

---

**From:** Steven Bell  
**Sent:** 20 August 2009 11:48  
**To:** Graeme Barclay  
**Cc:** Frank McFadden  
**Subject:** FW:

**Importance:** High

**Follow Up Flag:** Follow up  
**Due By:** 24 August 2009 08:00  
**Flag Status:** Completed

<b>Tracking:</b>	<b>Recipient</b>	<b>Read</b>
	Graeme Barclay	Read: 20/08/2009 14:52
	Frank McFadden	Read: 20/08/2009 12:19

Graeme

Can you comment (in discussion with Frank) in this item:

- How have the utility diversions progressed in terms of time and money compared to the original timetable/budget from 2007? Original figures assumed 27,188m of utility diversion and renewal, including 190 underground chambers and manholes, on a 70 week programme at a cost of £57.2m. After 70 weeks we had completed 27,688m and to Aug 09 we had completed over 38,000. By the time the project is finished we will have diverted and renewed over 46,000m and 290 manholes and chambers at a cost of £60.1m
- Are there any outstanding risks associated with this aspect of the work and what are these risks?
- What stance is Tie taking in seeking contractors for the remaining utility diversions? Works on the route from constitution street to Newhaven, and at the airport have been removed from Carrillion's scope by mutual agreement and are being managed directly by TIE. The works at the airport has been let to Farrans and the work at Newhaven will be let later this month.
- Are there any outstanding contractual or delivery problems with Carrillion? Are there claims outstanding and what is the value of any such claims?


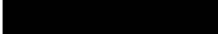
The red text is a first draft from Richard. I would like to have your draft response / input to me for discussion on Monday morning.

Thanks

Steven

Steven Bell  
Edinburgh Tram Project Director

**tie** Limited  
Citypoint  
65 Haymarket Terrace  
Edinburgh EH12 5HD

Tel: +44 (0)   
Fax: +44 (0) 

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

---

**From:** Richard Jeffrey

**Sent:** 20 August 2009 10:40

**To:** Steven Bell; Stewart McGarrity; Alastair Richards - TEL; Susan Clark; Mandy Haeburn-Little; Graeme Bissett (external contact)

**Cc:** Julie Smith

**Subject:**

Dear all, please see below a detailed list of questions for Des McNulty. I have identified each of you to take a lead on each of the questions, please can you take ownership of each of the questions as identified, of course I expect you to delegate where possible. We will discuss progress at the TIE Exec next week.

Thanks

R

**Employment:** (Stewart can you take the lead on these please, thanks)

- How many people will be employed during the peak construction phase by the project (over the next 2 years)?
- What is the current estimated positive impact of the project on (i) the economy of the city of Edinburgh and (ii) the economy of Scotland?
- Is there any quantification of the value of the project in employment and economic terms for Edinburgh during the economic downturn?

**Cost:** (Stewart, you again please, thanks)

- What percentage of the project does Richard regard as having been completed to date?
- What is the total expenditure to date, broken down in terms of expenditure on the preparatory infrastructure works, expenditure on the line itself and expenditure on rolling stock and other non-fixed infrastructure?

**Management:** (I will do these, but would welcome comments)

- Now that Richard has been in position as Chief Executive of Tie for 3 months, what steps have been taken in terms of the assessment of progress on the project, the management of costs, evaluation of the performance of Tie as client and of the performance of the various contractors? On joining any organisation there is always a period of familiarisation, this is generally accepted as around 3 months or 100 days, and this has been the case for me. It is always dangerous to jump to conclusions during that first period, as first impressions can be misleading. Of course it is also important to recognise those critical areas which require swift and decisive action. I have used a number of sources, both internal and external, legal and technical, feedback from stakeholders, the board and the shareholders, and independent expert opinions, along with my own experience and judgement to assess and evaluate the strengths and weaknesses of the project and the organisation. As a result of this I have identified 5 key themes and these are now central to how we run the business, and indeed everything we do. These 5 key themes are ; Build The Tram; Prepare for operations; Build the Brand, build the Team; and Prepare for the Future. I would be more than happy to expand on each of these when we meet.
- Has a Programme Management evaluation been commissioned from a reputable independent company. If so did the company involved interview both Tie and the Contractors? What conclusions has Richard been able to draw so far from these evaluations? Yes, using a very well regarded

forensic programming consultancy firm, and it has reinforced for me the view that we have on extensions of time are reasonable and defensible. You will understand that this will be used in our dispute with BSC on extension of time and is therefore confidential.

