

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

**Minutes**

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

**14 December 2006**

**tie offices - Verity House, Boardroom**

<b>Directors Present:</b>	<b>In Attendance:</b>
Willie Gallagher (DPD Chair) - WG Bill Campbell – BC	Graeme Bissett –GB Steven Bell – SB Lesley McCourt – LM (partial) Keith Rimmer - KR Duncan Fraser – DF Andie Harper – AH Geoff Gilbert - GG Alastair Richards - AR Trudi Craggs – TC (partial) Susan Clark – SC (partial) Carl Williams - CW James Papps – JP Miriam Thorne - MT Mark Bourke – MB

**Apologies:** Damian Sharp and Neil Renilson

**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. Outstanding actions are noted below.	
1.2	AH noted that a grant letter was now not anticipated from TS until early next year.	DS
1.3	GG to finalise alignment review of SDS/TSS contracts and report to next DPD.	GG
1.4	GG to obtain written confirmation that Amec had withdrawn from the Infraco bid.	GG
1.5	TC to provide fuller briefing to TS on necessary legislative amendments in relation to greenways and TROs.	TC
1.6	Meet and discuss land issues at Sighthill in relation to ease planned gas main diversions.	SC/DF
<b>2</b>	<b>PROJECT DIRECTOR'S MONTHLY PROGRESS REPORT</b>	

2.1	The progress paper was taken as read and not discussed in detail. JP requested clarification of phasing, OCIP evaluation and DPOFA re-negotiation. GG confirmed that the Infraco bidders had been informed and that currently in progress of informing Tramco bidders. MB outlined the evaluation methodology for prequalification submissions. MB to document proposed evaluation methodology for tender returns. SB to review governance arrangements to ensure sign-off key documents. AR advised that meetings are progressing well with lawyers.	MB SB
<b>3</b>	<b>PROJECT DEVELOPMENT AND APPROVALS</b>	
<b>3.1</b>	<b>Traffic Management Update</b>	
3.1.1	TC outlined the paper and recent QC advice regarding the need for TROs to be in place prior to commencement of works. AH summarised the decision of reasonableness when considering the risk in proceeding. TC emphasised need to have CEC Legal supportive of this. DF observed that the programme was very ambitious and based on single pass success. WG requested a fall back plan to be developed. TC to seek confirmation of legal position and discuss with CEC Legal.	TC
3.1.2	TC noted that now have SDS design for TTROs affecting MUDFA works and that this was currently under review by AMIS.	
3.1.3	WG requested a short paper on the current AMIS issues.	SC
3.1.4	BC confirmed that TEL were generally happy with proposals but that there was a need to review TTRO arrangements to consider practical amendment of Lothian Bus operations e.g. South St.David Street.	
<b>3.2</b>	<b>SDS Update</b>	
3.2.1	AH noted concern of recent lack of senior level representation from SDS. AH remarked that there had been some senior level changes at SDS. AH highlighted that <b>tie</b> were currently withholding significant amounts of payment from SDS. AH/WG to meet and discuss SDS performance early next week.	AH/WG
3.2.2	WG requested review of the adequacy of internal expertise in current tie personnel to manage SDS deliverables. SC to review.	SC
3.2.3	AR highlighted that there was need to additionally update the employer's requirements when updating the specifications. GG to review.	GG
<b>3.3</b>	<b>CEC Resource</b>	
3.3.1	DF tabled a paper that outlined the additional and backfilling resource implications of the tram in 2007. DF highlighted the need for new staff including Planning, Transport, Property/Legal, Communications and Admin Support. DF noted that this would be less in following years.	
3.3.2	DF noted that one assumption is that no correspondence will come from CEC. SW to check.	SW
3.3.3	WG requested that the paper be brought to the next Project Board as a change control. GB highlighted that this was an omission from next year's budget.	DF/GG
3.3.4	GB requested clarification of the activities around raising developer contributions including Forth Ports.	DF
<b>3.4</b>	<b>Network Rail Issues</b>	
3.4.1	TC presented a paper outlining options for the delivery of NR	

