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**From:** Matthew Crosse  
**Sent:** 13 August 2007 18:56  
**To:** Geoff Gilbert  
**Cc:** Susan Clark; Steven Bell  
**Subject:** FW: SDS Claim / tie counterclaim

**Importance:** High

discussed

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**From:** Ailsa McGregor  
**Sent:** 23 July 2007 19:20  
**To:** Geoff Gilbert  
**Cc:** Matthew Crosse; Trudi Craggs; Jim Cahill  
**Subject:** SDS Claim / tie counterclaim

Geoff,

Further to our discussion this morning, I confirm and summarise the high level events leading to delays to the project as follows:

1. Contract planned to be signed 5<sup>th</sup> September 2005
2. Contract actually signed 19<sup>th</sup> September 2005. SDS is responsible for the initial delay of 2 weeks at the start of contract due to issues around parent company guarantee between PB UK and PB US. Their tiger team commenced mobilisation from this date.
3. SDS are responsible for delay at RDP stage due to the quality and content of the RDP submission received in December 2005 and the need to revise most of the RDP documents ( more than 30 out of 40) during February and March 2006 and resubmit to tie. Tie then had to review the resubmitted SDS RDP's. The delay attributable to SDS 2 months and 1 month for tie to review, overall 3 months at RDP stage.
4. Action plan prepared by SDS on 15<sup>th</sup> March 2006 accepting and acknowledging the issues at this stage i.e. programme & delays, resource issues -strengthening the PB management team, traffic/ tro/ tto issues, survey issues, sub-consultant issues - controlling Halcrows (structures and utilities) and improving quality.
5. Total RDP stage delay 3<sup>1</sup>/<sub>2</sub> months
6. Programme version 5 agreed between tie and SDS in April 2006.
7. Design charettes carried out in May 2006, highlighted that the SDS designs in some cases had a high likelihood of not achieving approval and consents and the preliminary design submitted by SDS at the end of June 2006 did not take account of or include any of the charettes.
8. SDS submitted some but not all the Preliminary design (PD) on the 30<sup>th</sup> June 2006. Further documents were issued to tie from July to September 2006. The traffic modelled Preliminary design should have been submitted by the end of June 2006. Tie is still awaiting the traffic modelled element at the end of July 2007. SDS delay during this period 2 months. Tie did not manage to respond to the Record of Reviews (ROR's) within the contract timescales and caused a 1 month delay.
9. Total PD stage delay 3 months ( 2months SDS, 1 month tie)

10. During September 2006 all parties working on the first drop of information to Infraco ITN deliverables (1<sup>st</sup> October 2006) both parties equally involved in these works and second drop of information to infraco at the end of October 2006. This meant that neither party were working on the PD close out and the delays arising to the PD close out of 1 to 2 months are therefore not attributable to either party.
11. At the end of September 2006 tie instruct SDS to proceed to detail design on the basis that SDS would take on board the issues set out in the Record of reviews (ROR's)
12. In October 2006 the charette solutions were agreed for all the elements except Edinburgh Park, which was to be the subject of a further special structures charette planned for later in October 2006 but which actually took place in November 2006.
13. The charette deal of £600k and the two interchanges changes at approximately £100k each included for all preliminary and detail design associated with these elements and David Hutchison with Alan Dolan, Jason Chandler and Jonathon Bloe and Andie Harper, Trudi Craggs, Jim Cahill and myself included for all additional management costs upto the end of October 2006 i.e. no management claim up to this period. This was confirmed by David Hutchison to Andie Harper and integral to the charette deal.
14. In November 2006, the PD2 traffic modelled Preliminary design had not been received and the Independent Design Check (IDC) had not been received for the PD. SDS's credibility was tested during November and tie procurement team prepared a "SDS termination report" with a view to terminating the SDS contract. Willie Gallagher was involved and contacted the head of the SDS organisation at Parsons Brinkerhoff (PB US). Assurances were provided to tie around the issues, programme, resources, quality, deliverables similar to at RDP stage in April 2006.
15. The version 9 programme was agreed between tie and SDS at the beginning of December 2006 and within a few weeks SDS had missed all the initial Utility deliverables and tie wrote to SDS and notified them that they had missed these deliverables. Things were delayed further by the Christmas break which SDS advised they would be working and further delays experienced at the start of January 2007.
16. Tie's new project director starts in January and the new Engineering director starts at the beginning of February 2007.
17. SDS appoints Steve Reynolds as their new Project Director and Greg Ayres as the main Board director to oversee the Project
18. The first schedule of critical issues was prepared at the end of February 2007 and highlighted the blockages along the route (David Crawley issued this document to Trudi, Mathew and you). Since February 2007, further critical issues logs have been issued and David Crawley has been leading the resolution and clearance of these blockages to enable SDS to progress the detail design. The critical issues and blockages have delayed the project. However the delays are not all ties' responsibility some are SDS, some are CEC, some are Halcrows and some are external stakeholders such as BAA, Forth Ports etc. Therefore it would be reasonable to suggest that 2 to 3months delay is attributable to tie / CEC during this period.

In addition to the above, through the SDS contract change process, tie and SDS has agreed a number of contract changes. SDS has also submitted a number of change requests to deal with the majority of the items set out in the critical issues log/ blockages.

The SDS change requests are currently being assessed and valued by tie and a number have been agreed between sds and tie. The rates set out in the SDS contract which have been used to price these changes include for all overhead, profit, non productive overtime, holiday allowances, travelling, administration, management costs, uplift and on-cost.

Since the majority of these items set out in the critical issues are also set out in the SDS claim as relevant events and the tie / SDS agreed change values for these includes for all management costs then their appears to be duplication with the SDS claim and the critical issues/ charettes. The SDS claim period is from July 2006 to end May 2007 and omits the RDP stage and issues pre PD stage. Since a partial PD was submitted on 30<sup>th</sup> June 2006 and not a complete PD and the changes and charettes were agreed in October 2006 and included an agreement that there would be no claim for additional management costs upto the end of October 2006 as part of the charette deal. (Andie Harper, Trudi and Jim will verify this), then the period for discussion has to be November 2006 to May 2007, less any relevant events or elements which tie has already agreed to pay through the change process and or the critical issues log. Since the rates include the management, administration, profit and overheads costs then there is duplication in their claim for additional management costs.

The hours set against each of the submitted and agreed changes are currently being assessed and analysed as part of the review of the SDS claim, but is not yet available. The work on the valuation and agreement of the SDS changes is work in progress and is informing the tie counterclaim to SDS.

Further key relevant matters to note are the delays caused to AMIS through the delays to the completion of the SDS utilities design and survey works and the impact that the SDS design delays will have by prolongation of the ETN and further delays and costs to procurement and the overall Project.

Regards,

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