
From: Miriam Thorne
Sent: 11 September 2007 16:06
To: Geoff Gilbert
Cc: Matthew Crosse
Subject: RE: CSP Proposal

Geoff,

Thank you for this – please see my comments in red below. I have agreed to wait for feedback from Rebecca who also was not satisfied with the proposal brief in terms of scope and shares your concerns about a potential conflict of interest. She was going to raise the matter with officials in the council and get back to me by the end of the day. In the meantime, I have voiced my concerns with David Mackay who, like you, questions the impact on the project and programme of such a wide review which, feels more like a due diligence exercise on the project. I will update when I hear back from Rebecca.

Rgds
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From: Geoff Gilbert
Sent: 11 September 2007 14:30
To: Miriam Thorne

Cc: Matthew Crosse
Subject: CSP Proposal

Miriam

The proposal does not align with the outline of the brief that Duncan outlined, it seems to be more of an intrusive project health check of the nature that is covered by OGC review. My understanding is that what CEC are seeking is an external view on the adequacy of the level of risk to gain confidence that the £45m CEC contribution is adequate. This in particular will focus on the residual risks that CEC will bear out of the negotiated final terms for Infracore and as reflected in the Risk Matrix. This is my understanding based on numerous discussions we had with Duncan and Rebecca as well as the comments made by Donald McG at the Tram Project Board. The Risk Matrix is being validated for CEC by DLA as reflecting the final terms negotiated. CSPs proposal seems to duplicate this.

Therefore the brief should I think be:-

- To review the Project Risk management processes and procedures and advise on their appropriateness – if at all, this should be against the backdrop of the existing governance and controls in place. We have talked CEC through these in great detail as well as extending numerous invitations to partake in the period reviews. I am not convinced that CS can add much here that is not already covered by either project governance, the Audit Scotland review or the OGC reviews which have taken place and are planned again.
- Review the project risk allowances and advise on their adequacy in the context of projects of this nature, the procurement strategy as articulated in the DFBC/FBC and the risk matrix – I am not sure that a review of the procurement strategy is appropriate: it was approved by the Project Board and the stakeholders and has been scrutinised several times as a whole and in its constituent elements by OGC reviews, independent advisors, stakeholders, as part of the DFBC and by Audit Scotland.
- Review the risk matrix as validated by DLA and advise the appropriate risk provision that should be allocated for the residual risks that lie with CEC and the mitigations that could/should be applied. – I agreed that this is a reasonable focus for independent review, however this work should take place within the context of the detailed work performed by the Legal Affairs Committee (LAC) to avoid duplication. Susan tells me that the LAC agreed a remit and process which would allow CEC to approve the recommendations put forward in Sept / Oct. This sounds like the right remit for an independent review.

The Project is currently in the intensive period of closing the procurement phase for Preferred Bidder Phase for recommendation to the TPB and also preparing for the OGC review which follows immediately thereafter. The scope of the review proposed by CSP duplicates much of the OGC review and I am concerned that we do not have the time in the programme or available personnel to meet the requirements of the current CSP brief. Therefore if this is to be accommodated then either a) the CEC council meeting is postponed which adversely affects our programme and delays the Project or b) the scope of CECs risk review is refined and given more focus as suggested above. Agree – we have suggested several times that the review should best be tied into the OGC review, potentially by strengthening the OGC remit to address specific CEC concerns. Clearly the CSP team will need a lot of time from the Project as the individuals proposed whilst I'm sure are experienced in their fields do not have, from their CVs, much, if any operational experience of major rail/light rail infrastructure projects, aside from Mark Warner, who I know assisted TubeLines with facilitation of risk workshops and management of the portfolio project risk position. If we are to maintain our programme we cannot provide any organisation with input into their process on an as required basis.

I accept that it is CEC's call but I still have the residual concern that CSP has a conflict of interest in advising both TS (via its TS Framework) and advising CEC who are currently in negotiation with TS around the funding of this scheme. Agreed – the fact that TS wishes to approve the brief prior to the work being commissioned raises questions that a conflict of interest may exist.

I'm perhaps being a little picky but the CSP brief implies that the Project has not been transparent in its dealings with CEC. This is most definitely not the case, we report on a period basis to CEC and answer all questions asked and provide all further information requested. In addition Duncan has been invited to the PD reviews at which risk and budget position are reviewed and discussed. Agreed- additional detailed meetings have been held and an renewed invite issued to DF.

Given the potential impact on programme I am also copying this to Matthew.

Regards

Geoff Gilbert - Project Commercial Director
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