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**From:** VRE - MobileMe [REDACTED]  
**Sent:** 25 July 2011 09:52  
**To:** Steven Bell  
**Subject:** Fwd: Siemens On Street Price

FYI

Begin forwarded message:

**From:** "Sue Bruce (Chief Executive)" <[Sue.Bruce@edinburgh.gov.uk](mailto:Sue.Bruce@edinburgh.gov.uk)>  
**Date:** 24 July 2011 21:38:44 GMT+01:00  
**To:** VRE - MobileMe [REDACTED]  
**Subject:** Re: Siemens On Street Price

Thanks Vic  
We need to dig in on this one. It is a contradiction with the overt agreement.  
Will catch up with you tomorrow probably,  
Best  
Sue

Sent from my phone.

On 22 Jul 2011, at 17:04, "VRE - MobileMe" [REDACTED] wrote:

Dear Sue

I am sure you will have seen this, but below is the email trail over the Siemens increase in £14 million for the on-street works.

This is an undisguised attempt to recover, out of the on-street works, the £14 million that they conceded as a settlement at Mar Hall for Airport to Haymarket.

In a private discussion between Dennis Murray and Axel Eikhorn (Siemens), Axel openly stated that this £14 million was a recovery of their "losses" as a result of the Mar Hall negotiations.

This behaviour undermines the whole basis of good will" between the Principles.

I am advised that tie have been instructed to analyse the £14 million to see what areas of negotiation exists within the £14 million. To me, this misses the point completely.

Siemens need to be reminded of the agreement reached at Mar Hall and not dilute their integrity by continually "trying it on!".

Speak next week.

Vic

Begin forwarded message:

**From:** Steven Bell <[Steven.Bell@tie.ltd.uk](mailto:Steven.Bell@tie.ltd.uk)>

**Date:** 15 July 2011 21:42:14 GMT+01:00

**To:** Vic Emery [REDACTED]

**Subject:** FW: Siemens On Street Price

fyi

Sent from my Windows Mobile® phone.

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**From:** Dave Anderson <[Dave.Anderson@edinburgh.gov.uk](mailto:Dave.Anderson@edinburgh.gov.uk)>

**Sent:** 15 July 2011 20:56

**To:** Steven Bell <[Steven.Bell@tie.ltd.uk](mailto:Steven.Bell@tie.ltd.uk)>

**Cc:** Colin Smith <[csmith@hg-group.co.uk](mailto:csmith@hg-group.co.uk)>; Alan Coyle <[Alan.Coyle@edinburgh.gov.uk](mailto:Alan.Coyle@edinburgh.gov.uk)>; Dennis Murray <[Dennis.Murray@tie.ltd.uk](mailto:Dennis.Murray@tie.ltd.uk)>

**Subject:** Re: Siemens On Street Price

Steven I can't see the justification for this figure given that the claims were supposed to have been swept up in the overall price agreed following mediation. We certainly need visibility on the numbers and should start from the point of knocking this back and escalating it as an issue if their view remains fundamentally different from ours. Regards Dave

Dave Anderson  
Sent from my iPhone

On 15 Jul 2011, at 13:32, "Steven Bell" <[Steven.Bell@tie.ltd.uk](mailto:Steven.Bell@tie.ltd.uk)> wrote:

Dave / Colin

Dennis and I raised this matter at the Commercial meeting on Wednesday and Dennis met Alfred Brandenburger and Axel Eikhorn on Thursday morning again to further amplify our concerns regarding the Siemens submission. Nothing discussed causes us to change our view that there is no supporting argument for ~£14m of the price based on our understanding of the Mar Hall agreement.

I have attached some of the previous correspondence and a diagram highlighting the difference in understanding / positions. Happy to discuss to help any points of understanding

How do you wish to take this matter forward as we see it as an important red flag item? I know Colin and Alastair Maclean are undertaking intensive

discussions with Infracore to try and close out a number of issues on the Settlement Agreement and I want to ensure a coherent approach.

Regards

Steven

**Steven Bell**

*Project Director*

**Edinburgh Trams**

*Citypoint*

*65 Haymarket Terrace*

*Edinburgh*

*EH12 5HD*

**Tel:** [REDACTED]

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**Email:** [steven.bell@tie.ltd.uk](mailto:steven.bell@tie.ltd.uk)

**Find us online (click below):**

<image001.jpg><image002.png><image003.jpg>

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Steven,

Copy of my response to Alan Coyle on Friday FYI.

Dennis

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**From:** Dennis Murray  
**Sent:** 08 July 2011 17:12  
**To:** 'Alan Coyle'  
**Subject:** RE: Siemens

Alan,

A brief note on this matter is as follows:

I had been invited by Axel to comment on the Siemens proposal for the Target Sum for onstreet works. The price was submitted as £20m.

My estimate using the Contract Price Analysis for the on street works was just over 4.5 million. I had many technical questions prepared for discussion with Axel suggesting that the on street price was not correct but it became clear in our discussions that the price difference was for reasons other than the actual price to carry out the on street works.

At the meeting with Axel yesterday he explained that he had priced all Siemens project resources from September 2013 to May 2014 as if it were an Extension of Time claim to cover the total programme movement from the Project Phoenix proposed end date (Sept 2013) to the current Rev 3a programme end date (May

2014). This programme shift however is not solely representative of the on street works – it picks up an overall programme shift from the Offstreet works which ought to be included the lump sum Settlement price. The resulting price is therefore not only for carrying out the Onstreet works.

Having established this fact Axel went on to say that it was his understanding that the agreement at Mar Hall was such that any programme movement would be picked up in the on street Target Sum and illustrated the following:

Phoenix Siemens Price was circa £140m

Agreement at Mar Hall reduced to £126m.

A reduction of £14m. He believes that the reduction was on the understanding that the cost of any programme shortfall was to be picked up in the onstreet Target Sum price.

Axel's view is that the actual price for carrying out the onstreet works is £4m (which compares with my 4.5m) and an explanation of the current proposal was reconciled as - the shortfall of £14m added to the actual cost of £4m to carry out the onstreet works and add £2m for changes post Mar Hall to arrive at a total of £20m.

I have a complete break down of all my figures reconciled with Siemens figures if you wish to see them.

Hope the above is clear – please call me if you wish to discuss further.

Regards

Dennis

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**From:** Alan Coyle [mailto:Alan.Coyle@edinburgh.gov.uk]  
**Sent:** 08 July 2011 14:37  
**To:** Dennis Murray  
**Subject:** Siemens

Dennis,

Steven gave me a heads up to a £14m add on Siemens would like to build into the on street price. Can you give me a concise summary of what this is? It doesn't sound like something I'd like to pay!

Thanks

Alan

Alan Coyle

City of Edinburgh Council

2/6 Waverley Court - 4 East Market Street, Edinburgh

EH8 8BG

Phone [REDACTED]

Mobile [REDACTED]

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<Siemens on street price.xlsx>

<Narrative for Siemens on street price.xlsx>

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