
From: Lynne Turner
Sent: 26 November 2010 12:04
To: Marshall Poulton
Subject: RE: RE: Tie Contract Observations (First Draft)

Marshall

For ease I have made comments on the individual headings Ian has highlighted as areas of concern.

Management

I would agree that there needs to be a shake up of the management level of tie to insure effective management of the contract. I'm not sure a complete overhaul would be practical or possible but the introduction of a clear and concise organogram clearly indicating individuals responsibilities and involvements, this could help eliminate some of the double tasking of work. tie has always been top heavy with directors and I can remember be very confused at what some of them actually did on a day to day basis and I definitely got the impression that a stream lining at the top would make the running of the project far more efficient than it was. What they needed was more people on the ground with the relevant experience and knowledge base to make sure the work was being carried out correctly.

The introduction of a dispute resolution ladder naming all the points of contact from the start of the process to the completion would be of huge benefit to the project. I am surprised to realise that from Ian's email this appears to not be in place already.

I would agree with Ian that changing the contractor at this stage would be of little benefit to the project if it cant be efficiently managed by tie. On the whole I think Bilfinger have the experience to deliver this project, but I think with the way tie have managed them up until now this has lead to a window of opportunity for Bilfinger to exploit the contract.

Contract Administration

I would heavily agree with Ian that site based staff are severely constrained when it comes to being able/allowed to make decision. It could sometimes take weeks to get a decision on a site issue which could have been made easily by the site supervisors or the project managers responsible for that site. This as Ian said leads to a lot of frustration and it creates the impression to the contractor that you are intentionally delaying the process, which will lead you straight into a compensation event. As a result of the remote decision making site supervisor and project managers often had to spend a lot of there time at Edinburgh Park or Citypoint and away from site. From my personal experience on Princes Street and trying to get a decision made, it was like you were not trusted or classed as capable of make what any engineer would have classed as basic day to day site decisions.

Another issue I found was that often they had a project manager with little experience of roads design looking after on-street works and project managers with roads experience and no structural experience looking after off-street structures work which makes no since. At one point I found myself supervising Haymarket Viaduct and it has been many years since I have done any structural work. I raised my concerns about looking after a structural site with my level of experience and tie did not see it as an issue which concerned me even more.

Information Control

Personally this had to be one of my most hated task while working with tie, trying to get information of tie's computer system. Not to beat around the bush there system if you can even call it that is atrocious. There is no logical manner in the way information is stored and you can waste hours of your time trying to find the information you need and often when you do you find it is not the most up to date version. This is one of the first things that you should have in place with any contract, it should be kept simple and easy use and understand by everyone.

While on Princes Street we often got sent drawings for other section and for work that had already been built. The flow of information to the project managers with information related to there sites was severely miss managed to say the least. We often found ourselves relying on Bilfinger to provide us copies of the drawings.

Communication

I agree that the communication throughout tie is ineffective and haphazard until all individuals know there responsibilities and the senior management realise and admit there is a problem I don't thinks this will issue will be resolved. I also found as a site supervisor a lot of information was only passed to the project managers and not filtered down to the site supervisors. Several times I was kept in the dark about major changes on site and I only found out as they were occurring or through Bilfinger.

Delegated Duties

To achieve efficient delegation of duties everyone first need to understand their role and responsibilities within the contract, with the setting up of an organogram much of the confusion over duties could be elevated and decision making can be made at the correct level and by the right people. However this will only fully be achieved when everyone realises tie position within the contract fully most people within tie do not.

Culture of Management- Flexibility - Ability to deal with changes

Network rail have always had a very stringent management style and to adopt this style of management for a multidisciplinary project of the nature and size could only ever lead to problems. Civil's project as Ian said need to be more flexibly run, if there is a issue in one area it will not necessarily stop the whole project you have the flexibility to move onto another section until the issue is resolved. This process helps reduce the risk of delays and claims. tie need to remember this is not purely a rail project the majority of the work is civil's in nature and they need to have the experience and knowledge to deal with this, at the moment I think they don't have enough civil's experience.

Leadership

I think the current state of the contract is evidence enough that the top level management lack the leadership skilled required to deal with the issues which have arisen within the contract in a timely manner and in the best interests of all parties involved.

Re-organisation of tie and its operating structure

Again this section related to individuals knowing there roles and responsibilities within the contract and there daily duties. As I mentioned in the management section tie is top heavy with directors many of whom seem to be doing the same role, so double tasking of work is going on unnecessarily and wasting time and money. tie need more people on the ground watching and recording the work that is getting done on the sites. Bilfinger were always commenting to me on the lack of visibility and availability of project managers/site supervisors on there sites. This is where you want to nip thinks in the butt before they escalate into claims and compensation events.

Approvals Process

I think this is one of the main areas that has lead to the current state of affairs, a very high percentage of the drawing the contractor is working to are not fully approved. This leads you wide open to claims from day one and I think tie need to take responsibility for this presses and get it back on track. Every drawing should be fully approved by all parties before issue to the contractor. However since this did not happen this is the ideal time for all drawing to be finalised now before work commences again. I can guarantee if I when along to tie I could find drawings and specifications that have still not been approved.

