
From: Reeve W (Bill)
Sent: 30 August 2006 08:21
To: Sharp DP (Damian); PS/Transport Scotland
Cc: Mylroi I (Ian); Spence M (Matthew)
Subject: Re: Involvement in tramco and infraco procurement - Restricted - Commercial

Dear Damian,

Thank-you for raising this matter now: most timely.

I understand the logic of this approach. I also understand the huge reputation risk if the wrong decision is made. We do not want a repeat of the disastrous W. Midlands tram procurement.

To pursue your approach, we need assurance about ;

1. The criteria for selection.
2. The expertise of those who will apply the criteria and confidence that those with expertise will actually take the decision.
3. The acceptability (or otherwise) of any of the qualified bidders: i.e. there is no possibility of a bad decision being made, only choices between different good options.

The involvement of TransDev is supposed to ensure that we benefit from an operator's expertise, so their role in this selection needs to be understood.

Separation from risk in the event of problems is not a trifling matter, but should be seen as a second order consideration after maximising the chance of success. That's what a Focus On Delivery means.

Regards,

Bill Reeve

Director, Rail Delivery
Transport Scotland

-----Original Message-----

From: Sharp DP (Damian) <Damian.Sharp@transportscotland.gsi.gov.uk>
To: PS/Transport Scotland <chiefexecutive@transportscotland.gsi.gov.uk>
CC: Reeve W (Bill) <Bill.Reeve@transportscotland.gsi.gov.uk>; Mylroi I (Ian) <Ian.Mylroi@transportscotland.gsi.gov.uk>; Spence M (Matthew) <Matthew.Spence@transportscotland.gsi.gov.uk>
Sent: Wed Aug 30 08:00:50 2006
Subject: Involvement in tramco and infraco procurement - Restricted - Commercial

PS/Transport Scotland

My note on the Andrea Bocelli concert invitation prompts me to record where we have got to in our thinking on the appropriate involvement in the procurement of tram vehicle and infrastructure contractors.

The competitions for the tram vehicles (Tramco) and the infrastructure for the tram system (Infraco) are being run with tram. I have discussed our potential approach to these procurement competitions with Ian Mylroi who has experience of tram procurement in particular. It is our considered view that Transport Scotland should not participate directly in the selection of either Tramco or Infraco shortlist or successful contractor.

tie has sufficient resource and experience for tram procurement and is strengthening its team to have such resource for Infraco also within the projected procurement timetable. Therefore it is questionable whether our involvement would lead to a more robust decision. Before committing scarce resource in Ian Mylroi (for Tramco) or Matthew Spence (for Infraco) I would want to be sure that we were getting value for that investment. The same applies if we were to deploy expensive resource by hiring consultancy support for this work. We are dealing with large and expensive contracts and I would not hesitate to invest resource if we could identify gaps in the tie evaluation team and had the means to fill those gaps.

Our preferred approach is that we would participate in defining the evaluation criteria, agreeing the evaluation process and checking for compliance with the process. All that is achievable with anonymised bidders in a similar fashion to the process used for the franchise re-letting thus avoiding conflict of interest for Ian and myself checking at a more detailed level and for Bill as a member of the Tram Project Board (and indeed for other members of the project board) who will be asked to ratify a recommendation to the Council.

Full participation would also expose us to later questions in the event of any challenge to the procurement process when City of Edinburgh Council or tie is the procuring authority for EU law. It might also expose us to pressure from CEC if there were subsequent problems on the lines of "it would all have been all right with contractor X but you made us choose contractor Y so you should share the cost of putting it right".

This thinking is work in progress but I thought it might be helpful to update you as my other note might have set off some thoughts. Ian and I will need to complete a proposition for Bill's approval putting flesh on these bones.

Damian

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