
From: Graeme Bissett [graeme.bissett@tpb.com] [redacted]
Sent: 13 August 2007 10:33
To: Matthew Crosse; Geoff Gilbert
Cc: Jim McEwan; Miriam Thorne; Willie Gallagher; Susan Clark; Lesley McCourt; Steven Bell
Subject: FW: Financial Close Delivery Programme
Attachments: TPB presn v9.8.07.ppt; Programme overview - 24.07.07 Update for TPB 9.8.07.doc

Matthew, Geoff

You will no doubt have a deluge to deal with but the attached documents will let you see the progress that's been made on the related issues of governance arrangements, funding and approvals under the generic title of "Financial Close Delivery Programme". The timing has not changed since we spoke before you went on leave and is based on your procurement programme.

We have been promised a draft of the New Award Letter from TS by close of business tomorrow in advance of a meeting with Damian and Donald McGougan on Wednesday. This will contain a number of conditions which affect project operations and there are a few areas where I think you will want to be involved. The Procurement Committee which meets weekly will monitor these issues to avoid an additional meeting. The next one is Wednesday, which we expect to focus of the SDS situation but there may be time to address these points as well.

1. We have an issue with funding through to financial close, including what is needed for the advance works and early mobilization proposals. TS have stated they cannot get approval for this. A paper has gone to them setting out the scale of the issue, prepared by Miriam. There are some key variables where your evaluation will be vital : the gap is c£12m, but subject to :
 - a need for working capital availability and allowance for slippage from the January deadline
 - the extent of advance / mobilization works (presently installed in the forecast as round sum estimates totaling £6m)
 - whether or not the piling work is required ; and what this costs – the budget I've seen via Miriam states £6m, but the VE schedule is stating £2m.
 - to what extent any SDS claim impinges on cash required before Close
 - Extent of actual increased cost arising from delay – David Carnegy is reviewing this relative to the £9.5m in the TPB paper last week
2. The format of the 4-weekly meeting proposed between CEC and TS – this will need to be supported by the project team and we want to ensure that it does not become a separate governance arm duplicating the TPB. I will draft a remit / standing agenda and we should consider how to deploy our resources efficiently to achieve this.
3. TS continue to request improvement in the timing and content of the 4-weekly report. Miriam has highlighted the three areas she believes are at issue – cost-loading, delay of a week in submission and risk allocation. Ideally we would achieve no change until after Close, but this needs thrashed

out. I've asked Damian to spell out their concerns before I meet him on Wednesday. We can then take a view on response.

4. Please confirm whether or not you believe a comfort letter from TS (and / or CEC) is now needed for the bidders this side of preferred bidder selection.
5. The legal relationships between CEC, tie and bidders are the subject of a meeting led by Lesley later today. This should pick up the nature of binding guarantee letters or similar, depending upon the nature of those relationships. Any such form of letter will need to be agreed in tandem with the contract terms in advance of preferred bidder selection.
6. There are significant issues around NR and immunization, Willie or Steven can brief you and these might need to feature as part of the overall TS arrangements.
7. Concerns about the CEC team engagement – Susan is managing an urgent process mapping review.
8. The integration of Public realm and wi-fi works sparked into life two weeks ago, though I've not heard an update on what this might mean for the tram programme.
9. I'm hopeful the Gateway 3 will be led by Malcolm Hutchison who led the reviews in 2006. He should be back this week from holiday and we can get things moving. This will take place in w/b 24/9 and 1/10 to fit the overall timetable. Can you assess who from the team should lead in preparing for the review, admin support etc.
10. We have just had a report back from PwC on tax structuring and the means of getting shelter by using the capital cost ; this may have implications for the contractual structure and location of title to the assets. Miriam is looking at this with Lesley.
11. One of the bidders has suggested leasing options as a variant bid. This is a red herring from the perspective of selection and capital cost but the proposal might still have merit and I've asked Susan to set up a meeting specifically on this so that we can assess how best to develop the thinking.
12. Miriam / Jim will advise on FBC progress.

Regards
Graeme

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From: Graeme Bissett [mailto:graeme.bissett@[REDACTED]]
Sent: 08 August 2007 12:12
To: David Mackay (david_mackay@[REDACTED]); 'Willie Gallagher'; Neil Renilson (TEL)
Cc: 'Miriam.thorne@tie.ltd.uk'; 'Susan Clark'
Subject: Financial Close Delivery Programme

David and colleagues, here is a brief presentation for tomorrow's TPB. I think James will be the only member who has not been involved in the dialogue to date and we therefore need to minimise repetition but still open up the key issues for debate. So I propose :

1. I will run through the summary section to highlight the key elements of all the areas we are seeking to manage.

2. I will then use the section headed "Request for TPB Approvals" to discuss the chunky issues in more detail, one by one to allow proper debate – each is reasonably self-contained

The attached paper is a combination of the previous documents circulated on this subject brought up to date with the discussions yesterday. It is intended to be comprehensive on all the important areas, the action points and the underlying rationale for the approach we are taking, which I'll summarise verbally. The paper can act as a document of record for the TPB, supporting the slides and members can raise questions with us after the meeting as necessary. The document is also the roadmap for the work underway. I will circulate the paper and the slides later today after our meeting.

Discuss at 3.

Regards
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