

## 1 Client Relations

### 1.1 *tie*

Having set a target of 29 March for the award of the Infraco Contract *tie* has now had to acknowledge that with negotiations continuing the target cannot be met. A revised date of 15 April has now been advised to me by Jim McEwan.

Novation meetings continued with *tie* and BBS on Wednesday and Thursday this week and Friday was taken up with a 7 hour programme review meeting aimed at eradicating points of conflict between the SDS and BBS programmes. This meeting, chaired by Steven Bell for *tie* made significant progress and I am now more confident that a schedule of programme milestones which is acceptable to PB can be produced for inclusion in the Novation Agreement. The programme review only touched on the topic of timescales required to accommodate design revisions suggested by the BBS Offer so it remains the case that *tie* has a price on the table which assumes approximately £12m of value engineering improvements will be delivered and a construction programme which does not reflect the design effort required to deliver those improvements. *tie* appears comfortable with this state of affairs and has suggested that changes will be instructed on day one of the Infraco contract to address the imbalance. I do not believe the major stakeholders, including CEC are aware of the position and we must ensure that the Novation Agreement is worded such that it protects PB from any accusations of deception which could be levelled at *tie* in future.

I have continued to work closely with Jim McEwan this week to ensure his appreciation of PB's position on the variety of technical and commercial detail currently being addressed ahead of novation. My next regular meeting with Willie Gallagher to review longer term topics is now scheduled for Wednesday next week.

### 1.2 City of Edinburgh Council (CEC)

Nothing to report.

### 1.3 BBS

Nothing to report.

## 2 Commercial

### 2.1 Novation of the SDS Contract

As a result of further negotiations on Wednesday DLA committed to prepare a near-final draft of the Novation Agreement. This had been promised for Thursday this week but with *tie*'s decision to delay Infraco Contract Award we now expect to receive the Agreement from DLA early next week.

The following table summarises progress against the action plan to be completed prior to novation.

Item	Action	Current F/c	Previous F/c	Comment
<b>PB Commercial</b>				
• January AFP to be paid	<i>tie</i>	--	--	Achieved

• February AFP to be certified and paid	<i>tie</i>	01 Apr	29 Mar	Previous F/c assumed payment before Infraco Contract Close on 31 March. <i>tie</i> has promised payment 01 Apr despite slippage of the Contract Award target to 15 April
• Prolongation Claim for £598k to be negotiated certified and paid.	<i>tie</i> /PB	04 Apr	27 Mar	Negotiations continuing from 19 March start point.
• Change Register to be closed with remaining agreed changes instructed.	<i>tie</i>	04 Apr	27 Mar	Paperwork to be issued by <i>tie</i>
• Prolongation Claim Legal Agreement to be signed.	<i>tie</i>	Tba	27 Mar	
• SDS Contract Account statement to end March to be prepared.	PB	29 Mar	29 Mar	Achieved
• Final Account statement to point of novation to be prepared for inclusion in the Disclosure Statement at the point of novation	PB	15 Apr	New action	In progress
<b>SDS Design</b>				
• Trackers for Design Deliverables, Prior Approvals, and Technical Approvals to be maintained up-to-date for inclusion in the Disclosure Statement at the point of novation	PB	21 Mar 28 Mar 04 Apr 11 Apr	21 Mar 28 Mar	Achieved Achieved
• Action required to arrest slippage in delivery of Structures designs	PB	--	21 Mar	Action taken but subject remains under critical review.
<b>BBS Proposals</b>				
• Confirmation from <i>tie</i> that agreement has been reached on a final offer for the Civils Scope.	<i>tie</i>	--	--	Received from <i>tie</i> in email form. Formal document-controlled letter remains outstanding
• Confirmation from <i>tie</i> that CEC has endorsed any departures in the BBS Civils Offer from the SDS Design.	<i>tie</i>	--	--	Received from <i>tie</i> in email form. Formal document-controlled letter remains outstanding
• <i>tie</i> to provide PB with the final version of Schedule 4 to the Infraco Contract	<i>tie</i>	26 Mar	21 Mar	Document received from <i>tie</i> 26 March under email cover. Presented as an essentially complete document but not yet in final agreed form. PB has commenced a detailed review of this draft.
• Instructions to be issued by <i>tie</i> for PB to undertake an	<i>tie</i>	--	--	Received from <i>tie</i> .

