

2008/19

**Mandy Wilson**

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**From:** Gill Lindsay  
**Sent:** 08 May 2008 08:41  
**To:** Donald McGougan; Dave Anderson  
**Subject:** FW: Update

Update for visibility.

Kind regards

Gill

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

**From:** graeme.bissett [mailto:graeme.bissett] [redacted]  
**Sent:** 07 May 2008 20:31  
**To:** Gill Lindsay; WILLIE GALLAGH; Andrew Fitchie  
**Subject:** Re: Update

I suggest we need the deal terms to do this properly. Maybe later tonight or am tomorrow. Tie board needs to take care on this also and a considered collective view will be needed.

Speak by conf call around lunchtime tomorrow.

Regards  
Graeme

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Graeme Bissett  
+44 ( [redacted] )  
Blackberry

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

**From:** "Gill Lindsay" <Gill.Lindsay@edinburgh.gov.uk>

**Date:** Wed, 7 May 2008 19:27:27

**To:** "Gill Lindsay" <Gill.Lindsay@edinburgh.gov.uk>, "Willie Gallagher"  
<Willie.Gallagher@tie.ltd.uk>, "Graeme Bissett" <graeme.bissett [redacted]>  
"Fitchie, Andrew" <Andrew.Fitchie@dlapiper.com>

**Subject:** RE: Update

Hi Andrew

Can you give DLA view at present on procurement issues please assuming the position concludes as anticipated today. I am keen to receive now as matters advance to either clear this or highlight this as an issue re risk and at what level and with what advice.

Letter states many issues equal and majors on price. How will DLA sign of in letter to Tie and CEC. We need to clear this as we go forward with Member approval, Report currently being drafted. Do you remain satisfied on defending a procurement challenge and on what basis?

Gill

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**From:** Gill Lindsay  
**Sent:** 06 May 2008 15:43  
**To:** 'Willie Gallagher'; Graeme Bissett; 'Fitchie, Andrew'  
**Subject:** RE: Update

Thanks Willie.

Looking forward I have just received a copy of the debrief letter including the Notice

of Intention to Award given to Tramlines. This states that BBS were some 4/5% lower on price and a range of other info. Clear understanding is of price fixed as of 18 March. Is it possible to have a financial calculation done now with some possible outcomes to have some additional info re procurement. Appreciate entirely first issue is to get solution but it would be good to know how close we are reaching.

I would also appreciate Andrew's view as to whether and how price differential will impact on notifications ie will there be a requirement to advise Tramlines again and if so will there be a potential for a further cooling off period and how can any risk here be managed.

Gill

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From: Willie Gallagher [mailto:Willie.Gallagher@tie.ltd.uk]  
Sent: 06 May 2008 07:10  
To: Dave Anderson; Donald McGougan; Gill Lindsay; Phil Wheeler  
Cc: Steven Bell; david\_mackay@tiscali.co.uk; Graeme Bissett (external contact)  
Subject: Update

I met yesterday with BB in the tie Office. I was accompanied by Steven Bell & David MacKay.

BB reiterated their problem. It started at £17m, they propose actions which reduces it to the £12m discussed with me last week. It is claimed to be all down to the Supply Chain for not honouring prices given to the project at a previous time, Steel and Fuel were mentioned particularly. They acknowledge internal weaknesses and appeared genuinely sorry for causing the predicament.

We held the agreed line, no more money and even if there was, we have an EU Procurement problem with TramLines.

At the end of the meeting, I had a one-to-one with Joachim Enenkel, their Board Director. He raised the possibility of a refund of £3.3m should 1(b) not proceed. This would leave circa £9m. I suggested to him that tie / Siemens / BB should all then take £3m each. This was not discounted and he plans to discuss this with Siemens today. I suspect that Siemens will see this as BB problem, and be reluctant to contribute £3m margin.

In summary, we have a visible £9m problem. The phase 1(b) is worth having, but we would require to provide a contingency for the sum and we need some clarification of it no reappearing again in the future 1(b) price.

I have an opportunity to meet with both Siemens & BB tomorrow in Munich. This unfortunately means that I will miss the Tram Project Board. If it would be possible to pull the Board forward to this afternoon, it would be extremely helpful. I will ask Julie to check all diaries.

Regards,

Willie

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