

Framework Concept (for discussion)

Introduction

This is not a BSC proposal and for clarity this attempt to unlock the position by establishing this framework is made in good faith by Ssiemens and if put into effect is not meant to override BSC's, Bilfinger, Siemens, Caf or Tie's entitlement under the contract unless we mutually agree.

A condition of this Framework Concept is that there is an immediate cessation of all media/publicity activities by both parties in respect of the current project difficulties, unless otherwise jointly agreed.

A condition of this Framework Concept is that the works in Princes St continue/recommence immediately on the basis of demonstrable cost.

Establish a Framework development team asap to develop a working methodology to:

- Expedite the work
- Expedite the changes and associated commercial agreements
- Expedite a recovery programme
- Expedite design and approvals
- Expedite access
- Expedite a greater focus on consortium and Tie integration.

The framework will be developed and lived within the existing contractual environment, to achieve success a commitment from all parties on fair and equitable approach is required, 'micro-level' discussion are incompatible with success in this situation. Therefore the structure of the current project communication needs to be reviewed.

The team

Framework Management Team (FMT) to consist of S Bell, M Foerder, ~~M. Flynn~~ P Weightman (tbc), ~~Frank McFadden~~, A Urriza, A.Richards to operate at a strategic level. FMT to establish works streams in Planning, Commercial, Construction and Engineering, System Integration and appoint leaders in each work stream to report to the Framework Management team.

Objectives

Objectives of the Framework Management team as follows:

Immediate Objectives (within Days)

- Identify 5 critical base date design to IFC issues that are unresolved in the 'country area' and agree an equitable solution to enable work to commence on those items. E.g. agree direct works costs (assuming they are changes) until a solution is agreed on the preliminaries discussion.
- Provide revised realistic access dates that can be fed into a recovery programme

- Conclude commercial agreement on V26 to V31 eot
- Agree a pragmatic working solution within the contract to the..... 'I need an estimate before I can agree it is a change'...vs.....'you must agree it is a change before I give you an estimate...'

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Short term objectives (within weeks)

- Monitor progress on a weekly basis planned vs achieved and agree responsibility
- Develop revised communication process between both parties that will enhance the working relationship, together with seeking to establish more efficient processes (working practice). (e.g. Consider a more integrated location approach)
- Establish a programme and process for unlocking the immediate claims/ changes, and if appropriate agree interim settlement until the final issues are resolved e.g. agree equitable prelims solution on basis of the contract
- Create greater visibility of design activities including management of SDS

Medium term objectives (within 1- 2 months)

- Expedite and conclude Development workshops
- Conclude Agreement all current principal items (access, change process, Base date design to IFC)
- Recovery programme defined and agreed, then it will become the revised contract programme subject to commercial agreement
- Establish joint 'senior' customer & consortium steering committee for the project
- Equitable Settlement/resolution/conclusion of the majority claims/changes currently on the table
- Improve commercial communication by establishing clear and unambiguous (pro-forma letters) for the various notifications, estimates, changes, etc.

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Long term objectives (within 3 months)

- Scope/design freeze
- Revised contract programme agreed, including commercial agreement

Framework Supervisory Team

A Framework Supervisory Team needs to be established to oversee the activities of the FMT, and to be the escalation point for any issues that may fall out of the FMT activities. Members, reporting frequency, etc. to be developed.