

FCL Strategic Overview Proposals

The original suggestion was that FCL to act as a workshop, with decisions about DRP and other matters sometimes being taken “on the hoof” based on information provided in advance of the meeting. However, this has proved to be problematic for CEC due to the significant amount of complex detail in each DRP requiring to be examined to fully understand the issues, as well as CEC being asked to formally “sign off” on each DRPs, sometimes with little notice.

tie are in the lead role re DRP and are ably assisted by both DLA and McGrigors in this regard. There is, therefore, a large degree of oversight with regard to each specific DRP issue. tie and CEC’s interests are totally aligned with regard to the requirement to resolve the disputes quickly and it therefore follows that if tie perceive that a dispute should be progressed then it is unlikely that CEC will have a counter-view. CEC do, however, need to be kept fully updated as to progress in order that DRP and its outcomes can be monitored and appropriately reported within CEC. At a very basic level, CEC’s major concern at present is the effect (whether positive or negative) which DRP will have upon project funding and timescales.

Accordingly, it is proposed that the focus of FCL be changed to reflect the following:

- CEC officers will still require to receive all main DRP documents (as is presently the case) in order to have an overview and record of progress. As an aside, it is noted the pace of launching DRP’s appears to have slowed and this will no doubt have a further delaying effect upon programme and costs.
- It is now proposed that FCL will meet weekly on a Tuesday afternoon, with all relevant documents, an agenda and a précis of decisions being required being provided no later than the previous Friday pm.
- CEC’s focus requires to be more geared towards the overall effect of each DRP on the total outturn cost and delivery dates, as opposed to focusing on the specifics and merits of each DRP. CEC’s view is that tie and DLA are best placed to decide which DRPs to progress in which order to achieve the best outcome.
- FCL should concentrate on (i) dealing with key financial and legal issues outwith the DRP arena; (ii) oversight and decision making re DRP strategy as a whole; (iii) monitoring the overall effect of DRP’s on costs and delivery timetable; and (iv) considering how best to integrate the effect of DRP on costs and timetable into the Council reporting strategy (although this is more for Council officers than the committee).
- Whilst the current DRP strategy document is useful, it does not indicate the estimated completion timetable for each DRP. Given that officers will require to report back to Council in the new year, it is imperative that a rough timetable is in place. Indeed, given that some significant DRPs such as EOT2 are presently on hold and only a small number of DRPs have been fully initiated to date, it is clear that little further concrete progress will be made by Spring unless there is further commercial settlement.
- Whilst tie have indicated that they do not wish to financial effect to be inserted into the current document as it may be used as a success/failure benchmark, the reality is that CEC require to assess this information as success/failure will indeed have a real project impact. The costs which should be included are (i) the actual

value of each DRP; (ii) the value of the DRP principle; and (iii) whether (and the extent to which) such value is contained within existing risk budgets.

- A full cost ranging document requires to be produced by tie and regularly updated. Whilst CEC appreciate that it is impossible for tie to give concrete figures at present, the one figure which can be provided is a worst case scenario. ie what the cost outturn would be were tie to follow the longest current project timetable and lose all know arguments 100%, with an appropriate risk allowance added for unknown costs/disputes. Whilst tie did previously produce a rough estimate of this, a further clearer version is now required which can be regularly updated. This will allow CEC to plan for cost overruns over the £545m. On the basis that it is unlikely that tie would lose all the arguments, this worst case estimate should also help to defray any costs from disputes/claims which are as yet unknown to us.