There have been several instances where you can see elements are well over designed but there is little if not any pressure to get these redesigned to save money. As Ian states if the project went through a 'value engineering' exercise it would fail miserably, the whole project is over engineered does not create value for money for the CEC.

Apologies for this being as long winded as Ian's email.

Regards Lynne

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From: Marshall Poulton
Sent: 23 November 2010 21:33
To: Lynne Turner
Subject: FW: RE: Tie Contract Observations (First Draft)
Importance: High

Lynne

*****Private and Confidential*****

As discussed this morning could you please give Ian's comments some thought and prepare a note based on your own findings and the Project Assurance report that we prepared in the summer.

As you will see from below Ian has some strong feelings about the contract and tie's operating structure and I would welcome your own observations given your time working with tie.

I'll be back in the office on Monday and I would appreciate if we could discuss your note on that date.

Marshall

From: Andy Conway
Sent: 23 November 2010 17:44
To: Marshall Poulton
Subject: FW: RE: Tie Contract Observations (First Draft)

Marshall,

Further copy of Ian's concerns.

Regards

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By clicking on this link <http://www.edinburgh.gov.uk/CEC/CityDevelopment/CustomerFeedbackForm/Form.html> and completing the feedback form you will be helping us to learn what we need to do better.*

From: Graeme Paget
Sent: 04 October 2010 23:17
To: Marshall Poulton; Andy Conway
Subject: FW: RE: Tie Contract Observations (First Draft)

Hi Marshall / Andy

Can you please take a moment to read over Ian's comments below.

I realise that this is Ian's personal / professional point of view and I also know that you will be familiar with Ian's general involvement with the project so far. I value Ian's site management experience and feel that his time spent on the various tram sites puts him in a relatively good position to comment on the effectiveness of the various processes and procedures associated with the contract to date. Whilst Ian may not be aware of all the complexities involved in running the project, I do feel that TIE and the project as a whole might benefit by considering some of the issues and recommendations that he has highlighted. My own negative experiences of the project to date seem to echo some of Ian's comments, such as the decision making procedure for changes on site, abortive works, double handling of sites or understanding various roles and responsibilities of site operatives.

It is not my intention to pass this report directly to TIE as I feel that the contents should be considered by CEC Client team and if appropriate, communicated from your team to TIE. In any case, I don't expect that this report (in its

current form) would be well received by TIE, given its critical content. I believe that any system, process or service can only be improved by firstly understanding and addressing the issues at the point of delivery - in this case on site. I feel that Ian is has been well placed to identify these, as his report indicates.

If you think it would be worth while meeting to discuss any of the issues highlighted in Ian's report, I'd be more than happy to arrange a meeting with all concerned.

All the Best

Graeme

From: Ian Woodcock [mailto:Ian.Woodcock@tie.ltd.uk]
Sent: Tue 28/09/2010 10:38
To: Graeme Paget; Neil McFarlane
Subject: RE: RE: Tie Contract Observations (First Draft)

Further to below, I would also mention the following;

Re-organisation of Tie and its operating structure

There is a requirement to carry out a full re-organisation of the current structure. All roles and responsibilities are required to be established which in turn will clearly identify lines of communication. At present, all front line staff are unclear of the reporting mechanisms and who in fact is their immediate line manager. Directors/HSQE will make request from these site based staff and insisting that they carry out their own directives. This should not happen and as such the project is in disarray with regards poor communication. Note that this has been intimated to senior management but as yet no action has been taken to rectify this major issue. Moreover, note that the organisation appears to be "top heavy" with a number of individuals in positions that are not necessarily required and not effective at providing the works as set out in certain guidelines or by the contract.

Approvals Process

At present, their does not appear to be a successful approvals process within the design procedures. For example, at section 1A, the design requires certain retaining walls to be built and the Tower Place Bridge is generally poorly designed. To make the necessary changes at site level is impossible as the drawings have been issued to the contractor ready for construction. At present, the design is only assessed to be in accordance with a number of European Standards etc. Furthermore, the design does not undergo a "Value Engineering" exercise to determine if the design is adequate or if there is a cheaper option available. The question of "does this need to be built and what is the alternative" should be asked of the design and the designers.

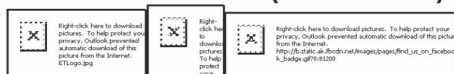
Regards

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From: Ian Woodcock
Sent: 24 September 2010 13:32
To: 'graeme.paget@edinburgh.gov.uk'; 'Neil McFarlane'
Subject: RE: Tie Contract Observations (First Draft)

Graeme/Neil,

Please find a summary report of my observations to date, during my time seconded to Tie;

At present, there appears to be a contractual stalemate between the Project Manager and the Principal Contractor. As such the works are not progressing as they should. The project is suffering from a significant delay with the delivery of the project and this will result in an increase in cost. The following report highlights some of the issues that need addressing before the project can move forward. Note that any of the changes identified need to be driven by The Council as I would suggest that Tie as an organisation is not in a position to instigate any significant changes that could result in a successful conclusion to the project. The initial management summary is based on the headings and explanations below.

