluation Teams. Each of the Tramco Evaluation Teams will make a short presentation which will summarise its preliminary conclusions on each Tender Submission and propose any further clarifications which need to be made to Candidates. Also, the Tramco Group will agree whether any further clarifications should be made to Candidates in writing or at the formal interviews to be held with each Candidate. The Tramco Group will also agree which matters are to be the subject of negotiation with each Candidate at the clarification/negotiation sessions to be held with each Candidate. Following this meeting, the Tramco Project Manager will prepare the first draft of the Preliminary Evaluation Report.

#### **1.4.8 Meeting of the Tramco Evaluation Panel**

This draft will be presented to the Tramco Evaluation Panel by the Tramco Project Manager.

#### **1.4.9 Formal Meetings with Candidates**

Following the Preliminary Evaluation of Tender Submissions, the Tramco Group, supported where appropriate by members of the Evaluation Teams, will engage in a formal meeting with each Candidate, which will include a presentation by the Candidate and a formal interview including provision of replies to any clarification questions which have been issued to the Candidate. Each Candidate's performance at this interview will be evaluated and the evaluation of this performance will be included as part of the final evaluation report prepared by the relevant Tramco Evaluation Team. The format of these interviews is set out in Section 3.3 of this Methodology.

#### **1.4.10 Finalisation of the Preliminary Evaluation**

The Evaluation Teams will prepare their contributions to the Finalised Preliminary Evaluation Report which will be presented to the Tramco Group.

The Tramco Group will consider whether any candidates should be eliminated from the competition as a result of the Preliminary Evaluation and shall make a recommendation to that effect to the Tramco Evaluation Panel.

If any candidates are to be eliminated at this stage, this will be undertaken in writing by the Tramco Project Manager, following the approval of the Tramco Evaluation Panel and they will be offered the opportunity of a debriefing session.

#### **1.4.11 Supplementary Information Release**

A package of information will be prepared and issued to all remaining Tramco Candidates. The content of this package will be selected to harmonise the information that has been provided to the Tramco bidders with that which has been issued to the Infracore bidders. As a minimum, the following documentation will be included within the package:

- Alignment drawings
- Statement of workshop equipment
- Pantograph information
- Wheel-rail interface report
- Any adjustments to the tram delivery programme

- Interface information relating to the free-issue supervisory & communications equipment
- Matrix of responsibilities within the depot
- Revised depot layout
- Health, Safety, Quality and Environmental requirements

Other documents may be added to the package, including potentially a revised version of the Tram Supply and Tram Maintenance Agreements incorporating the comments from the Infracos.

The Candidates will be asked to incorporate this additional information into their proposals and to update their bids.

#### **1.4.12 Update Preliminary Evaluation**

Following the receipt of Candidates' revised proposals, the steps set out in 1.4.4 to 1.4.10 will be repeated.

#### **1.4.13 Further Negotiations/Re-submissions**

To the extent necessary to fully evaluate Candidate's proposals prior to Infraco/Tramco facilitated negotiations, dialogue will continue with the remaining candidates, which is expected to be based around further enquiries/clarifications of Candidates' proposals and Candidates' proposals updated accordingly.

Again the process set out in steps 1.4.4 to 1.4.10 above will generally be employed to ensure transparency of the process. At each stage the potential elimination of candidates will be considered.

#### **1.4.14 Draft Final Evaluation Recommendation**

Following the completion of the process of further negotiations and re-submissions, the Tramco Evaluation Teams will complete their evaluation of each remaining candidate and prepare Final Evaluation Reports.

This evaluation report will recommend the Preferred Candidate to participate in the Facilitated Tramco / Infraco negotiations.

#### **1.4.15 Brief Evaluation Panel and Board on Draft Final Evaluation**

On finalisation the Draft Final Evaluation Report will be presented to the Tram Project Board for approval to proceed to the next stage.

