
From: Matthew Crosse [matthew.crosse@]
Sent: 30 November 2007 10:34
To: Julie Smith
Cc: Geoff Gilbert
Subject: email for sending
Attachments: Tram Structures Analysis- Im-28-11-07 mc 30-11-07 summary page.xls

Importance: High

Julie

After checking this is ok with GG, please send this email with attachment to Scott, copy David Taylor, Ralph Honeck, Richard W, Michael Flynn, Steven B, Susan, Jim McE, Steve R, Alan D, Lindsay, David C, Geoff and Willie and copy to Infraco.

Structures VE Disappointment

Scott

We held another structures VE session yesterday. The fourth one since we started as preferred bidder. The minutes of the meeting are planned to be issued later today together with an updated schedule which we went through in detail on a structure by structure basis. The meeting took some four hours but produced very little fruit with a very large majority of the structures being completely written-off as far as VE is concerned. This means that we will have singularly failed to achieve our VE targets in structures.

Because of the impact this has on achievement of the £498m project budget, we have in parallel been looking at the delta between your bid price and our original budget. The summary analysis is attached and was discussed with more detailed work sheets in the meeting. It is evident that there are areas where your quantities and additions are far in excess of the budget (e.g. pre-stressed concrete beams on Edinburgh Park a factor of 9 larger and worth some £2.2m in cost). We have asked your team to investigate these carefully. Clearly, it is not just the quantities and additions, the cost delta also results from the level of risk built into your rates. At a detailed design stage we would expect these to be far lower, potentially just a few %.

If we are to achieve our budget target, we need you to revisit your entire pricing strategy and specifically a consider a reduction to your rates and/or your risk allocations within the price.

Geoff or myself would be happy to discuss this with you.

Regards

Matthew

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