
From: Mike Jefferyes [mike@██████████]
Sent: 20 February 2007 11:04
To: Andie Harper; Geoff Gilbert
Cc: Steven Bell; ennionb@pbworld.com
Subject: Fwd: RE: Edinburgh Tram VE Programme

Dear Andie, Dear Geoff,

Two headings - 1. Risk Allowance challenge tomorrow and 2. What Next? - Your inputs are critical tomorrow please for planning what VE targets we address next.

1. TOMORROW'S VE WORKSHOP

I was in York all day yesterday and did not have e-mail access so have only now responded by phone to Nina's message below, regarding our VE attack on the major risk allowances at tomorrow afternoon's VE workshop. (*Andie - are you able to forward to me the risk summary Nina mentions in her e-mail please?*)

I have agreed with her that we don't need all the project managers there on the basis that a) it will be better to have fresh, independent eyes looking at the risks, and b) she has sufficient background detail to ensure we understand what we're dealing with. She also believes (quite rightly) that our focus should be on creativity for Risk Avoidance, rather than the project managers' concentration on risk containment.

2. WHAT NEXT?

We are close to the end of the items on our original list of VE targets. Plenty of items are identified for VE with the Contractors (definitely with the preferred bidders and, if we can manage commercially, with the top 2). However, I believe we're not ready for those Contractor sessions yet. We must agree some fruitful target areas, otherwise the present VE drive will lose its impetus. Your inputs tomorrow please are key to maintaining a productive plan for VE for this initial Capex Reduction phase.

Three comments: 1. John Panthony told us last week that his/your review of the budget breakdown did not throw up any new items of significant cost which had not already been included in our reviews.

2. Andie, there are a few items on your list of 31.1.07, which the team did not understand. Your clarification on some of these may open useful new investigations.

3. After a very productive workshop on MUDFA on 23.1.07, at Steven Bell's suggestion, the tie Project Manager left the

project the following day (although I don't think he knew that at the time of our workshop). Since then Susan Clark tells me she is progressing a number of key recommendations from our workshop (a. more effective parallel team working, b. developing relations with Utilities, c. challenging the Code of Construction Practice - eg to enable full road closures).

Last week I e-mailed the Mudfa team (& Susan) offering to help take things further, but had no response.

I spoke to Susan, who said they were not in a position to use another VE session yet and she'd get back to me when they are. I met Keith Rimmer, who knew nothing of the plan to challenge & change the Code of Construction Practice, so that initiative is not progressing.

Many thanks and kind regards,
Mike

Nina Cuckow - TSS <*Nina.Cuckow@tie.ltd.uk*> wrote:

Subject: RE: Edinburgh Tram VE Programme
Date: Mon, 19 Feb 2007 11:13:26 -0000
From: "Nina Cuckow - TSS" <*Nina.Cuckow@tie.ltd.uk*>
To: <mike@██████████>

Mike

I e-mailed a risk summary, that I had prepared for Transport Scotland for Project 1A Only, to Andie Harper. This contains a pareto analysis of the risks for the 1A part of the project. The risks for 1A + 1B are the same, they just have different costs associated with them. Unfortunately, I don't have time just now to create a 1A + 1B report but if I find time on Wednesday morning, I'll attempt to produce something. Please let me know if he has not sent it onto you. I should also point out that the risk budget has already been reduced through a series of review exercises and expiry of risks from £65m to £50.5m as it currently stands. The risk budget had been reduced before your VE exercise started and I am not sure where your info regarding £63m came from but it is incorrect. It appears that the target saving has already been achieved! My understanding is that £50.5m risk budget is what has been put into the updated business case.

The SGN issue is already in the risk register and has been reported in the primary risk register for a few months now.

The best people to invite are those who own the risks and also those whose activities are impacted on by the risks. This really amounts to all the Project Managers and one or two Functional Managers. I think your workshop will lose focus if we invite all the project managers - I am sure that the selection of people selected to undertake the VE workshop programme will provide a creative enough group of people.

We have recently devolved the management of risk and update of information to these people through the ARM system however, the embedding process is slow. I was developing a programme of risk workshops to identify risks (because I think that there will be risks missing from the register) and to develop more robust treatment plans. As a result, I think that the current expected value of risks will temporarily increase as new risks are put onto the system. Also, the current risk treatment plans are not up to scratch. Unfortunately, because I have recently been spending all my time producing bespoke reports, implementing the ARM system and training people in it, and chasing strategy/framework issues, I haven't actually had time to analyse the risks properly or do any risk management activities! Probably best not to get me started on this problem as I am not a happy

chappy!!!

What I would like to see, is the VE workshop coming up with risk avoidance (ie's terminology) or elimination (my terminology) strategies i.e. remove the root cause of the risk. This might be through changing the nature of the project or a design feature etc. Using an "outside" group of people to do this is a good idea because very often, risk owners will only come up with reduction strategies either because they can't see the wood for the trees or because they are not aware of the big picture.

I do have one issue, in comparison with other projects at the same stage, the Tram total risk budget is now low in percentage terms. I would not want to look to reduce this budget because of the above reasons, but I would like the VE workshop to get some avoidance strategy going!

Unless my meeting schedule changes, I am not working on Tram tomorrow, so would appreciate it if you have any further info requests to me today.

Cheers
Nina

Nina Cuckow
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From: Mike Jefferyes [mailto:mike@[REDACTED]]
Sent: Sat 17/02/2007 00:24
To: Jim Buchanan; David Carnegie; dolana@pbworld.com; ennionb@pbworld.com;

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Cc: Andie Harper; Geoff Gilbert; Steven Bell; David Powell; Trudi.Cragg@tie.ltd.uk; Susan Clark; Phil Douglas; Jeff Lloyd; kellyto@pbworld.com; Russell Poynter-Brown
Subject: Edinburgh Tram VE Programme

Dear All,

Please find attached the DRAFT report of last Wednesday's VE workshop.

The executive summary includes the request to prepare for next week's workshop from 12.00 to 17.00 on 21st February by progressing the actions in sections 3-6.

The major focus on 21st, as requested by Andie Harper, will be the key project risks, against which significant funding allowance has been reserved.

Our purpose is not to question the validity of these sums, but to consider how else the project could be designed or delivered, such that worthwhile net cost reductions can be achieved.

i.e. it may be worth spending £500k to prevent a £2m risk (unless the £2m was unlikely and the £500k might have been wasted).

Nina Cuckow has agreed to join us and to prepare a brief summary of the major risks.

Nina - if there are others who should join us to provide the detail on individual major risks, please invite them to join us and let me have their names.

Many thanks and kind regards,
Mike

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