	immunisation and associated works that included TS delivery. JP/SB noted that the preferred option would be one where <b>tie</b> retain responsibility for delivery and utilise TS leverage when necessary.	
3.4.2	AH highlighted concern regarding scope creep to current £6.5m budget e.g. immunisation works for Phase 3.	
3.4.3	TC/SB to meet with TS (Matthew Spence) to discuss update of paper for next DPD.	TC/SB
<b>4</b>	<b>DELIVERY</b>	
<b>4.1</b>	<b>MUDFA Programme</b>	
4.1.1	SC talked to the paper on programme of MUDFA works and highlighted current constraints with intention to commence at Crewe Toll. Communications protocols are being developed with AMIS.	
4.1.2	BC noted the preference for fewer changes from a disruption to operations. AH highlighted the intention to work through the implications with MUDFA and Infracore to arterial and feeder roads. BC confirmed TEL were broadly happy but that further discussion was necessary with CEC on planned and mandatory road/utility diversion works.	
4.1.3	SC highlighted the relatively short-term planning approach to road/utility maintenance works and requested that this was developed to periods greater than 3-months. DF agreed that there was a need for greater integrated planning. KR highlighted the importance of planned steel gas pipe replacement.	DF
4.1.4	SC confirmed that the number of workfaces was being refined and that the issue regarding quality of reinstatement was recognised. SC to clarify programme contingencies included in paper.	
4.1.5	WG requested a meeting be convened with Utility and MUDFA Directors to bring the focus to the scrutiny that the team will be under and bring exemplar performance.	SC
4.1.6	SC to update paper to include sign-off table for TEL, CEC and LB other operators. BC confirmed that he would take the lead in discussion with other operators. GG noted that there would be ongoing liaison with TS and CEC.	SC BC
4.1.7	GB to review the governance arrangements for MUDFA including potential options for MUDFA Board, revised DPD arrangements and assessment of needs moving forward with BPIC. This will include a meetings schedule to account for move to period reporting in FY07/08.	GB
<b>4.2</b>	<b>Recruitment Plan</b>	
4.2.1	SC introduced a paper outlining the forward resource plan requirements and intended approach for tram and highlighted reviews previously undertaken including TSS and from SB. SC noted intent to develop a recruitment statement and intention for care and thought in exit and re-deployment management.	
4.2.2	JP suggested that discussion with Dublin was held to review the resource levels and their issues for resource development.	SC
4.2.3	WG confirmed that now that the budget was set and plan prepared that the DPD sub-committee would recommend moving forward at end of March 2007 after newly appointed Project Director has time to consider	SC