#### **1.4.16 Conduct Infraco/Tramco Facilitated Negotiation**

The purpose of these negotiations is to ensure that all issues between Tramco and Infraco are closed to ensure alignment on commercial, programme and technical aspects. For example, the negotiations will ensure that any scope gaps between the two are closed.

Satisfactory conclusion of these negotiations will pave the way for a "de-risked" novation.

In preparation for these negotiations, the negotiation team will:

- Identify the issues that need to be resolved from examination of the bids and issues emerging from negotiations



- Prepare draft resolutions for each of the issues
- Test draft resolutions separately with Tramco and Infraco candidates

The Draft Final Evaluation Report will be updated for the outcome of these negotiations. The Tramco Evaluation Panel will be briefed on completion of this stage.

#### **1.4.17 Meeting of the Tramco Group to discuss the Final Evaluation**

The Tramco Group will meet to review the Final Reports prepared by each Tramco Evaluation Team. Each Tramco Evaluation Team will make a short presentation which will summarise its final conclusions on each Tender Submission explaining how the final evaluation of each Candidate was reached. At this meeting, the decision will be taken as to which Candidate the Tramco Group will recommend to the tie Evaluation Panel should be taken forward as the Preferred Candidate.

The Tramco Group's recommendations and a collated combined final evaluation report ("**Final Evaluation Report**") (which will include the conclusions from the Tramco Evaluation Teams' Final Reports and an outline of the evaluation methodology) will be prepared by the Tramco Project Manager.

#### **1.4.18 Meeting of the Tramco Evaluation Panel to Consider Final Evaluation**

The Tramco Project Manager will present the Final Evaluation Report to the Tramco Evaluation Panel, which will consider the recommendation as to the Preferred Candidate and either accept the recommendation or ask for further evaluation work to be undertaken.

If further evaluation work is required, this will be undertaken by the Evaluation Teams under the management of the Tramco Project Manager and the Tram Group's revised evaluation will be re-presented to the Tramco Evaluation Panel

Once a recommendation has been accepted by the Tramco Evaluation Panel, the results of the evaluation will be presented to the Tram Procurement & Delivery sub-committee and then the Tram Project Board for approval.

#### **1.4.19 CEC Approval of the Recommendation**

Thereafter the recommendation shall be submitted to CEC and TS for approval and on approval the contract awarded, following the requisite 'cooling off period'.

It is the intention that Tramco will be awarded contemporaneously with Infraco and the novation of the Tramco and SDS contracts to Infraco made at the same time.

### **1.5 Indicative Timetable**

It is currently anticipated that the evaluation process set out in Section 1.4 of this Methodology will be carried out in accordance with the indicative timetable set out below:

<b>9 October 2006</b>	Submission of Tender Submissions
<b>9 &amp; 10 October 2006</b>	Checking of Tender Submissions for completeness and distribution of Tender Submissions to the