assessment to identify any misalignment between the BBS Civils Offer and the SDS Design.				
• Misalignment assessment report to be issued	PB	26 Mar	25 Mar	PB report delivered.
• <b>tie</b> to instruct paid changes to the SDS Design or BBS Offer as appropriate.	<b>tie</b>	Pre - novation	Pre - novation	Meeting to be arranged to review the findings from the PB Misalignment Assessment. Report
• Confirmation from <b>tie</b> that agreement has been reached on a final offer for the Systems Scope	<b>tie</b>			Remains outstanding
• Instructions to be issued by <b>tie</b> for PB to undertake an assessment to identify any misalignment between the BBS Systems Offer and the SDS Design.	<b>tie</b>	--		Received from <b>tie</b>
• Misalignment assessment report to be issued	PB	27 Mar	25 Mar	PB report delivered.
• <b>tie</b> to instruct paid changes to the SDS Design or BBS Offer as appropriate.	<b>tie</b>	Pre - novation	Pre - novation	Meeting to be arranged to review the findings from the PB Misalignment Assessment. Report
<b>tie Employer's Requirements</b>				
• PB to commence assessment to identify misalignment between the Employer's Requirements v3.5a and the SDS Design.	PB	20 Mar	20 Mar	
• Misalignment assessment report to be issued	PB	31 Mar	31 Mar	In progress – essentially complete with report to be issued to <b>tie</b> next week  It should be noted that Version 3.6 was received from <b>tie</b> on 20 March. The difference between v3.5a and v3.6 is as a result of legal comments received by <b>tie</b> from BBS. V3.6 was provided to PB in track-change form and the revisions are minor.  Informal discussion with BBS has indicated that <b>tie</b> may be preparing to issue a further version 4.0. We await developments.
• <b>tie</b> to instruct paid changes to the SDS Design or BBS Offer as appropriate.	<b>tie</b>	Pre – novation	Pre – novation	Meeting to be arranged to review the findings from the PB Misalignment Assessment. Report

<b>Programme</b>				
<ul style="list-style-type: none"> <li>Confirmation from <i>tie</i> that agreement has been reached on a final master programme for the scheme.</li> </ul>	<i>tie</i>	Pre – novation	Pre – novation	Awaited
<ul style="list-style-type: none"> <li>Master Programme to be issued by <i>tie</i></li> </ul>	<i>tie</i>			A further draft programme was received on 25 March.
<ul style="list-style-type: none"> <li>Review of the master programme to be undertaken by PB.</li> </ul>	PB	28 Mar		A detailed review of <i>tie</i> 's requirements for SDS Programme delivery dates to align with the latest BBS programme was held on 28 March. A further meeting to wrap up the few remaining critical issues is to be arranged next week.
<b>Scope of Separate Agreement with <i>tie</i></b>				
<ul style="list-style-type: none"> <li>Discussion to be scheduled.</li> </ul>	<i>tie</i> /PB	tba	27 Mar	Topic not discussed this week. With the further delay to novation the scope of remaining MUDFA work will have reduced further at the point of novation – to the point where <i>tie</i> may not require any further work from PB. Completion of any MUDFA scope remaining at novation was a key reason for <i>tie</i> instituting a separate contractual arrangement with PB.
<b>Construction Support Proposal</b>				
<ul style="list-style-type: none"> <li>Proposal from PB in response to the BBS invitation.</li> </ul>	PB	04 Apr	27 Mar	Agreement delayed in discussions with BBS and <i>tie</i> . This proposal now to form part of the scope of work scheduled in the Novation Agreement. Population of this schedule will occur following <i>tie</i> 's review of the misalignment assessment reports produced by PB.
<b>Disclosure Statement</b>				
<ul style="list-style-type: none"> <li>Finalisation of register of works outwith the Limits of Deviation.</li> </ul>	PB	--	20 Mar	Completed
<ul style="list-style-type: none"> <li>Verification of the <i>tie</i> register</li> </ul>	PB	--	20 Mar	Completed