- Have Richard made any significant changes in management personnel since he arrived? If so please specify We have identified a senior director to lead each of the 5 workstreams as above. I have recently recruited a new director to lead the Build the Brand work, and am currently using an interim HR director, pending recruitment of a new permanent individual. I have raised the profile of the Prepare for Operations piece by elevating the role of the director responsible for this area, and we are currently renegotiating the role of Transdev as we work more closely with Lothain Buses. The bulk of our work by value is in the Build the Trams area and here we are currently undertaking restructuring to reflect the changing focus of the business, in particular we are winding up the 'two division' approach as the utilities work comes to an end and merging the project delivery team into a single structure. We are also strengthening our legal and commercial team to address the issues we have with the performance of the contractor
- It is not clear from the report sent to the Council last week whether Richard regards the contract or the administration of the contract a problem or whether he believes any problems derive from the attitudes or behaviour of the contractor. Can this be clarified? I believe that the problems lie in BSC's approach to the contract. Of course, no contract is perfect, and no team is perfect. The contract is perfectly workable and in any event, there is little I can do about the contract given that both parties signed it, and as explained above we are constantly reviewing the organisation and the team to ensure it is effective as it can be. No-one should be under any illusion though that by far and away the main issue here is the performance of the contractor.
- Are we likely to see a rerun of the Princes Street stand off at Shandwick Place? Yes, we already are in that position. The suggestion by BSC that we change to a different form of contract will not offer best value for the public purse, and may well be subject to legal challenge by other unsuccessful bidding consortia.

**Utilities:** (Steven, to lead please)

- How have the utility diversions progressed in terms of time and money compared to the original timetable/budget from 2007? Original figures assumed 27,188m of utility diversion and renewal, including 190 underground chambers and manholes, on a 70 week programme at a cost of £57.2m. After 70 weeks we had completed 27,688m and to Aug 09 we had completed over 38,000. By the time the project is finished we will have diverted and renewed over 46,000m and 290 manholes and chambers at a cost of £60.1m
- Are there any outstanding risks associated with this aspect of the work and what are these risks?
- What stance is TIE taking in seeking contractors for the remaining utility diversions? Works on the route from constitution street to Newhaven, and at the airport have been removed from Carrillion's scope by mutual agreement and are being managed directly by TIE. The works at the airport has been let to Farrans and the work at Newhaven will be let later this month.
- Are there any outstanding contractual or delivery problems with Carrillion? Are there claims outstanding and what is the value of any such claims?

**Main Work:** (Steven please, thanks)

- What is the expected timescale for completion of the project? We are currently in discussions/dispute with BSC over possible extensions of time and until such time as these are concluded it is not possible to give a precise date. We believe that BSC are entitled to an extension of time, but nothing like they are claiming. The details of their claim is confidential, and it is not helpful to conduct these disputes/discussions in public. We believe, as indicated in the recent council paper that an open for revenue service for the route from the airport to Newhaven in early 2012 is both possible and reasonable, but as I say it does depend on the outcome of the disputes. We are not currently considering a phased opening, but obviously if sections are ready to open earlier then we would consider that at the time.
- What is happening with the Depot and the Gogar interchange? What impact would delays in completing these elements of the scheme have on the overall completion schedule?
- How are the works progressing at Leith?

- When do you anticipate we will be able to see the first tram running under test? In Spain, in Edinburgh?

Richard Jeffrey  
Chief Executive

**tie** Limited  
Citypoint  
65 Haymarket Terrace  
Edinburgh EH12 5HD

Direct: [REDACTED]  
Fax: [REDACTED]  
Email: [Richard.Jeffrey@tie.ltd.uk](mailto:Richard.Jeffrey@tie.ltd.uk)

[www.edinburghtrams.com](http://www.edinburghtrams.com)  
[www.tie.ltd](http://www.tie.ltd)