	Tramco Evaluation Teams and Tramco Group
<b>13 October 2006</b>	Initial analysis of the Tender Submissions
<b>16 October 2006</b>	Meetings of the Tramco Evaluation Teams
<b>16 – 27 October 2006</b>	Preliminary Evaluation of Tender Submissions
<b>24 October 2006</b>	Meeting of the Tramco Group
<b>26 October 2006</b>	Meeting of the Tramco Evaluation Panel
<b>27 October 2006</b>	Initial clarifications (if any) to be issued to Candidates
<b>3 November 2006</b>	Responses to be received from Candidates to initial clarifications (provisional date, may be extended depending on quantity of clarifications)
<b>6 – 9 November 2006</b>	Formal Meetings with Candidates
<b>10 – 17 November 2006</b>	Finalisation of Preliminary Evaluation
<b>21 November 2006</b>	Meeting of the Tramco Group to finalise Preliminary Evaluation Report
<b>23 November 2006</b>	Meeting of the Tramco Evaluation Panel to consider Preliminary Evaluation report
<b>24 November 2006</b>	Supplementary Information Release
<b>8 January 2007</b>	Return of Re-submitted Bids from Candidates
<b>8 &amp; 9 January 2007</b>	Checking of Re-submitted Bids for completeness and distribution of Tender Submissions to the Tramco Evaluation Teams and Tramco Group
<b>9 – 19 January 2007</b>	Evaluation of Re-submitted Bids
<b>January / February 2007</b>	Further negotiations/requests for Re-submitted bids as required. Tramco Project Manager to develop detailed timetable.
<b>26 February – 2 March 2007</b>	Draft Final Evaluation to select Preferred Bidder
<b>5 April 2007</b>	Meeting of the Tramco Group to consider Final Evaluation and complete the Final Evaluation Report
<b>10 April 2007</b>	Meeting of the Tramco Evaluation Panel to consider Final Evaluation report and the recommended Preferred Tramco Candidate
<b>27 March – 9 April 2007</b>	Preparation for Tramco / Infraco facilitated negotiations
<b>17 April - 14 May 2007</b>	Facilitated negotiations between Preferred Candidates for Tramco and Infraco
<b>25 June 2007</b>	Completion of negotiations with preferred Tramco Candidate
<b>June 2007</b>	Commencement of Pre-Works Development Services under separate Mobilisation Agreement by the Preferred Candidate
<b>September 2007</b>	Tramco Contract Award and Novation to Infraco

Further meetings of the Tramco Group and the Tramco Evaluation Teams shall be arranged as required.

## 1.6 **Members of the Tramco Group and the Tramco Evaluation Teams**

The members of the Tramco Evaluation Panel and the Tramco Group are set out in section 1.3 above

The members of the Tramco Evaluation Teams are set out below. It may be necessary to supplement the identified resources with specialist support. Any such change will be proposed by the Tramco Project Manager and agreed by the Tram Project Director before proceeding.

<b>Tramco Evaluation Teams</b>	
<i>Programme and Project Execution Proposals</i>	David Powell (lead)
	Susan Clark
	Tom Hickman
	Graeme Walker
	Tim Knapp
<i>Financial Submission</i>	Bob Dawson (lead)
	David Powell
	David Carnegie
<i>Legal and Commercial Submission</i>	Iain Bowler (lead)
	Emily Feenan
	Robert Smith
	Matthew Duncombe
	David Powell
	Bob Dawson
<i>Technical Submission</i>	Tim Knapp (lead)
	Tony Goodyear
	Roger Jones
	David Powell
	Specialist support will be provided in a number of areas as follows:
	Suzanne Waugh (aesthetics)
	Andy Kelland (performance)
	Alastair Richards (maintenance)
	Richard Ordish (maintenance)
	Christian Peckham (maintenance)
<i>Insurance Submission</i>	Mark Bourke
	Graham Nicol
	Barry Lidford
	Mike Hawkes
	Emily Feenan

## 1.7 Evaluation Procedures and Confidentiality

The Tramco Group and the Tramco Evaluation Teams are required to maintain confidentiality throughout the Tramco evaluation process, and must treat the Tender Submissions, the negotiation/responses/submissions, any clarifications, interviews, deliberations, meetings and the reports/responses prepared by the Tramco Group and the Tramco Evaluation Teams as strictly confidential. Access to the Tender Submissions and other associated documents and the reports prepared by the Tramco Evaluation Teams, must be strictly controlled at all times.

Evaluators will only see those parts of the bid that relates to their area of evaluation. The financial aspects of the bid will not be shared with other members of the evaluation team. The minimum number of copies of relevant sections of bids will be made which are necessary for remotely based evaluators to complete their evaluation. The tender submissions will be kept in a locked cabinet within the **tie** office. Access will be strictly controlled with evaluators being required to sign documents in and out of the locked cabinet. Financial proposals will be stored in a separate locked cabinet.