Management Summary

There is a need to change the way the tram project and its contract is being managed by the client, namely TIE. This can only be achieved by a change in personnel at high level of the project management company. The introduction of new staff will provide the change in philosophy that is required to enable the tram works to proceed. However, note that these changes in style and management need to be relayed to the Principal Contractor (in this case Belfinger) and possibly obtain their approval. Moreover, the contractor will also need to be advised of this philosophy change with the majority of decisions will be made at site level – i.e. lower down the dispute resolution ladder before being elevated etc.

The following is necessary to enable the delivery of this project;

Organogram – this should clearly indicate each individual including their respective roles and responsibilities. This chart should also detail the lines of communication throughout the organisation and the project.

Dispute resolution ladder – this management tool should clearly define the role of each party/individual.

Considering a change of contractor should not be contemplated as the contract is only a means to reimburse the contractor what the price for the current works are at that stage. A different contractor will not make a difference to the project due to the management style of Tie. Similar arguments will still ensue with little or no movement.

Contract Administration

There appears to be lack of control and an amount of frustration of the site based staff as they appear not to be in a position to enable a decision to be made timorously and hence mitigating any delay. Note that basic letters of correspondence/TQs etc. are managed remote from the site. As such, the required period of reply (dictated by the contract) is not adhered to by the client. This level of off-site control is not required and only presents further delays due to the time taken to correspond. The Project Managers (PM) are well capable, given the correct guidance from their respective line managers to provide contract administration and carryout all decisions incl. Design, buildability and financial, as required by the contract. If this is allowed to happen, the majority of issues can and should be resolved at site level. This process will mitigate further delay to the works. The decision by Tie to manage the contract from Edinburgh Park or Citipoint, i.e. remote from site is the wrong decision. Moreover, Tie do not hold the correct tools to enable the site management to be controlled remotely (ref. Information Control).

Furthermore, in the absence of dispute resolution ladder no one is fully aware of their delegated duties and responsibilities. As such, at present all discussions on all issues are taken off site.

Information Control

A contract of this scale requires a central database controlling information. This should also be managed by the Project Manager, i.e. Tie. Unfortunately, this is not the case. Tie rely on individuals within the organisation to

provide their staff with the correct information at the right time. All information should be readily available on this central database system. Information should be uploaded to the system and those required should be allowed the necessary access rights to gain the information at the right time. Note that the Principal Contractor have their system in place and as such are better placed with controlling the information that the client can inspect. Tie has little or no access of this system. In addition, Tie cannot review the design changes at site level, unable to prove revision of the drawing and Tie staff are required to seek confirmation through the contractor. This should not be the case. Tie have created their own project management tool which leaves itself open to criticism and the system is mainly an archive tool as opposed to a management tool. Note, other products are available but chosen not to be utilised.

Communication

Communication through the organisation is ineffective and haphazard. In the absence of an organogram, no individual understands their role and does not know their delegated duties or responsibilities. Moreover, no one understands the lines of communication i.e. no clear lines of communication. This prevents the flow of the information between the parties within the organisation. As such, staff are unable to determine who is responsible for which section of works. Furthermore the reports that are generated within the organisation appear to be repetitive and either not actioned or ineffective. Note that this has been relayed to senior management whom have made no effort to make the necessary changes that have been advised.

Delegated Duties

A contract of this scale requires to be split into manageable sections. This has occurred, however, the decision making process is not in place. This will stem from the introduction of a dispute resolution ladder. Each sectional PM does not fully understand what this role on the project requires - this has not been intimated by senior management. As such, senior management (directors and above) take all the decisions that are required by the contract.

Culture of Management

Flexibility – Ability to deal with changes

As the majority of the management are from a Network Rail background, their management style has a lack of flexibility in their approach to contract administration and operational performance. Their attitude that everything should be failsafe, i.e. black and white, but as this is a civils contract with some elements of rail installation, civil engineers tend to be more flexible as the outcome does not affect the network in the same manner as a rail contract – i.e. if the rail works are delayed past the agreed timescale then there are more severe outcomes with rail delays/possibility of injury. Say, for example, on a road possession there is no need to work towards a deadline due to unforeseen, the completion date can be altered to suit ensuring that the works are completed and mitigating the need to re-open the same carriageways time after time. This is having that flexible approach. The processes and procedures that have been set up by Tie constrain the project to a degree that the works cannot progress and each change creates a delay within the project.

Leadership

The directors/management do not lead the project. They do not have the ability to change with their approach to the contract. They appear to consider that the project is moving in the right direction, however, the end result may be the same but the way of achieving that goal can be more straight forward. The staff within Tie are not motivated in the correct manner as they are outwit the decision making process that enables the site works to progress.

Please could you respond to the above, suggesting any changes as required. Note that I would hope that the above anxieties are passed on to certain individuals who can instigate any changes.

Regards

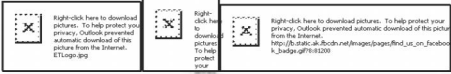
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