
From: Richard Jeffrey
Sent: 01 June 2009 10:50
To: David Mackay
Subject: FW: Meeting with BB/Siemens

David, as discussed last week, please find attached the original e-mail with Stephen's responses included.

Regards

Richard

From: Steven Bell
Sent: 27 May 2009 08:57
To: Richard Jeffrey
Subject: RE: Meeting with BB/Siemens

Richard

Comments below. Generally you have captured the essence of the meeting although you also made a couple of strong points about "One Project Team" and common approach, business cards, objectives etc.

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For more information on the Edinburgh Tram Project, visit www.edinburghtrams.com

From: Richard Jeffrey
Sent: 27 May 2009 08:34
To: Steven Bell
Subject: Meeting with BB/Siemens

Steven, Draft for comment before I circulate internally

Yesterday Steven and I met with Martin Foerder and Miguel Berrozpe.

The meeting was warm, good natured and business like, and we covered a lot of ground. I also believe there were some very significant issues raised.

If you want the full detail/flavour this is best done in conversation, but the highlights for me were.

- BB/TIE do not trust each other, we openly discussed this and gave examples to each other where we felt trust had been breached. My personal take is that unless we can rebuild a degree of trust things will get

worse and worse. Agreed but (perhaps I am delusional) my team think we are trying to rebuild this and are moving that way.

- The fundamental disagreements that led to the Princes Street dispute have not been resolved; “we will not be starting any more on street works without a similar supplementary agreement or resolution on the key issues” The mechanics of the contract change mechanism are still a core consortium concern and this is driving the “will not start position”
- Siemens have lots of issues too but they have not yet surfaced explicitly
- BB are determined to drag everything out as long as possible, “ if we don’t like the mediation we will go to adjudication, and if we don’t like that we will appeal outside the contract” They quoted 6 months for resolving every disagreement formally
- We are clearly at a stand-off, (Siemens suggested we were in an arms race!) and I see no prospect of BSC changing out of first gear, the PMP will not deliver this in its current form.
- There were some key messages for us and our style so far, micro management of our team, lack of empowerment, overly contractual, inflexible. Steven and I have discussed this. I am not objective, but have a difficulty with this. I believe the same picture can be painted of BSC and I accept there needs to be a breakthrough if the project is to move on. I would like to follow up on our discussion yesterday.
- The fundamental issue seems to me to be the issue of the unfinished design, and who owns this risk. We think we passed it to BSC in the contract, they think they passed it back during the negotiations. Agreed
- There is little point in agreeing a new programme or cost if we have not addressed the underlying issue of the design. Without the key issues resolved I have no confidence that any new programme or cost would be adhered to. Agreed

It seems to me we have a choice.

- We can tough this out, grinding out every point along the way, or
- We can take the whole relationship (rather than each issue) to mediation (marriage guidance!) In doing this I think we will very quickly get to the issue of the unfinished design risk.
- We can address the issue of the unfinished design at an intellectual/contractual level, or we can go through a couple of dozen examples and see if we can resolve them pragmatically That is what we are attempting to do with the 5 or 6 items currently at PMP.

Each approach has risks, and costs, but I am clear that if we carry on as we are nothing will change and the costs will increase and timescales will slip

Your choices are realistic and I would propose that Stewart and I enhance the Strategic Options workstreams and progress update which we are reporting on to the Board to incorporate this reflection.

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