The Financial and Technical elements of the proposals are to be evaluated separately. The team evaluating the technical aspects of the bid will not have sight of the Financial or the Legal and Commercial aspects of the proposals. The technical and financial aspects of the evaluation will be brought together at completion of the Preliminary Evaluation stage. The process for assessing the comparing the incremental benefits of each bidders non Financial proposals with the Financial differences between bids will be managed and co-ordinated by the Lead Financial Evaluator (Bob Dawson).

All correspondence between the Tram Project and bidders will be in writing and will be conducted via the Tramco Project Manager. All meetings with bidders will be minuted by the Tram Project Manager and minutes issued to bidders for their agreement.

All participants in the evaluation process will be required to sign confidentiality agreements, including Stakeholders representatives, Evaluation Panel members and Evaluation Team members.

In order to maintain confidentiality, the Candidates have each been allocated code names and these names used in all communications, recommendations for approval and presentations. This will include the recommendations made to CEC and Transport Scotland.

The code names will be used in all written correspondence and reports prepared by the Tramco Group and the Tramco Evaluation Teams during the Tramco procurement.

## 2. THE RETURN, OPENING, CHECKING AND DISTRIBUTION OF TENDER SUBMISSIONS

### 2.1 The Return of Tender Submissions

Tender Submissions are to be returned by the Candidates to **tie** by 3:00pm on 9 October 2006. **tie** reserves the right to either treat as valid or disregard any tender Submission or other submission which is not received by the Return Date or which otherwise does not comply with the delivery requirements of this ITN. **tie's** own record of time and date of delivery will be conclusive and it is stated in the ITN that it will be the Candidate's responsibility to obtain a confirmation for safe receipt from **tie**. Any documentation (intended to form part of an incomplete Tender Submission) which is received late by **tie** is to be accorded such weight during evaluation as **tie** shall determine at its absolute discretion.

### 2.2 The Opening of Tender Submissions

The Tender Submissions will be opened by David Powell and Valerie Clementson in the presence of Geoff Gilbert who will witness the opening.

### 2.3 ITN Submission Requirements

Candidates have been required by the provisions of the ITN to submit 9 bound paper copies, 1 loose unbound copy marked original and 1 electronic copy (on a CD-ROM) of their Tender Submission.

### 2.4 The Checking of Tender Submissions

Tenders must be submitted in accordance with the ITN. If a Tender is not substantially complete, or is qualified or is not submitted strictly in accordance with the ITN, **tie** may exclude such a Tender from further consideration. **tie's** decision to exclude a Tender shall be final. Nevertheless, **tie** expressly reserves the right, in its absolute discretion, to treat any Tender as valid and to proceed with the inclusion of a Candidate notwithstanding any procedural defect in relation to a submission in respect of this ITN.

On receipt by **tie**, the Tender Submission will be checked for compliance and completeness with the requirements of the ITN by **tie**. The checklist set out in Appendix 1 will be completed by **tie** in respect of each Tender Submission to indicate whether each Tender Submission (including the Standard Tender Submission and any Variant Tender Submissions) is compliant and complete. This is a simple checking and compliance exercise, and will not, at this stage, involve a detailed or qualitative assessment of the Tender Submissions. A checklist will be completed for each Tender Submission and will be signed for by David Powell and Susan Clark.

For a Tender Submission to be compliant, it must comprise a complete Base Bid. The structure of a Base Bid is set out in Section 3 of the ITN, and must:

- be accompanied by a signed and completed Formal Offers for both the award of the TSA and the award of the TMA and Anti-Collusion Certificate (as defined in the ITN);
- contain evidence of the legal authority of the individual who signs the documentation referred to in section 2.4.1 as set out in Section 6.9 of the ITN;

### 2.5 Clarifications and Missing/Incomplete Information

**tie** has reserved the right to seek clarification on any aspect of any Tender Submission following submission.

Where any item required in the ITN is not submitted or is submitted incomplete or damaged, **tie** has reserved the right to disregard the Tender Submission as non-compliant.