	and plan updated.	
4.2.4	WG confirmed 'green light' to proceeding with key appointments.	
<b>5</b>	<b>COMMERCIAL</b>	
<b>5.1</b>	<b>Revised Infraco/Tramco Process</b>	
5.1.1	GG discussed paper outlining revised tender process and strategy to seek commitment from bidders and maximum investment prior to key decision making e.g. Tramco selection.	
5.1.2	AH noted need for protection to team following receipt of returns is essential. GG confirmed that this time would be necessary to and effort required 'equalising' bids and evaluating risks.	
5.1.3	WG observed that process may require to be further modified following receipt of bids.	
5.1.4	LM queried bidder's response to SDS novation. GG noted that this was not an issue. SB noted that there could still be issues to emerge.	
5.1.5	GG confirmed that there may be needs for extraordinary meetings to gain approvals.	
5.1.6	AH confirmed that information on returns provided to TS would not include numbers as could jeopardise the commercial position.	
5.1.7	GG noted that Phase 1B costs would be based on returned information plus consideration of rates/productivity due to prioritisation of SDS effort to Phase 1A. GG noted that SDS performance in delivery was critical.	
5.1.8	AR recommended making affordability everyone's problem as applied in other schemes to create a mind set of effort in value engineering. GG to develop Value Engineering approach with bidders.	GG
<b>5.2</b>	<b>Infraco Evaluation Methodology</b>	
5.2.1	GG introduced evaluation paper. GG to obtain approvals from TS, CEC, TEL and PUK. MB to set-up meeting for 9am Thursday 21 Dec 2006 for WG/GG to provide sign-off to overall methodology.	GG MB
5.2.2	SB recommended that experience be considered in evaluation of quality of resource to identify where teams have worked together.	
5.2.3	LM recommended meeting with consortia at their offices.	
5.2.4	GG preparing negotiation plan with review of gaps in negotiation skills. GG to consult with PUK on this.	GG
5.2.5	WG re-iterated confirmation to proceed with plans to strengthen team.	SC/GG
5.2.6	GG confirmed that there was no conflict of interest with Transdev involvement and that evaluators would be partitioned in involvement and required to sign confidentiality agreements.	
<b>5.3</b>	<b>Changes in Infraco/Tramco Risk Balance</b>	
5.3.1	GG noted that bidders were seeking Payment Indemnity from TS/CEC. GG to discuss and develop with DS/DF.	GG
5.3.2	GG noted that attention would be required to assess proposed caps in liability and dovetailing of agreements.	
5.3.3	MB to develop risk register with emerging commercial risks.	MB
<b>5.4</b>	<b>Scottish Gateway 2</b>	
5.4.1	GG confirmed that the Report from TS was yet to be provided and was unaware of any outstanding issues to address. DS to provide final Report.	DS

<b>5.5</b>	<b>TS Quarterly Review</b>	
5.5.1	AH confirmed awaiting TS minutes and actions.	
5.5.2	AH highlighted that budget was not in place for next year. SMcG to progress with DS.	SMcG/DS
<b>5.6</b>	<b>Alignment of Contracts</b>	
5.6.1	GG noted DLA Piper were heavily involved in alignment process that will address Tramco/Infracore conditions and will result in variation to SDS conditions as necessary.	
<b>5.7</b>	<b>Changes</b>	
5.7.1	GG presented changes to scheme and confirmed that all of these had been included in the £592m estimate. GG confirmed that now that the Functional Specification was defined, estimates fixed and baseline programme established that the project was in better position to measure change. AH outlined the history of drivers for changes and noted design development to be the big issue.	
5.7.2	WG requested that in future significant changes receive greater detail in the papers submitted.	GG
5.7.3	AH confirmed that there was no more to catch up with other than relatively minor changes that could be picked up delegated authority and some that require further validation.	
5.7.4	AH confirmed scope of capex investment as a result of conductors.	
5.7.5	GB requested that a close monitoring of costs expended on changes to provide assurance that agreed changes are delivered within budget.	GG
<b>6</b>	<b>AOB</b>	
6.1	WG passed on thanks and appreciation to Andie for his efforts and noted that AH would step down as Project Director at the end of the year. WG outlined intention to retain AH on a part-time basis with aim to examine increased opportunities for savings in the scheme.	
6.2	GB emphasised that there is a need that the commercial/technical review process from tender returns examines areas for savings. GG to emphasise to evaluation team.	GG
6.3	SMcG confirmed that MT would takeover reporting on the project to bring increased scrutiny and certainty to cost reporting. The exact scope of this role is currently being refined.	SMcG/GG
6.4	GB confirmed that the next Tram Board meeting is planned for the 23 <sup>rd</sup> January 2007 and that the next DPD is scheduled for the 16 <sup>th</sup> January 2007.	
6.5	GB requested clarification for the weighting being applied to assess disruption compensation to businesses. GG highlighted key areas of focus were Foot of Walk and Shandwick Place. Further discussion is planned with Scott May (SDS).	SC

**Prepared by:** Mark Bourke

**Date:** 15 December 2006