

## 1 Client Relations

There was no weekly meeting between Willie Gallagher and me this week due to Willie having to go to Wiesbaden, (BBS Office), on Thursday to pursue closure of the negotiations with BBS. The reason for this unplanned visit was BBS's failure to meet the stipulated date for the submission of a final price and programme for the Infracore bid. BBS has still not submitted the required information and indications from other meetings this week suggest a delay of six weeks may occur. As is often the case with the closing stages of bids of this nature a lot of work is being done by many different people and I believe a clear picture of the real position will only emerge over the next few days. The deadline of 31 December for funding commitment remains in place, but it is not clear (to me) whether provisions exist for this deadline to be extended by CEC. Even if this were possible the most serious consequence of any extension of time to financial close would be on overall programme end date. A second significant consequence would be the additional cost of maintaining the **tie** management team for the longer duration.

A further meeting was held this week at Steven Bell's request to clarify any remaining gaps between the SDS design and the BBS offer on geotech and earthworks design. It was confirmed at this meeting that BBS had been provided with a substantial amount of information but that BBS did not have the ability locally to interpret some of the computer generated modelling information for ground conditions. The meeting passed off constructively and Steven Bell conveyed his appreciation of our efforts to me after the event. The revelation that BBS does not have sufficient in-depth design capability locally may present an opportunity for the provision of services by PB direct to BBS once the contract has been awarded. This means there are now three areas of focus over the coming two months:- (a), completion of as much of the remaining SDS contract scope as possible; (b), the development of a new agreement for services with **tie**; and, (c), potentially, the development of an agreement with BBS for the provision of design services over and above the novated contract scope.

## 2 Commercial

### 2.1 Contract

#### 2.1.1 Employer's Requirements

Nothing further to report. The planned follow-up meeting with Geoff Gilbert on this topic did not take place this week due to **tie** being diverted to deal with the problems arising from BBS's failure to provide a final offer.

#### 2.1.2 Novation

Further to last week's report work has been continuing to address the requirements set out by **tie** for novation. There have been no further discussions with **tie** on the matter this week with **tie** dealing with other priorities as described above. Nor has BBS provided any further input that I have seen to the development of the thinking behind the **tie** novation plan, despite being proposed signatories to the plan. In the meantime Grant Smallhorn and I have been developing an analysis of the plan to facilitate the next round of debate with **tie**. It may be that a meeting is convened next week for this purpose although to date nothing has been scheduled. I am using the period of delay to maintain momentum on completion of design deliverables. Progress against completion of the novation plan schedules can be summarised as follows:-

- Collateral Warranty from Halcrow.

- Halcrow has advised that there is no contractual requirement for the provision of a collateral warranty in the sub-contract. Whilst it is true that there is no reference in the main body of the contract to the need for collateral warranties there exists at Schedule 7 a requirement for PB and Halcrow to agree a suitable form of collateral warranty. Halcrow, whilst maintaining its contractual interpretation, has stated that it has no wish to place PB in breach of its contract with **tie** and will, therefore, develop a proposed form of words.
- Scope of Direct Contract between **tie** and SDS.
  - Clarification and proposals awaited from **tie**
- Pricing Schedule of Direct Contract between **tie** and SDS
  - Clarification awaited from **tie**
- Programme for the Direct Contract between **tie** and SDS
  - Clarification awaited from **tie**
- SDS Design Deliverables Status
  - The weekly design deliverables tracker provides the required design production status information and is shared with **tie** each week. Updates to the Prior Approvals and Technical Approvals programmes have been completed this week for agreement with **tie** and CEC.
- SDS Consents Status
  - Halcrow is to be requested to provide this information next week in line with the scope of the Sub-consultancy contract
- SDS Programme to completion
  - The latest version of the SDS Contract programme has been provided to **tie**
- Summary of Financial Position
  - Preparatory work has continued this week on the development of a final account

## 2.2 Change Requests

The exercise to reconcile all outstanding change notices, requests, estimates, and orders has been completed as planned and final negotiations are now due with **tie** and with Halcrow. No significant problems have arisen so the priority is now to secure agreement with **tie** on clearance of outstanding change orders.

## 2.3 Claims for Prolongation

Preparation of a further claim for prolongation associated with the completion of a final account has continued. An analysis is in progress for additional costs incurred due to the continuing delay in resolution of a number of design requirements by **tie** and CEC for the period from 18 August to the present. An analysis of additional costs due to the failure by the Statutory Utility Companies to furnish design information to the required standard and to MUDFA programme dates is also being prepared. I aim to have a skeleton document complete by early next week for discussion with Halcrow prior to the compilation of a complete document ahead of Geoff Gilbert's 05 January deadline. (Having said that the 05 January deadline is looking to be optimistic, if for no other reason than the fact that BBS is closed for two weeks over Christmas and New Year and no-one from BBS will be available before 07 January).

On the subject of the outstanding legal agreement on the first claim, a form of words has now been finalised and we await **tie's** finished document for signature.

## 2.4 Cashflow

Having achieved provisional approval of the latest application for payment some two weeks ago we have been forced for the second period running to apply pressure in order to secure payment of the sum of £1.7m.

## 3 Operations

### 3.1 Detailed Design

Nothing to report. Achievement of design package targets has been very good over the past two weeks following the additional pressure put on the design teams to close out issues ahead of novation.

### 3.2 MUDFA

Nothing further to report this week.

### 3.3 Procurement

Nothing further to report.

## 4 Other Issues

Nothing to report

## 5 Weekly Look-ahead

- Thursday. Weekly meeting with Willie Gallagher and SCR.
- Friday. Weekly critical issues meeting. (Chair D Crawley, *tie*).

## 6 Timetable to Infraco Contract Award - Update

- 13 December Receipt of a final clarified offer and price from BBS
  - *Date not achieved by BBS*
- 13 – 20 December *tie* decision on recommendation to proceed
  - *Pending*
- 20 December Submission of the complete Infraco contract report to CEC
  - *Submission of a report of some description remains scheduled at this point*
- 21 December Debate in Council over the recommendation to proceed
- 31 December End of current funding period – date by which approval to proceed must be granted.
- 28 January Infraco contract award.