## 2.6 Distribution of Tender Submissions

Once checked by **tie**, the relevant elements of the Tender Submissions will be distributed by **tie**, as detailed in the table below in the appropriate number and format required by the members of the Tramco Evaluation Teams. These organisations will then distribute the relevant parts of the Tender Submissions to the appropriate members of the Tramco Evaluation Teams.

The Financial, Commercial and Legal sections of the Tender Submissions shall only be distributed to members of the Financial, Commercial and Legal Tramco Evaluation Teams, any further distribution of such submissions shall be subject to the approval of the Tram Project Director.

<b>Organisation</b>
<b>Tie</b>
TSS (Interfleet) (Tim Knapp) – Technical and Project Execution
Transdev (Roger Jones) – Technical
DLA Piper (Iain Bowler) – Legal
Parsons Brinckerhoff (Tony Goodyear) – Technical

### 3. EVALUATION OF THE TENDER SUBMISSIONS

#### 3.1 Introduction

Following the return, opening, checking and distribution of the Tender Submissions, the Tramco Evaluation Teams will start the process of evaluating each Tender Submission and any Variant Tender Submissions received from the Candidates.

The detailed process for ranking the Candidates' Tender Submissions is set out in Section 4 of this Methodology.

#### 3.2 Preliminary Evaluation

The Tenders will be first checked for compliance with the requirements of the ITN and for completeness. Clarification may be sought from Candidates in order for **tie** to determine if a Tender is complete and compliant.

The Tramco Evaluation Teams will evaluate the relevant sections of each Tender Submission against the evaluation criteria set out in Section 4 of this Methodology, and against the requirement for information to be submitted in terms of the ITN, and in accordance with the evaluation processes set out in this Methodology, in order to prepare a Preliminary Evaluation Report which will:

- evaluate each Candidate's Submission against the criteria set out in Section 4 and Appendix 2, ranking the Candidates in accordance with the procedure set out in Section 4 and setting out the reasoning for the assessed ranking and incremental benefit between Candidates and the relative strengths and weaknesses of its Tender Submission as appropriate;
- highlight any issues which need to be clarified by Candidates;
- highlight any matters on which the Tramco Evaluation Team wishes to negotiate with each Candidate;

Relevant Clarifications from each Tramco Evaluation Team will then be issued to Candidates by the Tramco Project Manager.

#### 3.3 Format of Formal Interviews of Candidates and Clarification/Negotiation Sessions

Members of the Tramco Group will carry out a formal interview and clarification/negotiation session with each Candidate. It is anticipated that the **tie** interview panel will consist of David Powell, Tim Knapp, Tony Goodyear, Iain Bowler and Bob Dawson. Other members of the Tramco Group or individual Tramco Evaluation Teams may be invited to attend, as required.

Each Candidate will be notified in advance of the format of the interview, some of the questions which will be asked by the Tramco interview panel (e.g. the questions from and, if determined necessary by the Tramco Group, the matters that are to be the subject of clarification/negotiation.) All items which will be the subject of negotiation/clarification do not require to be notified in advance.

Each Candidate's performance at interview will be taken into account in the evaluation of that Candidate's bid and will be factored into **tie**'s evaluation of the Candidate and the evaluation of this performance will be included as part of the Evaluation Report prepared by the relevant Tramco Evaluation Team. Where appropriate, the Candidates will be asked to confirm in writing statements made at interviews.

Interviews will be carried out over a three hour period 9 am to 12 noon. The format of each interview will be as follows:



09:00 – 10:00	Candidate Presentation
10:00 – 11:00	Pre-prepared Questions & Answers on Tender Submission
11:00 – 12:00	Questions Arising from Presentation / Further issues arising on Tender Submissions

In accordance with the above format, the **tie** interview panel will ask clarification questions and enter into negotiations with the Candidate in relation to any areas of the Tender Submission which have been determined in advance by the relevant Tramco Evaluation Teams and confirmed by the Tramco Group. The Tramco Evaluation Teams, the Tramco Group and the **tie** interview panel must ensure that all Candidates are treated fairly and equally in respect of the matters to be negotiated and the conduct of the negotiations themselves.

