
From: Ayres, Greg
Sent: 23 March 2007 19:45
To: Reynolds, Steve
Cc: Jenkins, Mike; Atkins, Chris
Subject: Tie observations for Gallagher preparation

Steve,

I believe that a lot of progress has been made in stabilising the client relationship in the last two months, based on your relationship with Matthew, and the strengthening of the tie team e.g. Crawley, and the realignment of responsibilities to skills (e.g. McGregor, Clarke, Trudy etc). The team building bounce has probably run its course, and the delay in occupying the additional project space and bringing CEC, MUDFA and Halcrow under one roof will be deleterious to further gains in cooperation and seamless working.

Key concern is still PB's commercial position and the potential to lose significant money due to uncompensated prolongation.

I have concerns over the CTC computation, given the track record of the design groups to deliver the detailed design first time right - especially given the number of unresolved alignment issues (yellow and red balloons on the map), and the engineering themes /issues described by Crawley on Thursday;

Tram length - clearly a VO
Track Form - heavily arguably a VO
Run time/junction priorities - within our scope
Life cycle cost (maintenance) issues;
Noise, vibration
Stray current
CCTV and passenger info
Depot design (not apparently the Mersey cut and paste that we hoped)

Throw in Crawley's VE ambitions, (£30mm budget hole to be filled) and we have all the ingredients to overrun the remaining hours significantly. In this circumstance we will need to gain share significantly with tie to stay whole - and this will not sit well with the Infraco bidders

This focuses the importance of robust pursuit of the VO's that we have submitted, even in the context of Matthew's assertion of aggressive panic on our part. Of course, Jason must validate the basis and reasonableness of the VO's but we cannot ease up at this stage

Equally important is the quantification of the 5 month delay in approval of the preliminary design. In reality, we did not stop and wait to execute detailed design, and rightly ploughed ahead. What I need to understand is how much DD was pursued in the period June /November, versus say the Charrettes. I am sure that we have experienced inefficient working, rework etc , but is this really prolongation? In either case, I am not confident that the time records and doc control system "intervals" will support a claim for abortive, or, in the case of the Charrettes, additional work. There is an argument that the Charrettes represented a distraction of core team time, and that the DD suffered in timeliness and quality, but we can only claim on one count.

We need to get the PCS and WIP analysis from Jes first thing Monday and compare both the approved and pending (likely settled) revenue budgets to the cost at completion, have Jason and section leaders give you a CTC based on the "30%" of detailed design left to do and compute a sensitivity analysis of margin out turn scenarios, based on the uncertainties prompted by both the locational and thematic issues above. The

Going forward, for the remainder of the project, we **must** record hours to relate deliverables (clustered) to the time spent on their design and delivery management, for work in scope, rework and work out of sequence. We should get Richard Blyth and his new recruit to set something up quickly and sensibly on work breakdown structure.

Regards

Greg.

Lets talk tomorrow

Regards

Greg

This is one of the items need for KH