

## **1 Client Relations**

### **1.1 tie**

There was only a very brief weekly meeting this week with Willie. **tie** has been focusing on resolution of issues with BBS ahead of financial close of the Infracore Contract as a matter of priority and Willie has been devoting a lot of time to keeping CEC informed of progress.

**tie** is still advertising a date of 28 January for financial close but in reality this can no longer be achieved. I expect to be agreeing a revised target date for novation with **tie** next week.

As reported previously, Steven Bell is to assume the role of Project Director for **tie** once financial close is achieved and Matthew Crosse departs. I have been working closely with Steven this week on a number of significant issues. Whilst Matthew is clearly focused on moving on from Edinburgh and has a very short term view of important issues such as finalisation of the Employer's Requirements Steven has a long term interest in resolving project issues. Developing a closer relationship with him over the next few weeks should result in reduced risk for PB for the next phase. A key topic of discussion this week has been alignment of the SDS programme to completion of design scope with the BBS as-bid construction programme.

### **1.2 City of Edinburgh Council (CEC)**

I understand that Andrew Holmes, the leader of the Council, has advised Willie Gallagher that **tie** must involve CEC closely in the remaining negotiations with BBS prior to financial close. CEC is particularly focused on ensuring the delivery of a high quality system from a planning point of view. For our part PB is supporting **tie** in meetings with CEC to review the BBS proposals for the scheme.

### **1.3 BBS**

We are continuing to develop a working relationship with BBS. Currently our discussions have focused on achieving an understanding of BBS's expectations for the SDS Design scope which will be transferred at novation. This discussion can only be completed once BBS has reached agreement with **tie** on the finalisation of the Employer's Requirements

## **2 Commercial**

### **2.1 Contract**

#### **2.1.1 Employer's Requirements**

This week **tie** has issued an updated version 3.2 of the Employer's Requirements running to 700 pages long. **tie** has requested that PB reviews this latest version and comments on areas of SDS design non-conformance. This we have agreed to do, but on a reasonable endeavours basis without any formal commitment.

I have made the point to **tie** that whilst it is more than likely that our design could be viewed as conforming to this latest version and equally that the BBS offer could be viewed as conformant this does not mean that the two designs are consistent. I have also pointed out the contractual requirement for the SDS design to meet with the needs of the Approval Bodies and whilst **tie** may be aiming to achieve alignment of the ultimate design with the requirements it must not relax those requirements to the point where they would not meet the previously agreed needs of, particularly, the CEC planning Department.

**tie** has not managed the Employer's Requirements definition process at all well and has ended up with an unwieldy and potentially inconsistent set of Requirements. This is a key source of risk and a prime cause of the delay to **tie**'s achievement of financial close.

I understand that BBS has raised serious concerns over the receipt of a modified version of the Requirements this late in the programme to achieve financial close.

### 2.1.2 Novation

Two meetings have taken place between PB and **tie** this week on the subject of novation and one between BBS and **tie**. The second **tie** /PB meeting also had **tie**'s lawyers from DLA in attendance. The meetings addressed the topics I had advised to **tie** last week and which I had supplied in the form of a report on the subject from PB's perspective. I believe we have an understanding between **tie**, DLA and PB as to what PB requires to be changed before novation. The next meeting on the subject is intended to be convened next week with all parties, **tie**, DLA, BBS, and PB in attendance. The immediate objective is for **tie** to issue a modified Novation Agreement.

**tie** has re-confirmed its intent to invoke novation at the point of financial close of the Infraco contract. DLA accepts that the original intent was that novation would be invoked at some point after completion of the deliverables from the SDS contract. DLA is equally adamant that novation can be invoked in the current circumstances with certain (minor) amendments to the novation agreement contained in the SDS contract at Schedule 8.

I understand from discussions with BBS that BBS has a number of issues to be addressed by **tie** in respect of novation and both BBS and PB appear to have similar views on the required amendments to the contract documents.

As a precursor to signing the novation agreement PB has to have sight of the Infraco contract to be signed by **tie** and BBS. I understand that there is a large number of items still to be agreed on the scope of that contract and that BBS is carrying out a formal commercial review on Monday next week. In the meantime DLA has committed to provide PB with a copy of the current version of the Infraco contract by early next week.

## 2.2 Change Requests

The SDS Contract Change Register is completely up-to-date, (as a result of the pre-novation preparation), and PB is awaiting conflation of change orders from **tie** for the outstanding change requests. The meeting to achieve settlement is scheduled for next week.

## 2.3 Claims for Prolongation

The Legal Agreement for settlement of the first claim for prolongation, (totalling £2.5m), has now been returned by **tie** with minor drafting changes from DLA. I have agreed with Steven Bell that Grant and I will review these changes with a view to signing the Agreement next Tuesday.

I have submitted the new claim for prolongation of PB's and Halcrow's Management and Supervision services in the sum of £598k. Steven Bell has advised that whilst he sees merit in part of the claim he would have expected a valuation more of the order of £200k. He has also advised that he sees merit in a counter claim by **tie** against some survey work for utilities diversions that in his view should have been undertaken by PB /Halcrow. The positive news is that having submitted the claim on Tuesday Steven is already addressing it seriously and has committed to try and reach agreement on a final figure next week.

## 2.4 Cashflow

The application for payment for October was signed on Thursday and following pressure applied by me to **tie** in connection with closure of the PB EA audit the AFP for November is due to be signed today, Friday.

## 2.5 Contract Valuation and Payment Certification Prior to Novation

PB has continued with the preparation of the status information required for valuation of the Contract prior to novation. Valuation is on the basis of the current status of:-

- Detailed design deliverables
- Prior Approvals
- Technical Approvals
- MUDFA IFC packages

We have yet to be advised by **tie** of any changes to scope directed by **tie** prior to novation as a result of any agreement with BBS.

## 3 Operations

### 3.1 Edinburgh Tram Network

#### 3.1.1 Detailed Design Submissions

Nothing further to report.

#### 3.1.2 Prior Approvals

Nothing further to report.

### 3.2 MUDFA

Discussion has yet to take place in any detail on any separate deal with **tie** for the provision of MUDFA design services post novation.

## 4 Other Issues

Nothing to report

## 5 Weekly Look-ahead

- Tuesday. Novation planning meeting with **tie** and BBS. (provisional)
- Thursday. Weekly meeting WG /SCR
- Friday. Critical Issues Meeting. (D Crawley, **tie**, Chair)
- Tuesday. Prolongation Claim meetings with **tie**
- tba. SDS Contract valuation meetings with **tie**
- tba. Scope of work definition meetings with **tie** and BBS – to define any changes to design scope post novation
- tba. Employer's Requirements review meetings with **tie**

## 6 Timetable to Infraco Contract Award - Update

- to be confirmed. Final Report to Council from *tie*.
- to be confirmed. Novation of the SDS Contract.
- to be confirmed. Infraco contract award.