

Edinburgh Tram SDS Contract - Weekly Report

1 Stakeholder Relations & Business Case

Local Press speculation on the future of the Tram Scheme continues apace as the parliamentary debate continues. The following article has provided one of the more comprehensive reviews of current thinking this week.

<http://edinburghnews.scotsman.com/index.cfm?id=850502007>

A key session in Parliament on Thursday failed to deliver a conclusive outcome on the continuation of funding, with **tie** as an organisation being singled out for criticism by the SNP rather than either the Tram or the EARL project. **tie** is starting to suffer staff resignations as a direct result of the uncertainty, although the impact is much greater on EARL staff at the moment.

2 Client Relations

It is now evident that both David Crawley and Tony Glazebrook are developing misgivings about **tie**'s organisational capabilities. Both have shared their concerns with me this week over **tie**'s failure effectively to manage the complexities of the Tram Project. Tony has expressed frustration at the lack of clarity on **tie**'s SDS Project Management role, citing several examples of meetings conducted by Susan Clarke, (MUDFA), Geoff Gilbert, and Matthew Crosse on issues which impact SDS contract management without involving him. It is encouraging from one point of view that both Tony and David feel able to share their concerns with me but the worry must be that the two key senior **tie** people who have an understanding of the way to complete the project are so obviously dissatisfied. Tony and David have had a clear-the-air meeting with Matthew this week and it remains to be seen whether more effective management procedures are put in place by **tie** as a consequence. The upside for PB if the outcome is positive will be a continuation of the trend to more objective relations with PB – a trend for which David and Tony are responsible. The risk must be that both elect to leave and this would have potentially severe ramifications for PB. The opportunity afforded by this rather unstable set of circumstances is for PB to push its commercial case very forcibly whilst our key opposite numbers in the **tie** organisation appear inclined to side with us in arguments over contractual issues. This has to be accompanied by PB delivering on its commitments to the design deliverables schedule.

3 Contract

Nothing more to report this week.

4 **tie** Master Programme Reprioritisation

A further follow-up meeting was held on Friday, chaired by Geoff Gilbert for **tie** with Matthew Crosse, David Crawley, Susan Clarke, (tie MUDFA), Duncan Fraser, (CEC), Jason Chandler and me in attendance. The meeting was scheduled to review progress on redefining the **tie** master procurement programme. In advance of this meeting PB had been preparing an analysis of actual performance over the last four week period against the Version 14 SDS Programme plan dated 09 April. (This analysis is described in detail in Section 7.1 below). From this analysis PB was able to demonstrate conclusively to the meeting that most of the programme slippage currently being experienced from period to period can be attributed to lack of progress by **tie** and the stakeholders in unlocking the remaining Critical Issues. In the past **tie** has been unwilling to recognise this fact and Geoff Gilbert for one has tended to criticism of PB's "failure to perform". Perhaps for the first time at Friday's meeting **tie** was

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forced seriously to reconsider its position, with the weight of evidence and the clarity of the presentation showing a clear need for the stakeholders to adopt a more pragmatic approach to moving the scheme forward.

Over the past two weeks Matthew has been suggesting that PB, (along with tie and CEC), should sign up to a "protocol" committing to delivery of the reprioritised programme. Despite the reassurances that this was simply to demonstrate a commitment to team working it is clear to me that its real purpose was to provide tie with a mechanism for calling PB to account in future when the inevitable happens and the revised programme slips. Hence I have refused to sign anything. With Friday's developments I believe PB has managed to turn the tables to an extent and David Crawley has now been tasked with addressing the urgent need to engage tie and the stakeholders with the real challenges facing the team.

Production of a final version of the reprioritised programme by Geoff Gilbert remains outstanding.

5 Critical Issues

The eighth special meeting to action clearance of the remaining Critical Issues was held on Thursday. Table 1 shows performance achieved in clearing the high, medium, and low design impact Issues since w/c 19 Feb. Table 2 shows current status by Section.

The principal concern at Thursday's meeting was the apparent reluctance by CEC to accept design proposals for critical junctions without a significant amount of optioneering work by SDS. This stance has to be rejected by tie if acceptable dates are to be achieved for completion of the sectional design packages. Several Critical Issues are now stuck, and with the introduction to the Register of CEC concerns which are only now coming to light the number of Issues is on the rise. David Crawley has taken the action to address this trend by highlighting external stakeholder issues separately from those under tie's direct control. Inevitably Willie Gallagher will have to enter into negotiation with CEC as it becomes apparent that the SDS programme is slipping through no fault of PB.

