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**To:** Alastair Maclean; Sue Bruce (Chief Executive); Mark Turley; [csmith@hg-group.co.uk](mailto:csmith@hg-group.co.uk)  
**Cc:** Carol Campbell; Nick Smith  
**Subject:** RE: System Integration - Privileged and confidential

Alastair Thanks for this. We discussed the failure of Siemens to deliver the testing and commissioning requirements of the exiting Infraco contract

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**From:** Alastair Maclean  
**Sent:** 11 August 2011 14:43  
**To:** Sue Bruce (Chief Executive); Dave Anderson; Mark Turley; [csmith@hg-group.co.uk](mailto:csmith@hg-group.co.uk)  
**Cc:** Carol Campbell; Nick Smith  
**Subject:** System Integration - Privileged and confidential  
**Importance:** High

All,

I understand from my team that a serious technical issue in relation to system integration was raised late yesterday afternoon by Colin. The issue was flagged on a call convened by Colin with Carol, Nick and our lawyers at Ashurst. I tried to contact Colin this morning to discuss it, but he was unavailable.

We are awaiting further detail from Colin, but in essence the issue as I understand it is that BBS and CAF do not yet have a solution at a technical level to deliver an integrated system. Although it beggars belief at this late stage in the project, it has become apparent to Colin that the two parties have not yet collaborated to any meaningful extent on system integration.

As you know we have been concerned about system integration for many months now, sensing both a nervousness from Siemens and CAF around the issue of the tram/system interface and the division of responsibility for integration, and a perceived lack of co-operation and agreement between the two parties. It now appears that the real reason behind the difficulties in the contract negotiations is this major technical problem.

It will be apparent that this is no longer a legal issue but a fundamental technical and commercial issue that goes to the core of what we have employed the Infraco to deliver. Nothing is more fundamental to the successful delivery of a tram system for Edinburgh. As a matter of urgency, and at the highest level, we need the Infraco's confirmation and assurance that this matter is under control and that they can deliver a technical solution.

To be clear, unless we receive and are satisfied with that assurance, it is inconceivable that the Council should enter into any further financial commitment, or agree to alter the terms of the Infraco's existing contractual obligations. On the contrary, if satisfactory assurances cannot be given and a credible technical solution is not demonstrated, I believe our rights of recourse under the existing contract for this fundamental failure of delivery will require very careful consideration and analysis.

The seriousness of the situation and the urgency of the need to escalate it to the Infraco principals cannot be overstated. I believe the lack of progress on systems integration at this stage of the process must seriously call into question the work done by the Infraco to date. It goes without saying that from a programming and confidence perspective this puts us in an extremely unhappy place. As matters stand, it is difficult to see how this significant risk can be fully understood, assessed or resolved in time for the Council report.

I understand that Colin is to produce a note today that will summarise the detail around this issue and the technical gap that exists between BBS and CAF. I believe Colin mentioned that there is also an email trail that may be of some assistance. It is important that Colin circulates this as soon as possible. When this further detail is available it

is critical that the issue is escalated immediately – this needs to happen today and cannot await Sue’s scheduled call with the Doctors in two weeks time.

A.