
From: Reynolds, Steve
Sent: 08 February 2007 17:17
To: McNicholls, John
Subject: FW: Edinburgh Tram Project Controls

FYI

Stephen C Reynolds
Director, Parsons Brinckerhoff Ltd
Manchester Technology Centre
Oxford Road, Manchester, M1 7ED

DDI +44 (0) [REDACTED]
Cell +44 (0) [REDACTED]
Fax +44 (0) [REDACTED]

From: Chandler, Jason
Sent: 08 February 2007 13:00
To: Munday, Keith
Cc: Hutchison, David; Reynolds, Steve
Subject: RE: Edinburgh Tram Project Controls

Keith,

I have narrowed down the circulation for obvious reasons but I said all of what I have said here to Jon as recently as last night and would be happy to say it in his presence.

No problem with what is being stated with the exception of point 3. I have spoken to Jon on this. The SDMs **are** passing the information to the controls teams and they are flagging up the changes. The problem is more that

1) the project controls team are miles behind the pace on chasing down the changes. The SDMs are screaming for the changes and support and they feed the information across to create these changes. Controls take for ever and a day to put the changes in and get them agreed. This is the most significant issue to resolve. We still have not had the meeting with Halcrow to discuss the reduction of their fees associated with the charettes even though we settled with tie 3 months ago.

2) tie have lost confidence in our controls team. The valuations are almost always wrong in some significant way or another. Even now I have the one for last month in front of me and it has school boy errors. It is supposed to be for Jan 2007. It is dated 7 Feb 2007 on the front (ok) then dated 5 Feb **2006** throughout the remainder of the document. The tables are almost impossible to read. Tie have moaned and moaned about this and we still don't get it right.

3) The change control is behind so it has not informed the DTLs budgets. The SDMs know exactly what additional work is being done but we are so slow to get the change control through that the DTLs suffer as they are forced into doing work that they have not got the signed change notice for and not got their budget. The DTLs still have not been issued with their TASs so they do not even know what their budgets are. Combine this with the fact that the change control is miles behind and you can understand why there is confusion for the DTLs.

4) Change control is based upon fee rather than cost. The actual cost is never based upon actual resources but fee minus 10%. This means that there is always a back fit and risk. Each change should be based upon an SPMU type build up but for some reason we are not doing this. This must surely change.

I am extremely concerned about asking the SDMs to manage the design budgets as I said at the last meeting. They simply will not cope with that aswell. I completely agree that Kim should take an ownership but the SDMs are intended to be delivery based and they are going to have a mountain to cope with in achieving the delivery without having to start managing the budgets.

I completely agree that they must flag up changes and not instruct work that has not got my signature against it (as on the process flow for change control). The SDMs are doing this very well. I am also very aware of my overall responsibility for the budget.

We must strengthen the project controls team and fast. Andy Fox is doing a fantastic job. Tie are seriously not impressed and the only reason that they are not raising this as a concern is that they are saving money out of our incompetence.

I would appreciate a frank and open discussion non this ASAP.

Regards,

Jason

From: Munday, Keith
Sent: 07 February 2007 23:10
To: Warren, Tony; Chandler, Jason; Fox, Andrew; Bloe, Jonathan
Cc: McNicholls, John; Hutchison, David
Subject: Edinburgh Tram Project Controls

All

Please note that John Mc, David H and I have discussed the need now for a conference call on Friday at 11:00 which we need you each to join whatever your location on that day. The purpose of the call is a final opportunity to run through the outputs that the "Controls team" has to deliver, urgently, in the very near future, and for us each to be clear what our individual emphasis is to be in the process. Rapid discernable progress must be made, with the next big acid test the production of the P4 PSR.

Clearly the introduction of Steve Reynolds into the PB team is a major change as far as Tie is concerned. Back of shop I have confirmed with Steve that it makes little difference to the plan of campaign for what we need to achieve to improve PB's commercial position.

We will run through everything on Friday, but in order to set things straight for that call, and to prompt any final questions any of you might have, here are some of the fixed reference points.

1. Main Contract Variation Account

This is Jon B's no. 1 priority. In tandem with David H's invaluable and almost unique knowledge (in PB and Tie) of the tender and contract history, there must be significant progress made converting Unsecure Revenue to Secured, by obtaining contract instructions from Tie. On the more contentious issues Jon and David are already seeking the assistance of expertise such as Chris Atkins and PB's legal advisors. For all change items they will need substantiation material from the projects records. Many items are no brainers, just waiting for substantiation from PB.

2. Historic Internal Change Records

There is a lot of data "out there" on this, with each DTL to a greater or lesser extent having a story to tell on why their cost outturn is z, when their original budget was x. The degree of uncertainty surrounding the difference between z and x that still existed when the P3 PSR was signed off was completely unacceptable. The lack of project team confidence, as to how much of the internal cost difference was truly down to external change, was the direct cause of the very conservative report imposed on us by PB's Board which has trashed the Rail BU P&L figures, and is a major threat to PBL's figures for the year. It really is that serious. Irradicating this uncertainty is one of 2 top (yes, first equal) priorities for Andy Fox, assisted as required by Tony Warren and Jon Shaw, both of whom you will be meeting in the next couple of days. This exercise will include direct scope change as well as delay cost. It will create the substantiation that Jon B needs for task 1.

3. Shutting the Stable Door on further Uncontrolled Internal Scope Change

This is the second top priority for Andy F. In effect as assistant PM to Jason, Andy has to "facilitate" Kim Dorrington and the 4 Section DMs becoming consciously accountable for the cost and programme implications of the technical direction they give to all the DTLs scattered throughout the land. This is where the cost levers are being pulled. Lack of accountability here historically is still feeding through into the cost outturn. We must break the historic practice of the SDMs directing what they like, and Jason trying to track down the cost implications with the DTLs, when its already happened and is subtly feeding through into the outturn. Put another way, the SDMs must now follow the internal change control process. This will "automatically" feed through proactively to the external change control question to Tie, "Do you really want to buy this, it costs £40k; if so, sign here and we will make a start."

In conclusion, there are no changes of role:

Jason is still the Project Manager, accountable for delivery of outputs to Tie, and accountable for the costs of doing so, and accountable for the accurate forecasting of the costs of doing so.

Jon B is still the Project Controls Manager for this contract. The link between securing PB's commercial position and the back of house Controls remains vital. I don't want Jon B getting dragged back into the back of shop machine however. His contribution there has been massive, but now he needs to focus on the client.

As Jon B faces outward to the client, Andy needs to ensure the Controls gap back of shop is fully filled, inspiring Jason's confidence that the machine is delivering sound earned value data and programme data that we can report forward to Tie, and supplying Jon B with a series of substantiation packs on the changes.

David H is still the responsible Area Manager for this contract, and the one person I intend to directly liaise with (apart from John Mc) to ensure that the team is operating smoothly with everyone supporting the 3 tasks above to the necessary extent.

John Mc and I will be around, and are fully engaged helping the project and the BU move forward to a more secure position, but I do not intend to have to referee who is meant to be doing what. When we review the PSR for P4, you will all be there. Make it work.

Speak to you all Friday. I will get details for the call circulated.

Keith