

Report on Terms of Financial Close (“Closed Report”) Draft v 28.04.08

Comments by CEC 30 April 08

<u>Item</u>	Comment	Proposal	Action
2.2	Programme inconsistent with version 31 and confirmation	Modify to comply with 31 and be consistent with Mudfa programme rev 6	Confirm all parties have agreed to V31 and any date revisions are made
	Risk of delay to Infracore and Mudfa is this adequately taken account of	Review the risk allocation/mitigation	Report on outcome of risk and cost/time
2.3	ER Requirements have only been partially considered according to the DLA letter 28 March section 1.2	Clarification of the core conditions and any gaps identified between contract and ER	Review risk implication to CEC
2.4	it appear that BBS have not considered the detailed proposal rather assume what is reasonable- reference DLA letter 28 March	This exposes contract to risks which can be closed out by BBS	BBS to agree to all third party agreements
2.4 (4)	Every thing that can be done has been done to mitigate risk of procurement challenge	Risk still exists	Accept?
5	Third Party risk assessment only related to construction risk	Recommend the potential impact on operation of the tram be identified e.g. Bridge	Tie to note this as part of the risk assessment
5.5	Tie can use its tram powers	Can progress without SRU agreement thus enabling SFC to put in place their new policy on payment of TM	Confirm latest position
5.18	Gyle and Gogar Underpass	Potential for conflict between programme and retail needs of the Gyle	Clarify and confirm there is adequate cover either for delay in programme or compensation
5.23	Bridge Agreement	operational risk and	Close out

		the later this is concluded the more difficult CEC position for negotiation with the new form of agreement	agreement with possible support from TS
5.24 &5.25	No signed off	CEC to sign	Close out issue
6	Clarification from BBS on land required for construction as it assumed that all land bought to date meets design requirements	BBS to advise	Tie to close out matter with BBS
8.4	Review risk associated with consents and approvals on the basis of SDS delivery of programme to date and in relation to programme 31	Tie re-assess risk £3.3m risk is this adequate? (it is noted that there is a £6.6m general risk cover)	Does SDS design and consents risk cover require to be increased?
5.2/7.1	Risk costs of delay seem to vary perhaps because of mitigation factors £6.6m =2/3 months £3.3m = 3 months	Clarify evaluation of risk cost	review
8.3	Picardy Place	All costs within tie provisional budget – all other items listed have a CEC or FP budget	confirm
9.4	Mudfa impact on Infraco requires clarification including buy in from stakeholders	Agree a deliverable and TM acceptable programme	Assess impact on Mudfa and/or Infraco
9.6	Issue have arisen at several locations	Review process in place	Confirm change in process
9.8	Coverage of OCIP to be confirmed	Agree with Margaret Rae	Achieve acceptable cover
10	Infraco Suite	Gill to confirm DLA and tie reports provide adequate cover for CEC Tramco Bond Information missing	Report to Directors (Finance, Corp. and CDD)
<u>Appendix 1</u>			
44	LB transfer to TEL	Check tax liability	Report on tax efficient out come correct
44	Andrew Holmes	Change to D Anderson	correct
45	Tie provides services to	review	Amend as

	TPB and CEC		necessary
46	Tie's role is to provide a service to its client, in this case TEL	Please review	Correct if necessary
<u>DLA Matrix</u>	Revised version	Provide a list of revisions and impact	Advise on any necessary changes in cost or risk
<u>DLA letter 28 March</u>	Consents	7.1 beyond the cumulative caps there is adequate cover in the £508m and taking account of prolongation costs	Please advise
	ER	1.2 Limited legal reviews	This should be comprehensive
	Third Party Consents	6.1 What are the recommendations to tie and have these been enacted Have BBS agreed to all these agreements	What impact have these on the contract if any
<u>Report on Infracore Suite</u>	ER	DLA cannot give legal assurances regarding current contents of ER and their consistency with Infracore core terms	Does this increase the risk allowance (discrepancies) and can this not be close out?
<u>QRA</u>	Contract negotiations	Advise on changes to contract through negotiations and the implications for QRA	Have there been any changes and if so cost
<u>Critical Contractual Decisions spreadsheet</u>	Documents OCIP	Provide final documents for closure Cost implication of extension of contract period	Complete documentation Is this contained within budget?