

tie Limited
Edinburgh Tram Network

Minutes

Design, Procurement and Delivery Sub-Committee

8 November 2006

tie offices - Verity House, Boardroom

Directors Present:	In Attendance:
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:

1	Actions from Previous Meeting	Action
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

2	Project Director's Monthly Progress Report	
2.1	Safety Report	
2.1.1	AH noted that no further safety issues had been identified to report.	
2.2	Programme & Progress	
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
2.3	Key Issues and Concerns	
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.McLaughlin 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
2.4	Risks and Opportunities	
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.	
2.5	Matters for Approval or Support	
2.5.1	AH outlined the decisions required for the next Tram Board.	
2.6	Financial and Change Control Position	
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

3	Design (SDS)	
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
4	Preparation for Infraco and Tramco	
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.	
5	Capital Cost and Risk Allowances	
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.	
6	Funding Grant Requirements	
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
7	Risk Management Development Plan	
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
8	Other relationship to BPIC Workstreams	
8.1	No matters were raised.	
9	Matters for Tram Project Board	
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
10	AOB	
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

	Actions from Previous Meeting	Action
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

	Actions from Previous Meeting	Action
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 th 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