

Edinburgh Tram SDS Contract - Weekly Report

1 Stakeholder Relations & Business Case

Nothing to report this week.

2 Client Relations

2.1 Meeting with PB & TIE – Tuesday

Matthew Crosse, Geoff Gilbert, Greg Ayres, and I met on Tuesday to discuss the recovery of additional costs arising from prolongation of the programme and to review progress on the resolution of outstanding change requests. As already reported, PB put forward indicative sums for costs incurred. PB also provided sample documentation summarising the reasons for delay, notably due to the Charrette process conducted by the City of Edinburgh Council following submission of the Preliminary Design at the end of June last year. Matthew is now considering TIE's position. PB is compiling full documentation in support of the claim and is also working on the remaining action agreed with Matthew a week ago to quantify the remaining cost to completion of the contract. The action previously reported for PB to consider the options for a new commercial framework is continuing.

2.2 Tram Project Board Preparation

Day-to-day client relations have focused on preparation for the next Tram Board scheduled for 17 May. Matthew's summary of papers required is presented here to give an indication of current priorities from TIE's perspective

Subject	Board Paper type	Presentation	Lead	Action
Procurement strategy update	Info. Summary one page referencing presentation.	Yes, as last TPB	Geoff	Matthew to edit and smarten up. Reflect bidder discussions.
Cost control	Info. Two pages with graphics from presentation.	Yes, as last TPB	Geoff	Matthew to edit and smarten up. Geoff to put words into paper (ensure consistent with PMP)
SDS Update	Info. Two pages with metrics and progress report.	No	Dave /Tony	Gather and demonstrate dashboard, review and CI.
Governance refresh	Approval. Two pages with graphics	No	Matthew	Prepare and review with WG and DM
Programme rebaseline	Approval. Two pages with graphics	Yes	Geoff	SDS and MUDFA buy in and test. Geoff to develop presentation. Special Board before hand on 10 th .
Value engineering	Approval. Two pages with graphics	Yes	Geoff +Andy Steel	Prepare presentation. Approval. Special Board before hand on 10 th .

3 Contract

Date 04 May 2007

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Watson Burton continues to provide expert guidance on the structure and presentation of the claim for additional costs arising from the prolongation of the programme. Watson Burton is currently engaged in reviewing the wording of the documentation prepared by PB. Chris Atkins has been tasked with preparing an Executive Summary covering the narrative and quantification of the case. Completion of the final document will be no later than Monday 14 May.

4 Programme

Final approval of the reprioritised master programme is to be secured at the next Tram Project Board.

5 Critical Issues

The fourth 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 continuing problem of clearance of 10 high impact items is the salient point to note from this analysis, with TIE recognising the importance of addressing these issues if the revised master programme is to be maintained.

6 Finance

6.1 Engineering Review of SDS Proposed Changes Meeting

The first of these meetings, it has now been agreed, will be held next Tuesday. The topic will be included as an agenda item on the two weekly Project Management meeting chaired by Tony Glazebrook. Some twenty SDS change requests are queued awaiting consideration at this engineering review prior to submission of any accepted items for TIE commercial processing to formal change notice status.

6.2 Financial Review of Historic Changes Meeting

No meeting this week due to Geoff Gilbert being away on a TIE Management Course with the others on the TIE Senior Team. The next meeting is scheduled for next Friday. In the interim we have been working to clean up the historic change records such that the information required to filter the register is all available next week.

6.3 Commercial Review Meeting

6.3.1 Introduction

No meeting this week due to Matthew being away on the TIE Senior Management Course referred to above.

6.3.2 Review of the potential for introducing incentives to complete

Outstanding pending better definition of the pricing mechanism for the services required to completion.

7 Operations

Date 04 May 2007

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I have been working closely with David Crawley to define the schedule of deliverables to completion of the contract and to give David the data he requires to populate the “dashboard” presentation requested by Matthew for communication to the Tram Project Board. It is intended that this means of presentation will facilitate a more objective assessment of PB /SDS performance than has been the norm. From PB’s point of view, a periodic review of actual performance vs planned achievement of milestones will provide the firm foundation to demonstrate the quality of the operation and will also serve as the reference point against which to flag up the consequences of failures by others to provide information necessary for the SDS contract to progress. Table 3 provides the first chart in the agreed format which shows the actual rate of progress to date and the planned forecast to completion for the 5,800 milestones defined by the P3 programme.

8 Other Issues

The performance of the MUDFA contract is causing concern within TIE and pressure is currently being applied to SDS to ensure effective interaction between the two contracts. It would appear that criticism of SDS quality can easily be refuted, but problems are being experienced due to the Statutory Utility Companies, (SUCs), not being able to meet the review periods previously agreed, (with all parties including TIE), on the master programme. This is delaying the production of deliverables by SDS which are required by MUDFA to progress the utilities diversion works. We are currently working closely with MUDFA and the SUCs to ensure the release of sufficient information to allow work on the ground to proceed, thereby avoiding claims for delay by MUDFA.

