

**Panel Review of Major Projects: Edinburgh Tram
14 August 2006**

Attendees-		Panel	
Andie Harper	tie Ltd	Bill Reeve	Transport Scotland
Willie Gallacher	tie Ltd	Damian Sharp	Transport Scotland
Susan Clark	tie Ltd	Ken Davis	Transport Scotland
Keith Rimmer	CEC	Matthew Spence	Transport Scotland
		John Ramsay	Transport Scotland
		Lorna Davis	Transport Scotland
		Martin McKinlay	Transport Scotland
Apologies-			
		Ian Mylroi	Transport Scotland
		Fiona Spencer	Transport Scotland

Disclaimer: Unless otherwise stated the views expressed in this note are those of the Transport Scotland Review Panel, and do not necessarily reflect the views or opinions of the Project Promoter.

Item	Notes	Action & Date
Purpose of Meeting	<p>This was the fourth quarterly Panel Review, following that held on 8 May 2006. This review focussed primarily on the following areas:</p> <ul style="list-style-type: none"> • Notes/actions from the last meeting • Scope and Cost • Programme Issues • Risk Management • Procurement and Implementation • Conclusions and Actions <p>Although report and information of progress had been requested by Wednesday 2nd August for this Review, it was not received until 14th August 2006.</p> <p><u>Current Status of Actions from previous meeting</u></p> <p>1. Action: The Content and timing of periodic Project Reports to be clarified with TS and submitted to TS Project Manager, initially by 19 May, thereafter on a regular basis. Current Status: tie Ltd now fully understand reporting requirements. Closed.</p> <p>2. Action: Further meeting required to review impact of indexation on current cost base of Trams. TS (Ken Davis) and tie (Stewart McGarrity). Current Status: Further clarification required to understand 5 categories of indices applicable to indexation calculation.</p>	(1)

	<p>3. Action: tie ltd to provide key tests and critical decision points associated with revised programme. Also tie ltd and Transport Scotland to ensure CEC fully understand critical milestones. Current Status: tie Ltd to provide a summary of key tests and critical decision points prior to the proposed high level meeting on 17th August 2006.</p> <p>4. Action: tie ltd to propose clear process for securing “fit-for-purpose” quality decisions: TEL Board should agree and endorse governance decisions and processes Current Status: TS require a copy of the governance paper prior to the next Tram Board meeting w/c 21st August 2006. It was also emphasised that TS require sight of all papers prior to Tram Board meetings.</p> <p>5. Action: tie ltd to provide specific proposals including that of low risk in procurement. This must be completed before Readiness Review, due for 22 May 2006. Current Status: Taken forward through readiness Review Report. Closed</p> <p>6. Action: Review the existing baseline and change control process and Gap analysis also required. Current Status: Discussions have taken place between tie Ltd and TS to establish what constitutes the functional specification document. tie Ltd confirmed that further work is being undertaken and that TS will receive a functional specification document by Monday 11th September 2006.</p> <p>7. Action: Turner and Townsend and SDS to provide snapshot of project and report on basis of revised baseline. To be complete supplied to TS by 19 May. Current Status: Superseded. Closed</p> <p>8. Action: tie to forward copy of resource loaded programme to TS. Current Status: tie promised to provide a resource loaded programme by end of month.</p> <p>9. Action: Damian Sharp requested that tie forward an updated organogram to TS (ASAP). Current Status: Received on 14th August 2006. Closed.</p> <p>10. Action: Promoter to confirm adequacy of resources against draft OBC for both EARL and Trams and report any conflict of interests to TS ASAP. Current Status: No conflicts of interest reported. Resource issue currently being addressed by Andie Harper.</p> <p>11. Action: tie to supply copy of risk register to TS before 19 May. Current Status: Received. Closed.</p>	<p>(2)</p> <p>(3)</p> <p>(4)</p> <p>(5)</p>
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	<p>12. Action: Promoter to supply updated QRA and Optimism Bias (OB) to TS. Current Status: This is currently in progress and will be delivered by end of month. (Ref Action 11)</p> <p>13. Action: TS to organise half-day workshop to discuss outcomes of readiness review - CEC, tie and TS all to attend. Current Status: Undertaken. Closed</p> <p>14. Action: Weekly action plan now required to provide update with input from CEC. TS will also conduct a 4 weekly review (Matthew Spence) to organise. Current Status: 4-weekly reporting cycle communicated and underway. Closed.</p>	
Scope and Cost	<p>tie confirmed that a functional specification documentation has been identified and is being further developed in line with TS's requirements. This document once agreed by all (by Monday 11th September 2006) will then form a firm basis for managing and controlling change and be included in the DFBC. Any changes to be authorised through the Tram Board.</p> <p>Costs associated with the revised programme are to be re-profiled up to financial year end. Currently £32.7m has been submitted to cover period of 1st April 2006 to 31st Dec 2006. TS have requested that tie Ltd review this profile. Due to programme slippage tie confirmed that this figure is more likely to be in the region of £25m (up to Feb 2007) due to £5m deposit utility liability no longer required, a decrease in insurance. £25m will increase once advance works, land purchases and increased resource costs are included.</p> <p>TSS & SDS missed initial deadline to submit capital cost estimates. These are now due end September 2006. This will then allow comparison against the bottom-up work being undertaken by Cyril Sweett.</p> <p>tie Ltd confirmed that the option to include Phase 1b in first phase has encouraged value engineering solutions to be examined.</p>	<p>(4)</p> <p>(6)</p> <p>(7)</p>
Programme Issues/Risk Management	<p>tie confirmed a programme has been revised with responsibilities for activities better defined. Further work is required in the following areas Traffic Management and associated approvals, Stakeholder engagement and approvals, Post business case activities and sequencing of all major works and Change notices.</p> <p>The DFBC in December 2006 will show an acceptable range of construction prices. TS to explore Cabinet's ability to pre-agree against a proposed range.</p>	<p>(8)</p>