6 Finance

6.1 Engineering Review of SDS Proposed Changes Meeting (Two weekly cycle)

No meeting this week. The next meeting is scheduled for Wednesday next week

6.2 Financial Review of Historic Changes Meeting

No meeting this week between Geoff Gilbert /John McNicholls, the next meeting having been scheduled for next week. However, Tony Glazebrook has now expressed a desire to take charge of the complete change control process, both historic and current. (*Consistent with the Project Management role as he perceives it – section 2 above*). He has undertaken to talk with Geoff Gilbert with a view to assuming this full responsibility. With Tony's commitment to me to judge change requests primarily on their technical merit rather than from a strict (time barred) contractual stance this change, if accepted by tie, should prove beneficial to PB. If tie accepts Tony's proposition the Project Management Meeting Agenda for next Wednesday will include the Historic Change Resolution item.

6.3 Commercial Review Meeting

6.3.1 Prolongation Claim

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The Prolongation Claim has now been submitted to Matthew Crosse for an Extension of Time totalling **40 weeks** and for a price for additional services totalling **£2.248m**. The claim covers the period from the submission of the Preliminary Design on 30 June 2006 to publication of Version 13 of the SDS Programme on 09 April 2007. Appendix 1 provides a copy of the Table of Contents.

Given the current poor performance by **tie** on clearance of the Critical Issues and the volume of abortive work being undertaken by PB as part of the initiative to unlock a number of problems, the next task will be to produce a second document dealing with prolongation from 09 April to date.

7 Operations

7.1 Issue of Version 15 of the PB SDS Programme

I have now completed my detailed analysis of Version 15 of the SDS Programme dated 07 May in comparison with Version 14 dated 09 April in light of the significant slippage reported last week. Table 3 shows progress in terms of the number of activities actually started in the last four week period as defined by Version 15 against the plan presented as Version 14. The shortfall is evident, but encouragingly my conclusion is that most of the slippage can be directly linked to lack of **tie** progress on resolution of the Critical Issues.

The evidence for this conclusion has been compiled from the information produced for the period by the PB Design Team Leaders, (DTLs). Period DTL reports are designed to provide a detailed record of task completion status against the SDS programme. That information has been used to identify by Tram Route Section and by PB Engineering Discipline which design tasks have been subject to delay. This information was tabled at a meeting held on Thursday with David Crawley and Tony Glazebrook to prepare for next week's DPD meeting and a summary of the analysis was developed in mindmap form. That summary is included as Attachment 1 to this report.

The mindmap is colour coded. Red highlighted items are judged due to SDS inefficiency and blue highlighted items are judged to be the responsibility of **tie**, either directly or a result of outstanding actions from other stakeholders. The blue highlighted items have been tagged with their Critical Issues Register references where these apply.

The analysis demonstrates clearly that most of the programme slippage has been caused by events outwith PB's control and this has been accepted by both David and Tony. That conclusion will provide the basis, should it be required, for my robust defence of the SDS position at the DPD meeting. I am also intending that the analysis be used to provide further support to our case for prolongation and also to demonstrate that payment against deliverables is being held up through no fault of PB.

8 Other Issues

Nothing to report

9 Weekly Look-ahead

- Wednesday. SDS Project Management Meeting. (Tony Glazebrook Chair).
- Thursday. Critical Issues Special Meeting no 9. (Trudi Craggs Chair)

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- Thursday. Design, Procurement, & Delivery Sub-committee Meeting. (Willie Gallagher Chair).
- Thursday. Procurement Programme review with tie /CEC. (Geoff Gilbert Chair)

10 Immediate Challenges for the week ahead

10.1 From Last Week

- Final completion of the claim for additional costs due to prolongation, incorporating Watson Burton advice. - *Cleared*
- Detailed analysis of the reasons for slippage on the latest version of the SDS Programme, (a) in preparation for presentation with David Crawley to the next DPD Meeting on 07 June, and, (b), to determine the need for corrective action to be applied within the PB detailed design teams should it be concluded that our performance over the last period has been lacking. - *Cleared*

10.2 For Next Week

- Finalisation of a realistic programme to completion acceptable to SDS.

