
From: Fitchie, Andrew
Sent: 07 May 2008 20:34
To: 'Willie Gallagher'; 'Graeme Bissett'
Cc: 'Steven Bell'
Subject: FW: Update

Willie
Graeme


I would very much appreciate some air cover while I support Steven in closing out the contract issues which are necessary for **tie** to land the deal. I cannot advise Gill on anything other than when I see what **tie** has agreed finally and I do not want to get drawn into meetings with CEC to draft their reports for them.

DLAP 's advise is going to be that there is a procurement risk and it must be crystal clear to everyone that there is a risk.

Closing the contract negotiations (which I understand has been set for a two hours session with the BBS lawyers) is more important than this and I need to prioritise for the next 24 - 48 hours.

kind regards

Andrew Ritchie
Partner, Finance & Projects
DLA Piper Scotland LLP
T: +44 [REDACTED]
M: +44 [REDACTED]
F: +44 (0)131 242 5562

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From: Gill Lindsay [mailto:Gill.Lindsay@edinburgh.gov.uk]
Sent: 07 May 2008 19:27
To: Gill Lindsay; Willie Gallagher; Graeme Bissett; Fitchie, Andrew
Subject: RE: Update

Hi Andrew

Can you give DLA view at present on procurement issues please assuming the position concludes as anticipated today. I am keen to receive now as matters advance to either clear this or highlight this as an issue re risk and at what level and with what advice.

Letter states many issues equal and majors on price. How will DLA sign of in letter to Tie and CEC. We need to clear this as we go forward with Member approval, Report currently being drafted. Do you remain satisfied on defending a procurement challenge and on what basis?

Gill

From: Gill Lindsay
Sent: 06 May 2008 15:43
To: 'Willie Gallagher'; Graeme Bissett; 'Fitchie, Andrew'
Subject: RE: Update

Thanks Willie.

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Looking forward I have just received a copy of the debrief letter including the Notice of Intention to Award given to Tramlines. This states that BBS were some 4/5% lower on price and a range of other info. Clear understanding is of price fixed as of 18 March. Is it possible to have a financial calculation done now with some possible outcomes to have some additional info re procurement. Appreciate entirely first issue is to get solution but it would be good to know how close we are reaching.

I would also appreciate Andrew's view as to whether and how price differential will impact on notifications ie will there be a requirement to advise Tramlines again and if so will there be a potential for a further cooling off period and how can any risk here be managed.

Gill

From: Willie Gallagher [mailto:Willie.Gallagher@tie.ltd.uk]
Sent: 06 May 2008 07:10
To: Dave Anderson; Donald McGougan; Gill Lindsay; Phil Wheeler
Cc: Steven Bell; david_mackay [redacted]; Graeme Bissett (external contact)
Subject: Update

I met yesterday with BB in the tie Office. I was accompanied by Steven Bell & David MacKay.

BB reiterated their problem. It started at £17m, they propose actions which reduces it to the £12m discussed with me last week. It is claimed to be all down to the Supply Chain for not honouring prices given to the project at a previous time, Steel and Fuel were mentioned particularly. They acknowledge internal weaknesses and appeared genuinely sorry for causing the predicament.

We held the agreed line, no more money and even if there was, we have an EU Procurement problem with TramLines.

At the end of the meeting, I had a one-to-one with Joachim Enenkel, their Board Director. He raised the possibility of a refund of £3.3m should 1(b) not proceed. This would leave circa £9m. I suggested to him that tie / Siemens / BB should all then take £3m each. This was not discounted and he plans to discuss this with Siemens today. I suspect that Siemens will see this as BB problem, and be reluctant to contribute £3m margin.

In summary, we have a visible £9m problem. The phase 1(b) is worth having, but we would require to provide a contingency for the sum and we need some clarification of it no reappearing again in the future 1(b) price.

I have an opportunity to meet with both Siemens & BB tomorrow in Munich. This unfortunately means that I will miss the Tram Project Board. If it would be possible to pull the Board forward to this afternoon, it would be extremely helpful. I will ask Julie to check all diaries.

Regards,

Willie

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