9 Weekly Look-ahead

- Thursday. Design, Delivery, & Procurement, (DPD), Sub-Committee
- Thursday. Critical Issues Special Meeting no 5. (David Crawley Chair)
- Friday. Historic Change Control Review meeting. (Gilbert /McNicholls)
- Friday. Commercial Review Meeting. (Crosse /Reynolds)

10 Immediate Challenges for the week ahead

- Consideration of how to present our case for drawing a line under historic commercial issues.
- Consideration of how to respond to the invitation to define a revised approach to completion for the SDS contract
- Formal sign-up by PB, (with appropriate caveats), to the reprioritised Master Programme

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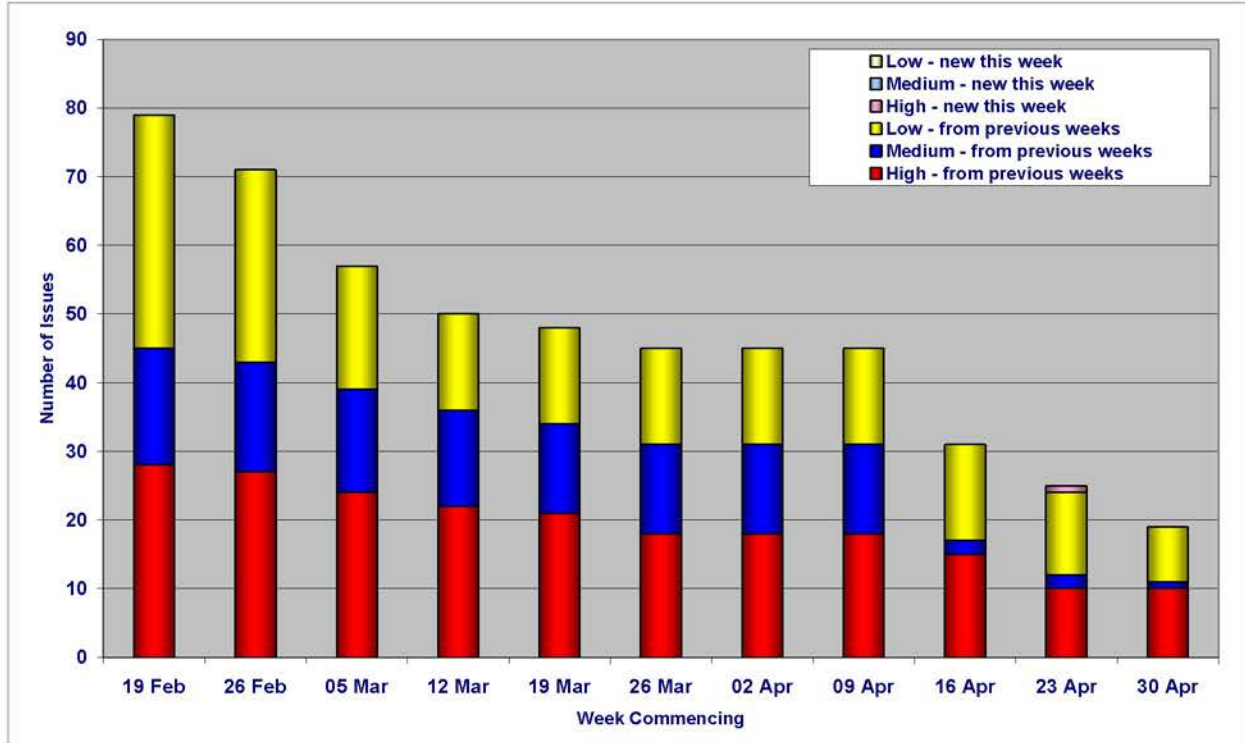


