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Our Ref: ULE90130-SW-LET-00706

11<sup>th</sup> July 2007

Halcrow  
Vineyard House  
44 Brook Green  
Hammersmith  
London W6 7BY

Attention: David Watters

Dear David

***Edinburgh Tram Project: MUDFA Design***

I am writing to you following the SDS progress meeting with Halcrow held on Tuesday 10 July. I am aware that David Simmons will by now have talked through the matters arising from the meeting but I believe it is important that any report you may have had is backed up with this short letter.

Having been through the recent experience of Halcrow's failure to deliver a quality product on time against the current MUDFA schedule we are now preparing to submit the next tranche of drawings for Section 1B. The due date for submission from Halcrow to PB is 16 July 2007. The simple fact is that it is essential this date is met by Halcrow, not simply to comply with our MUDFA obligations, but, more importantly, to improve our reputation at a time when we are working hard to recover our commercial position. I have already been forced to acknowledge the earlier failings: I enclose a copy of my letter of 11 July to Graham Barclay in response to his letter setting out tie's criticism of SDS performance. I have no wish to be placed in a similar position due to failure to achieve the Section 1B goals.

I don't believe it useful in this letter to dwell on the reasons for the current problems but this matter is now generating more concern and consuming more of my time than any other issue in my dealings with tie. I must ask that you address this as a matter of absolute priority and that you ensure your team is adequately resourced to deliver against reasonable expectations. We are now at a critical point on this project and we simply cannot be seen in tie's eyes to fail again on a MUDFA deliverable.

Yours sincerely



Parsons Brinckerhoff Ltd  
Stephen C Reynolds  
Project Director

cc. Greg Ayres  
Jason Chandler  
Alan Dolan

*Over a Century of  
Engineering Excellence*

*In association with Halcrow  
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Quill Power Communications, SDS*

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CityPoint, 1<sup>st</sup> Floor  
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EH12 5HD

Attention: Graeme Barclay

Dear Graeme

***MUDFA Design Prioritisation Change Order***

Your letter dated 02 July 2007, Ref DEL.MUDFA.1304.JJ.GB, to Alan Dolan has been passed to me and I have now investigated the concerns which you raise. As we have already discussed, clearly there has been a problem with both quality and timeliness of delivery of some of the Halcrow drawings to date, and I have taken this up with David Watters, Executive Director responsible, located at Halcrow's Hammersmith Office. I have received assurances from David on the resourcing of the MUDFA design scope, both in terms of the number and competence of the staff to be assigned to completing the required tasks. In addition to this I have asked Jason Chandler as SDS Project Manager to conduct detailed weekly reviews of progress to ensure momentum is maintained and the next delivery milestones are met.

Whilst acknowledging SDS' shortcomings in the delivery of the materials required for Section 1A I would like to question your suggestion that "...the agreement is no longer viable..." on the basis that SDS "...need to demonstrate that the agreed dates within programme can be achieved..." As stated above, I am content to acknowledge SDS' failure to deliver on time in the specific case of the Section 1A drawings but my review of the MUDFA "Design Progress Tracker" reveals a failure by others to deliver against a considerable number of due dates. Provision of C4 information from the SUCs appears to me to show repeated failure to deliver to programme, for example.

I am highlighting this not in an attempt to score points but to demonstrate that commitment to meeting the MUDFA programme is required from all parties if a successful outcome is to be guaranteed. The level of complexity is such that SDS design delivery is dependent on timely contributions from a variety of sources. In this context it is worth highlighting the recent example of BT's advice that they cannot provide required information for Section 5B until 16 July – beyond the point at which the SDS design should have been complete.

I welcome the pressure you are bringing to bear and as we discussed at our meeting on Friday I believe tie and SDS need to work together very closely over the next few weeks to make sure that shortcomings are



identified and eradicated wherever they may arise. If we can achieve that then I can assure you with a high level of confidence of SDS' commitment to delivering high quality design material on time.

Yours sincerely,



**Parsons Brinckerhoff Ltd**  
**Stephen C Reynolds**  
**Project Director**

cc. Tony Glazebrook, tie  
Jason Chandler  
Alan Dolan