

EDINBURGH TRAM NETWORK. INTERIM OUTLINE BUSINESS CASE.

KPMG QUESTIONS ON PROCUREMENT STRATEGY

The aim of the meeting, in our view, is to discuss the procurement issues where the Scottish Executive may want to see more information or argument produced in a revised IOBC.

Overall strategy

1) We think there should be more description of the pro's and con's of the different options listed in Chapter 5. The current text concentrates on the preferred option.

2) Variants of the Full Consortium Option are being considered for other schemes at present. These differ from Croydon and Nottingham in that there is a separate operator, and could be compatible with Early Operator Involvement. A direct comparison of the two might bring out the key issues – with cost, timing and quality arguments for and against contract integration.

3) The IOBC needs only have a limited content on financing questions. But are there any areas where procurement decisions might rule out future decisions on private or public finance?

4) What are the relevant lessons from the Holyrood Inquiry for this project? And how have they been reflected in the procurement strategy?

Design contract

5) How can effective cost control be kept over the design? Is there a danger that close working between the design team and CEC planners will lead to 'gold plating'? How should Scottish Executive monitor cost changes?

6) We understand that the design contract will essentially be paid on a consultancy basis. What incentive have they to agree to be novated to the winning infrastructure bidder? What if they 'walk' at this stage, perhaps because of the identity of the winner?

7) Are there other ways to address planning issues?

8) What would be the impact on the design contract of a phased development of the tram system? How would the procurement approach change?

9) Will an integrated team blur the separate responsibilities of **tie**, the designer and the technical adviser?

Rolling stock

10) Why does **tie** want to select the rolling stock itself? What does the right tram look like? What would be the wrong tram? If the criteria are clear, could these be put in an output specification? If the criteria are unclear, how can **tie** avoid poor decision making, perhaps after outside interference?

11) How will issues of 'whole life risk' on rolling stock be handled?

12) If there are separate competitions for rolling stock and infrastructure, how will these work together? Is there a danger of incompatible results?

13) What would be the effect of a phased approach?

Infrastructure

14) What would be the effect of a phased approach?

Utilities

15) How can the various parties be incentivised to do the minimum essential utility works?

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