

The Edinburgh Tram Inquiry
Witness Statement of Colin Woodward

Statement taken by Farrukh Iqbal on 5 October 2016.

My full name is Colin Woodward. I am 50 years of age and my contact details are known to the Inquiry.

Statement:

1. I have worked for my company Contract Scotland since 1990, and we supply temporary and permanent recruitment services to the Scottish construction industry. Since 1990 I have been a company director and in 2008 I took on the role as company chairman.
2. Contract Scotland operates as a recruitment agency and supplies highly skilled staff from supervisory level and upwards. For example, project managers, quantity surveyors, site engineer and site supervisors. My company has supplied staff for the construction of the Scottish Parliament, M80 upgrade, M74 upgrade, second Forth Road crossing, Aberdeen Western Peripheral Route, the latter two of which are currently under construction.
3. The usual approach to recruitment on all large construction projects is that an HR person from the successful Contractor would compile a preferred supplier list of recruitment agencies. The HR person would invite a number of different recruitment agencies to tender and through this process a shortlist of agencies would be finalised as suppliers of permanent, temporary and trade staff. At this time costs, terms and conditions, and all other staff related contingencies would also be finalised with each recruitment agency.

4. When the tram project was initially awarded around 2005, Contract Scotland followed our normal process and contacted the tram project through our contacts in the construction industry. For example, Dennis Murray, Commercial Manager for the tram project, had worked with us previously. Dennis Murray put Contract Scotland in contact with the tram project HR manager, Colin McLaughlin. At this time Contract Scotland was told that a single agency had already been appointed to supply all required staff to the tram project. The agency appointed by the tram project was Search. This was incomparable to any project I have been involved in supplying staff to before and since. If the tram project had asked Contract Scotland to be the sole agency then we would have said that we could not do this alone due to the volume of staff required, tight timescale and the complex nature of the project. Normally Contract Scotland would be comfortable working alongside other recruitment agencies. For example, in the public sector, if Scottish Water were tendering then they would expect about 15 recruitment agencies to come forward and after the tendering process they would shortlist 3 or 4 recruitment agencies as preferred suppliers. Each agency would be told to supply certain key areas as different agencies would have their own specialisms in the type of staff supplied by them.
5. For an HR manager in a large construction project, contacting as many agencies as possible and narrowing down to a select few would be following a normal process. For example, an HR manager would not want a situation where they were engaging with only a single agency that couldn't supply all staff to the project.. At the time Search were appointed to the tram project they didn't have as much experience as we did. They only started dealing with the Construction Industry in 1997, 7 years after we started. They also charged a higher permanent recruitment fee and took higher margins on temporary placements.
6. The result of Search being the only recruitment agency on the tram project resulted in high salaries and a poor quality of candidates. Search approached candidates in their database, but not all were interested because it was a busy market at the time and there were a few different projects ongoing. There was a good choice of jobs at the time. I know that salaries were much higher in TIE and well above the industry norm. For example, a project manager in TIE was

earning £90000 per annum, whereas elsewhere a project manager would not be above £50000 per annum. This excessive payment of salaries was known to Contract Scotland because when we offered our candidates jobs on other projects, our candidates would decline and the reason given was that they were being offered a much higher salary to work on the tram project. When the project manager who was earning £90000 per annum left TIE, he came back to Contract Scotland expecting to earn the same on other projects. I do not want to provide the details of this person for reasons of confidentiality.

7. The result of Search being the only recruitment agency appointed to the tram project was that there was no incentive that you would normally have between a number of agencies competing with each other to supply staff. Search were supplying all temporary staff to the tram project which would be on an hourly rate. Contract Scotland lost a handful of temporary highly skilled and technical staff to Search because the rates being offered on the tram project were much higher than industry norm. Search would work on a commission basis, Contract Scotland did not. The normal process was that a recruitment agency would offer a few suitable candidates at various rates and let the client choose the most suitable candidate. Because TIE were only working with one Agency they were offered a rate at the time the vacancy was registered and didn't know whether this was the market rate or not. The tram project giving rates upfront led to poor quality staff being recruited into the project. Because the Agency involved was working on commission, they tried to get the candidate who would accept the job for the lowest rate (so they would get a higher margin and more commission) rather than the best candidate for the job. The lack of competition meant that hourly rates, like salaries, were highly inflated and didn't represent value for money.
8. Contract Scotland started to receive opportunities to supply contractors to the tram project in 2007, much later than 18 months from the start of the tram project. For example, contractors such as Carillion, who were Alfred McAlpine before they changed names, who Contract Scotland supplied with site engineers and site supervisors. By then most of the key roles had already been recruited through the other Agency meaning they were likely to be the

first point of contact for future recruitment needs as they were already supplying staff to the site and were able to use this to supply to all the subcontractors working on the project. Not being able to have the opportunity to compete at the outset to supply staff cost Contract Scotland a lot of lost temporary & permanent fee income revenue.

9. With regards to Contract Scotland's communication with the tram project, I and Emma Marriot, Contract Scotland's Manager at the time, had phone contact and direct meetings with staff within TIE. At the time Contract Scotland's temporary recruitment manager John-Paul Toner also had contact with TIE.
10. During the period from 2007 to 2008 it became apparent that there were significant delays with the tram project and other issues. At this time senior persons, project director level and above, within the tram project began to leave the project and move on. Generally speaking it became difficult to attract people to the struggling tram project.

I confirm that the facts to which I attest in this witness statement, consisting of this and the preceding three pages are within my direct knowledge and are true. Where they are based on information provided to me by others, I confirm that they are true to the best of my knowledge, information and belief.

Witness signature..... *Colin Woodward*
Date of signing..... *06/01/2017*