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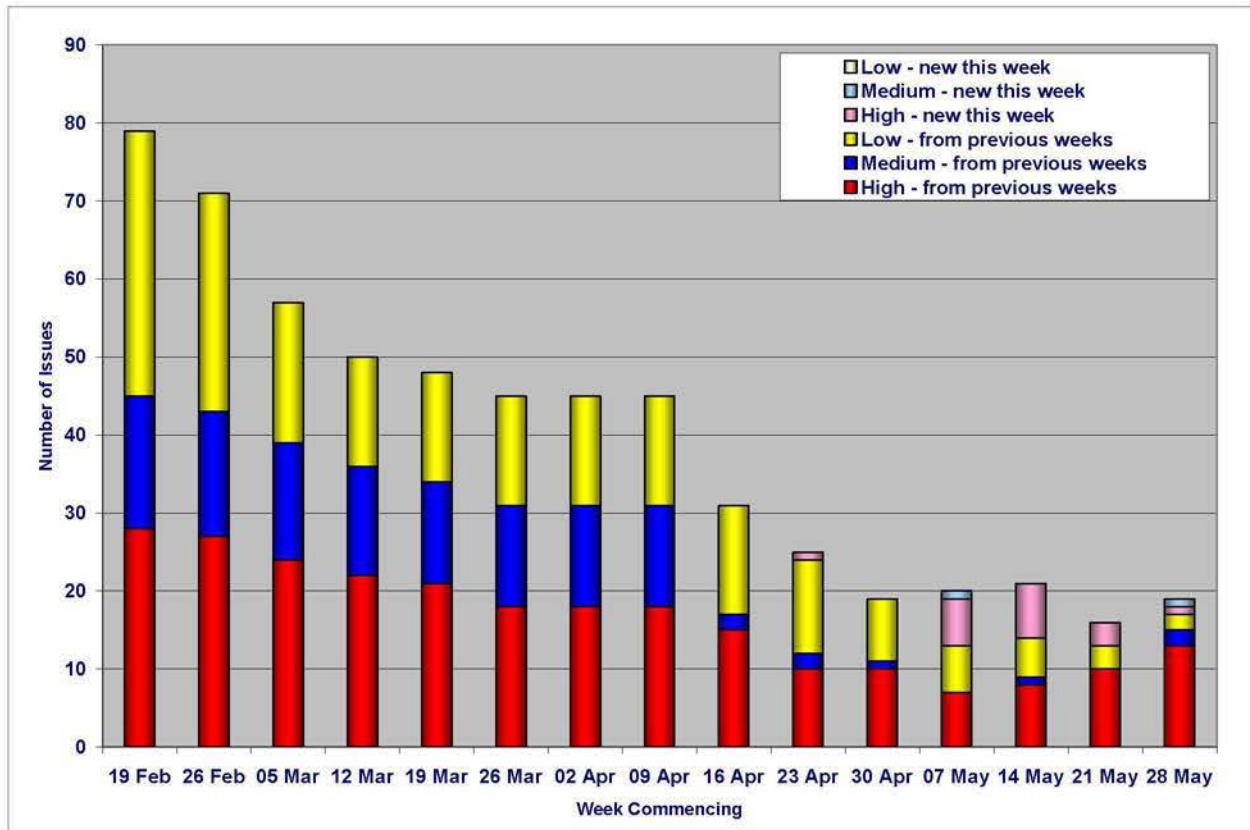