	<p><i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p>tie Ltd raised the issue of the increasing amounts of correspondence related to Bombardier’s activities in China and potentially bidding for Tramco and/or being part of a consortium bidding for Infraco. The decision to refer to the binding nature of current EC procurement legislation is the recommendation in any correspondence querying this.</p> <p>tie Ltd confirmed that a full risk identification and QRA process has been undertaken but mitigation plans need to be fully initiated. A summary of top ten high level risks as well as an opportunities register showing opportunities to reduce cost and increase revenue i.e. Park and Ride was requested by TS.</p> <p>Discussions need to take place on key junction offline requirements to agree costs where additional traffic management programmes are entirely tram resultant. Costs are as yet uncertain as full details are not yet known - modelling work still ongoing.</p>	(10)
<p>Procurement and Implementation</p>	<p>Progress was reported against each of the major packages:</p> <p>MUDFA – Best and final offers received and recommendation for contract placement complete and now subject to approval process.</p> <p>Tramco – Currently out to tender to four pre-qualified bidders and due for return on 5th October 2006.</p> <p>Infraco – Invitation to negotiate documentation in preparation for issue on 3rd October 2006 and return on 9th January 2007.</p> <p>tie Ltd confirmed that they are currently reviewing their stakeholder strategies and external communications plans, developing a “Hearts and Minds” campaign to increase both public and stakeholder support for the tram. In addition meetings are taking place with the political parties to highlight the benefits of re-introducing the tram back to Edinburgh.</p>	

Interdependencies	Haymarket project awaiting JRC outputs – TS request that the Haymarket team are kept informed of all modelling outputs.	
Conclusions and Actions	<p>(1) Further clarification required to understand 5 categories of indices applicable to indexation calculation.</p> <p>(2) tie Ltd to provide a summary of key tests and critical decision points prior to the proposed high level meeting on 17th August 2006.</p> <p>(3) TS require a copy of the governance paper prior to the next Tram Board meeting w/c 21st August 2006. It was also emphasised that TS require sight of all papers prior to Tram Board meetings.</p> <p>(4) tie Ltd confirmed that further work is being undertaken and that TS will receive a functional specification by Monday 11th September 2006.</p> <p>(5) tie Ltd to provide a resource loaded programme by end of month.</p> <p>(6) tie Ltd to review £32.7m spend profile.</p> <p>(7) Capital cost estimates are now due end September 2006. Comparison to be made against the bottom up work being undertaken by Cyrill Sweett.</p> <p>(8) TS to explore Cabinet’s ability to pre-agree against a proposed construction price range.</p> <p><i>Exempt under Section 33 (1) (b) – Commercial Interests and the Economy</i></p> <p>(10) Promoter to supply updated QRA, top 10 high level risks and Opportunities Register to TS.</p>	<p>tie/TS – 25th August 2006</p> <p>tie – 16th August 2006</p> <p>tie – 18th August 2006</p> <p>tie – 11th September 2006</p> <p>tie – 31st August 2006</p> <p>tie – 31st August 2006</p> <p>tie – 29th September 2006</p> <p>TS – 30th Sept 2006</p> <p>tie – 31st August 2006</p>