
From: Dave Anderson
Sent: 13 October 2010 12:44
To: Alan Coyle; Tom Aitchison; Donald McGougan; Andy Conway; Nick Smith; Alastair Maclean; Carol Campbell; Marshall Poulton
Cc: Sheena Raeburn
Subject: RE: Next steps - strictly private and confidential

Alan Thank you for highlighting these issues. We'll need to work with tie to develop a transition management plan with clearly identified work streams, each with clear objectives and a problem owner/ accountable officer. The recent programme management of modernising pay may be a useful template for this approach. One of my concerns from yesterday's meeting with Richard is that the knowledge base in tie appears to be vested in a very narrow base of 4 or 5 key people.

I think we shall need a programme management approach with a clear leader to pull together all the key issues so that if and when we seek approval to terminate the contract we have a clear plan for dealing with as many of the trailing wires as possible. We'll certainly need to have considerable detail on the key points ready for the Council meeting in December. Dave

From: Alan Coyle
Sent: 13 October 2010 12:10
To: Tom Aitchison; Donald McGougan; Andy Conway; Dave Anderson; Nick Smith; Alastair Maclean; Carol Campbell; Marshall Poulton
Subject: RE: Next steps - strictly private and confidential

Folks
Further to Richard's email, Nick, Carol and I have come up with some issues that require attention through this process.

I think there needs to be an internal CEC workshop to set what we think needs done in addition to a workshop with the relevant key people in tie.

Richard has touched on many of the issues but for completeness here is our list of questions and issues;

- Stage management of approval to i) terminate and ii) next steps in relation to TS approval, TPB, Council Meetings.
- Continue Project?
- Do we continue with tie? If so what will be the scope of their works and budget over the next 6 months with a view to reprocurement?
- Staff consultation, tie should kick this off as they will need to start resource planning for the coming months.
- What do we do with the design?

- What do we do with the trams?
- CEC Resource planning for next 6 months.
- Cashflow/Funding and tie budget
- What do we do with reinstatements?
- Reprourement methodology, what do we reprocure?
- Lessons learned!
- What do we do with Governance Stage 2?
- What do we do with TRO?

Key People for Workshops and War Room

CEC War Room - Tom Aitchison, Donald McGougan, Dave Anderson, Marshall Poulton, Alastair MacLean, Nick Smith, Carol Campbell, Alan Coyle, Andy Conway

tie Key Staff - Richard Jeffrey, Steven Bell, Susan Clark, Alastair Richards, Andrew Fitchie

We should aim to have these meetings ASAP. Tactically we should decide if it's better to have the tie meeting 1st in order to have more detail on certain matters.

Regards

Alan Coyle | Financial Services | Corporate Finance Team (Edinburgh Trams) | Level 2/6 Waverley Court | 4 East Market St EH8

8BG | alan.coyle@edinburgh.gov.uk |

Phone - Waverley Court [REDACTED]

Phone - Citypoint [REDACTED]

Mobile [REDACTED]

From: Richard Jeffrey [mailto:Richard.Jeffrey@tie.ltd.uk]

Sent: 13 October 2010 09:38

To: Tom Aitchison; Donald McGougan; Andy Conway; Alan Coyle; Steven Bell; Susan Clark; Mandy Haeburn-Little; david_mackay@ [REDACTED] Dave Anderson; Nick Smith; Alastair Maclean
Subject: Next steps - strictly private and confidential

Dear all,

There is much to be done over the next few weeks if we are to be in a position to recommend termination of the contract in late November/December. Of course no decision has yet been taken that this will be our recommendation, but it is prudent that we plan for such an eventuality.

Please treat this as work in progress.

To assist with the planning (and building on my previous e-mail from a week or so ago) I set out my thoughts below.

Firstly, in order to simplify things let's assume
We do not have a completed integrated design by the time we terminate
There is little physical progress on site compared to where we are today

If either of these assumptions turn out to be wrong, we can adjust our plans accordingly.

I set out my thoughts along several lines

Firstly, what questions do we need answers to from the Council, and what evidence do we need to inform these choices

Question 1

Do we want to terminate the current BSC contract

Evidence required

- What are the alternatives
 - Carry on with the current contract, where does this lead?
 - Reach a commercial settlement, on what terms, how long will this take?
- What are the possible consequences of termination
 - Legal risk, how strong is the case if it goes to litigation?
 - What is the upside/downside if we win/lose?
 - What will it cost and how long will it take to litigate?
- What actually needs to happen post termination (this of course is linked with the answers to some of the questions, see work stream 1 in the note below)

Question 2

If we terminate the contract what do we want to do with the project?