Table 1 Critical Issues Clearance Progress

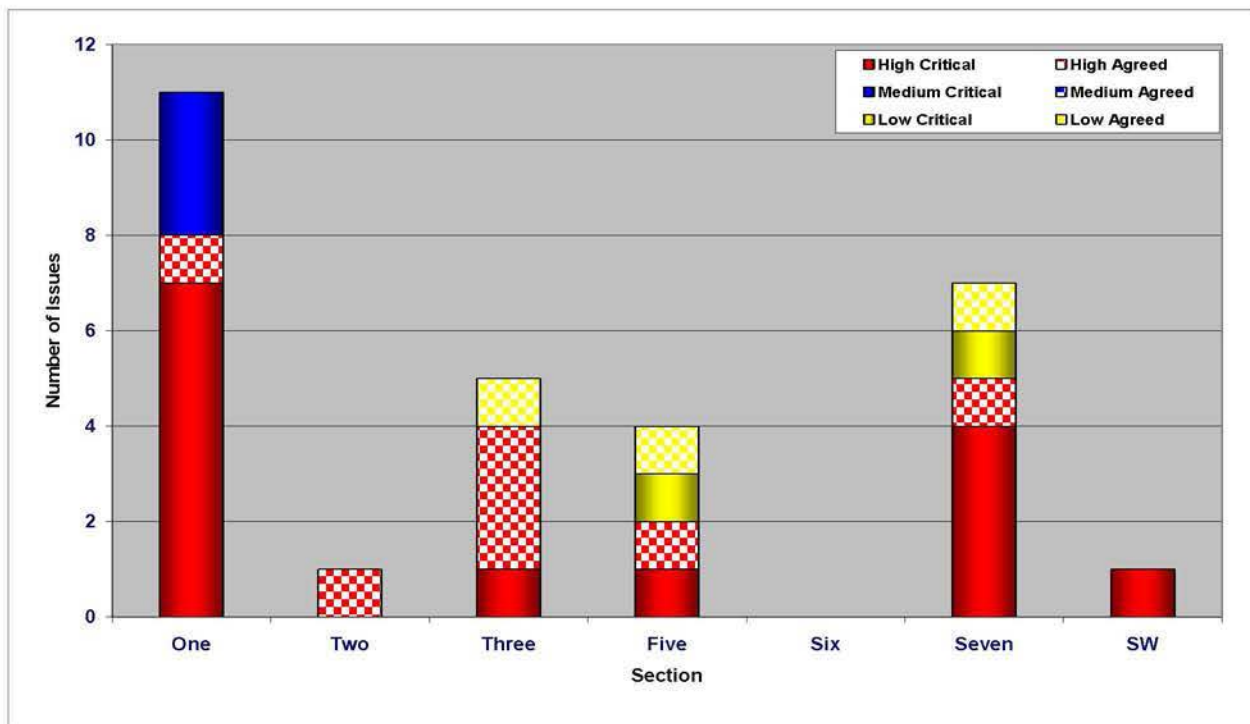


Table 2 Critical Issues Current Status by Design Impact & Section

(Solid bars show outstanding Issues. The hatched portions represent Issues for which agreement has been reached but written confirmation remains outstanding)

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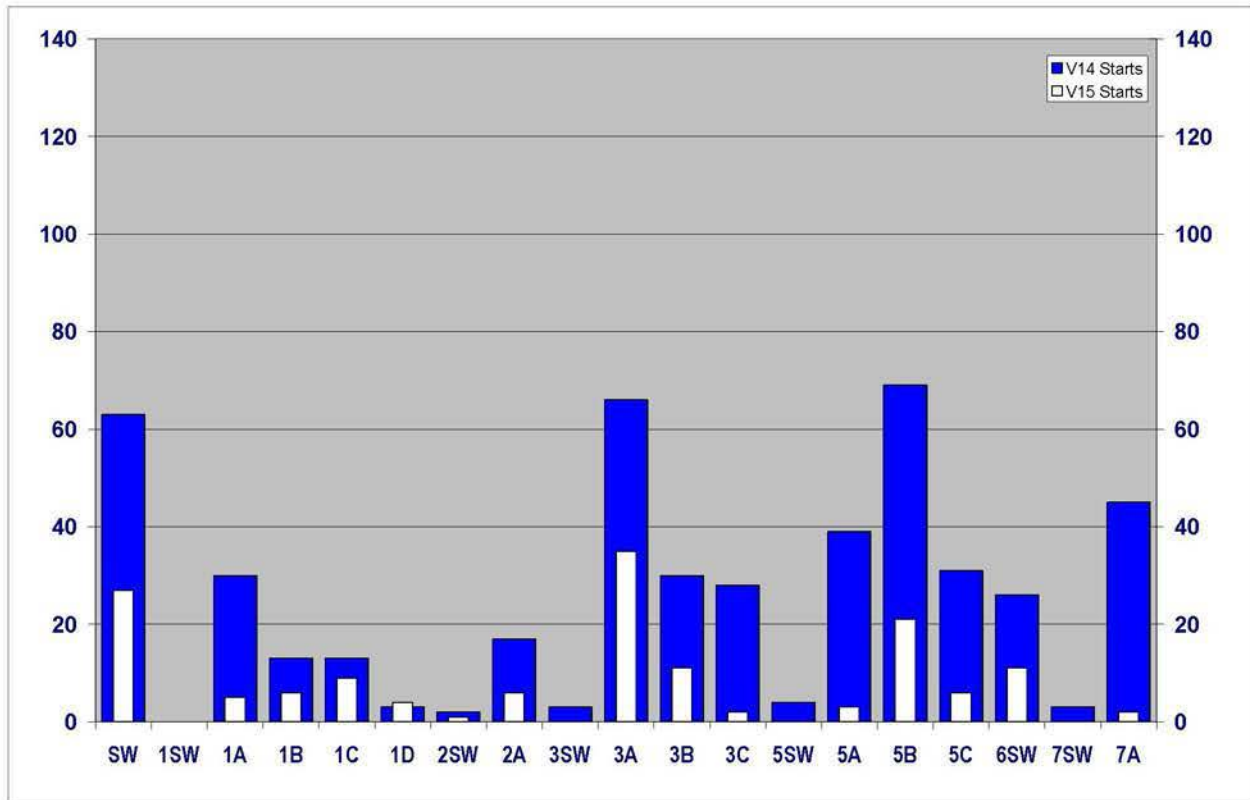


Table 3 SDS Design Deliverables performance – Version 15 Actuals, (*white bars*), vs Version 14 Planned, (*blue bars*).



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Attachment Mindmap

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