Table 1 Critical Issues Clearance Progress

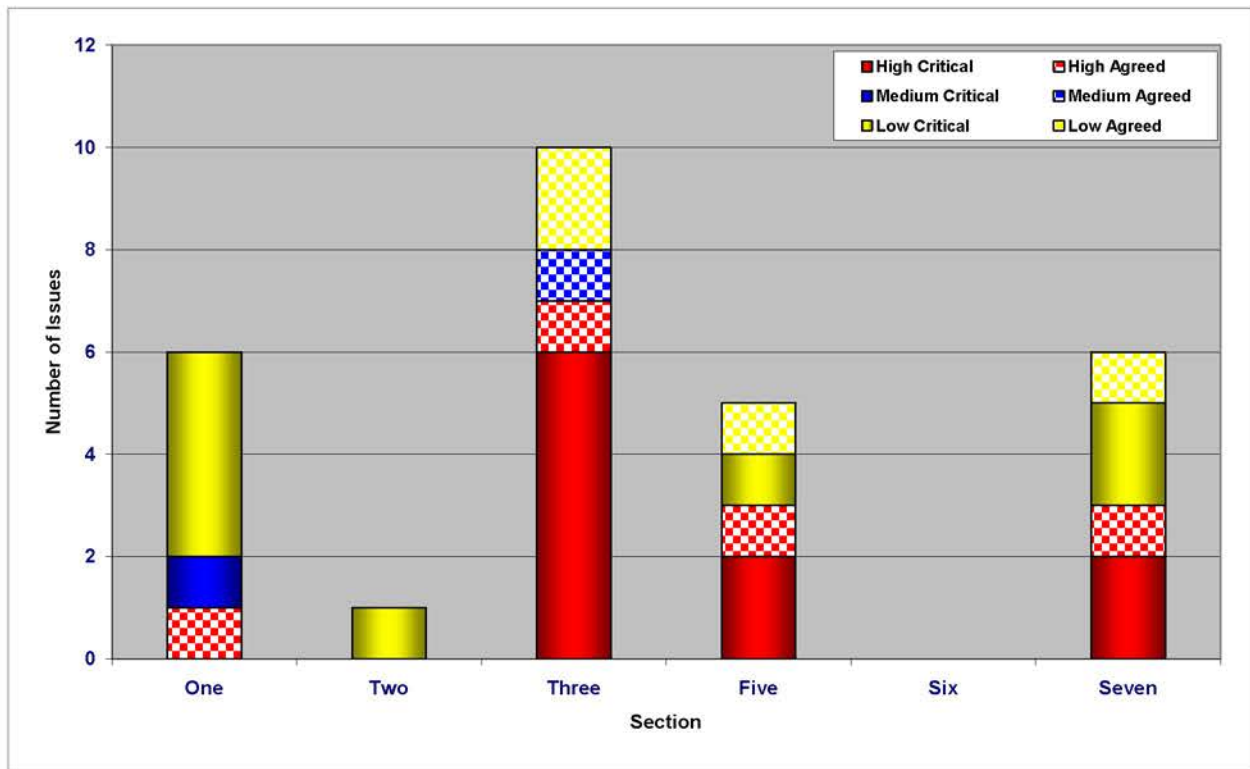


Table 2 Critical Issues Current Status by Design Impact & Section
 (Solid bars show outstanding Issues. The hatched portions represent Issues for which agreement has been reached but written confirmation remains outstanding)

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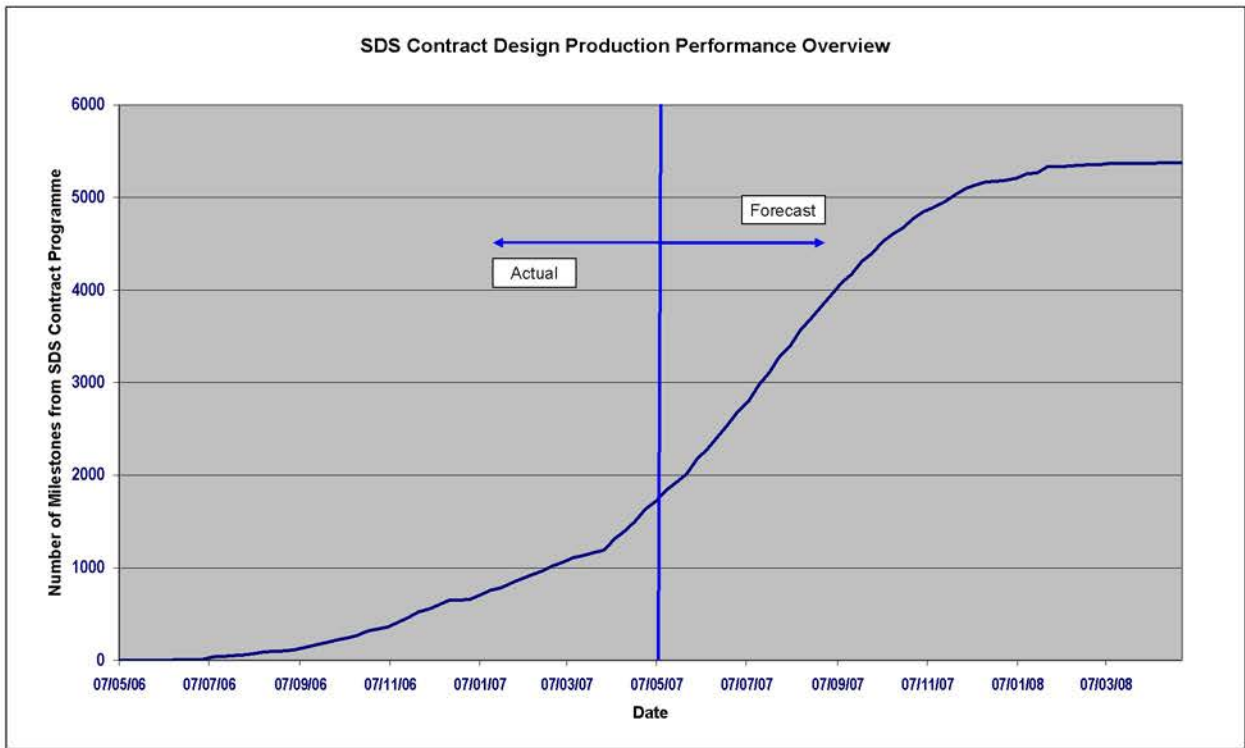


Table 3 Schedule of SDS Deliverables

Date 04 May 2007

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