### 3.4 Final Evaluation

Following the conclusion of the Final Negotiations and the receipt of any Re-submitted Bids from Candidates, the Tramco Evaluation Teams will complete their evaluation of each Tender Submission and update the Preliminary Evaluation Reports to produce Final Reports.

Each Final Report will:

- summarise the key issues arising from each Candidate's submission;
- incorporate a review of any clarification responses received from Candidates;
- include a finalised completed evaluation statement against the criteria set out in section 4 including details of any specific strengths/weaknesses, advantages/disadvantages of the Tender Submission and any other issues arising in relation to the relevant section of each Tender Submission in the comments to the evaluation matrix;
- incorporate a detailed summary of the position reached in any negotiations held pursuant to Section 3.3 confirming how these have been incorporated into the finalised evaluation.

These reports will be collated and discussed at a meeting of the Tramco Group. From this meeting, the Tramco project Manager will prepare the Final Evaluation Report, which will summarise the findings of the Evaluation Teams and make a recommendation at which candidate will be identified as the Preferred Bidder.

## 4. EVALUATION

### 4.1 Introduction

This Section of the Methodology sets out the manner in which the Candidates' proposals are evaluated and ranked. This process will be applied at each stage of the procurement process until the Preferred Candidate is identified.

### 4.2 Evaluation Process

**tie** will select the Preferred Tramco Candidate on the basis of the most economically advantageous tender.

The most economically advantageous Tender is that which offers the maximum value for money proposal, based upon a comparison of Candidates' overall Financial proposals which will include in each case the combined incremental differential effect of the accompanying proposals for Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance issues.

The evaluation of the Financial proposals will be undertaken on a Net Present Value (NPV) basis, incorporating the Tram Supply price and the Tram Maintenance price. In this evaluation, the first 15 years of the Maintenance pricing will be taken into consideration. The discount factor to be employed in the determination of the NPV of proposals will be that used in the Tram Business Case

Where practicable **tie** will assess financial impact of Candidates' qualifications (e.g. liability caps). Candidates will be informed of where this is proposed and given the opportunity to withdraw their qualification and to update their financial proposal accordingly. Where bidders do not withdraw their qualifications, **tie** will make an assessment of the financial impact of the qualification and will add it to the tendered sum.

**tie** will assess the Financial component to determine an initial ranking of Candidates and then proceed to evaluate Tenders against the non financial criteria on a comparative basis. The assessments will then be combined to produce a composite ranking.

The Programme and Project Execution, Project Team and Technical proposals must meet minimum evaluation criteria in order to be considered. The minimum evaluation criteria are generally that the Candidate demonstrates in their proposals that they are able in the opinion of **tie** to deliver into operation tram vehicles that can be successfully integrated into the Edinburgh Tram Network and which comply with the requirements of the ITN, and in particular the requirements of the Tram Specification, Tram Maintenance Specification Tram Testing and Commissioning Specification and Tram Interface Specification contained in Volume 3 of the ITN.

The evaluation process is constructed to select the Candidate:-

- With the a Project Team we are confident can deliver
- With deliverable Programme and Project Execution Proposals
- That has Technical proposals that meets the tram system functional requirements
- With acceptable Legal and Commercial terms
- With acceptable Insurance proposals

Accordingly equal consideration will be given to the Programme and Project Execution, Project Team, Technical, Legal and Commercial and Insurance proposals within the evaluation given their equal importance to successful delivery of the Project. The Legal and Commercial and Insurance proposals will be evaluated for acceptability or non-acceptability against the Compliance Matrices for the Tram