- Cancel
- Postpone until we have settlement with BSC
- Continue
- What are the consequences of each?

Question 3

What activities need to be undertaken, and what is the governance around these activities, in particular what subsequent decisions need to be referred back to full council and when, see note below.

Question 4

Do we wish to re-novate CAF back to tie, in effect still agreeing to purchase the trams?

- What are the pros and cons of this?
- Is there a bigger role for CAF over and above being the tram supplier, early indications are that there may be, how firm is this?

Question 5

What about Siemens materials off site?

- In the absence of a completed assured design, do we want to purchase any of Siemens materials?

Question 6

What do we do about design

- How do we complete the design
- Who will do this
- How long will it take
- How much will it cost

Question 6

When can we come up with reliable revised cost and programme estimates for Airport to St Andrew Square?

Does CEC still wish tie to administer the project?

- If not, then who
- Pros and cons of changing project management agencies at this point

Question 7

- Does there need to be some form of interim 'inquiry', organised by CEC? (Opportunity for Sue Bruce to commission?)

Actions to follow termination

In the event of termination, several things will need to happen quickly and in parallel, and will need co-ordinating as they are inter related.

1. A dedicated commercial and legal team will need to bring closure to the Infraco contract. There are several prescribed activities that need to be undertaken, and we would seek to conclude a financial settlement with the consortium to avoid if possible the issue reaching the courts. We must however recognise that this issue may end up being resolved in the courts, which is expensive, lengthy and risky for all parties, and has no certainty of outcome.
2. A team must very quickly secure the physical works, establish what we have in our possession, e.g. design and its status, what is actually built on the ground etc. (this work could start now)
3. Very quickly, and in parallel to the above, (informed by item 2) the City Council must decide if it wishes to complete any part of the physical work that is currently underway, or immediately cease all works (apart from the minimum required to make safe). We must also decide what to do on issues such as defects that have not yet been rectified, temporary reinstatement etc
4. In addition, the city council must decide if it still wishes to take delivery of the tram vehicles, or to cancel the vehicles as part of the contract termination and seek the return of all monies paid for the vehicles on the grounds of breach of contract by the consortium. (This will clearly have an impact on workstream 1 above). A similar debate may arise over materials which Siemens say they have already purchased. Clearly this decision will have to be made in anticipation of workstream 6 below.
5. In parallel, a team should assess the options for the way forward for the project, (including cancellation of the project), and present these options to the City Council in due course (how long will this take and what is the political timetable). Until new reliable estimates of cost and programme, together with suitable risk allowances (at least to St Andrew Square) are produced there can be no certainty of future cost or timescale. I do not believe it is reasonable to ask the City (or the project management) if it wishes to

proceed with the project if we cannot give certainty on cost/scope or programme. This work will require funding.

6. Tie/CEC will need to re-assess its manpower requirement in light of the above.
7. And finally, if the project is to proceed, there must be a formal lessons learned session (NOT a public witch hunt) to identify some of the underlying root causes of the current situation and ensure that they are not repeated (I have my views which I can share in a separate note).

Regards

Richard

Richard Jeffrey
Chief Executive

Edinburgh Trams
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Tel: (+44) ([REDACTED])
Email: richard.jeffrey@tie.ltd.uk

Find us online (click below):



The information transmitted is intended only for the person to whom it is addressed and may contain confidential and/or privileged material. If you are not the intended recipient of this e-mail please notify the sender immediately at the email address above, and then delete it.

E-mails sent to and by our staff are monitored for operational and lawful business purposes including assessing compliance with our company rules and system performance. TIE reserves the right to monitor emails sent to or from addresses under its control.

No liability is accepted for any harm that may be caused to your systems or data by this e-mail. It is the recipient's responsibility to scan this e-mail and any attachments for computer viruses.

Senders and recipients of e-mail should be aware that under Scottish Freedom of Information legislation and the Data Protection legislation these contents may have to be disclosed to third parties in response to a request.

tie Limited registered in Scotland No. SC230949. Registered office - City Chambers, High Street, Edinburgh, EH1 1YT.