of Third Party Agreements.				
• Completion of Schedule of Design Packages	PB	26 Mar	25 Mar	Completed
• Completion of Schedule of Prior Approvals	PB	26 Mar	25 Mar	Completed
• Completion of Schedule of Technical Approvals	PB	26 Mar	25 Mar	Completed
• Completion of Disclosure Statement	PB	31 Mar	25 Mar	Document complete. Now to be issued co-incident with end of month to synchronise with the financial account date.
<b>Infraco Terms &amp; Conditions</b>				
• <b>tie</b> to issue updated Infraco contract and schedules	<b>tie</b>	07 Apr	27 Mar	<b>tie</b> has continued to negotiate with BBS on closure of the Infraco Contract t's and c's. PB has emphasised the need for receipt of a final set of Infraco t's and c's as part of the exercise to finalise the Novation Agreement. <b>tie</b> had committed to provide a final set by end Thursday this week. This did not happen and negotiations are continuing. Separate discussion with BBS suggests that negotiations should be complete by 04 April but this date remains uncertain.
<b>Halcrow Collateral Warranty</b>				
• Final text to be agreed	<b>tie</b> /PB		25 Mar	PB met with Halcrow at a special meeting convened on Tuesday 25 at Halcrow's Hammersmith Office. <b>tie</b> and BBS are insisting tat a Collateral Warranty be provide in favour of BBS in addition to one in favour of <b>tie</b> . Halcrow's position is that there is no contractual obligation to provide such a warranty. The subject is under review and on the agenda for the novation meetings.

## 2.2 Change Requests

All outstanding change requests have now been addressed with **tie** and agreement on closing actions reached. **tie** is to issue the remaining paperwork next week.

## 2.3 Claims for Prolongation

A meeting was held on Friday to review the position on the claim for prolongation. PB is to submit a revised position statement for consideration by *tie* on Monday next week.

**2.4 Cash flow**

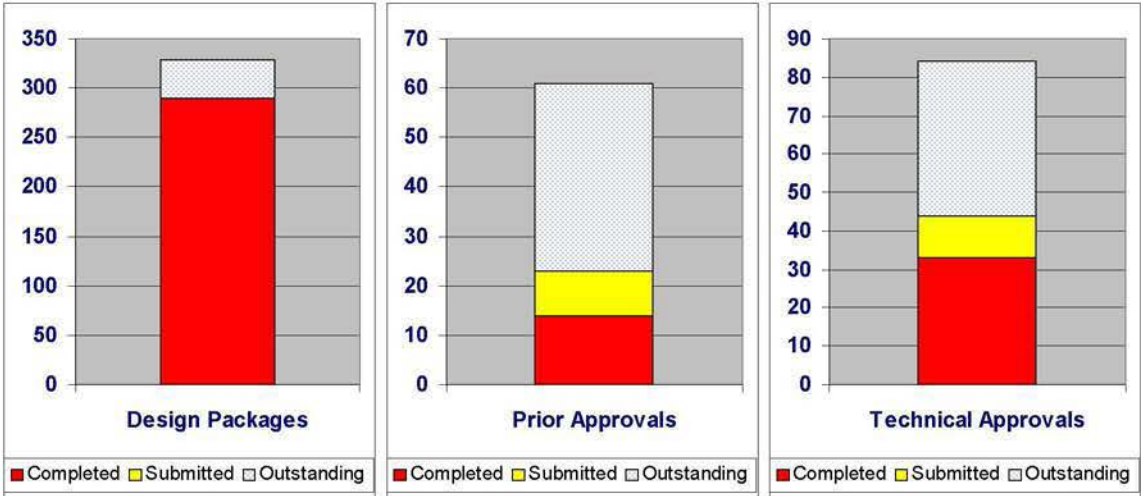
Payment to bank from the January AFP (~£2m) has been received.

The February AFP has been signed – payment has been promised for next week.

**3 Operations**

**3.1 Edinburgh Tram Network**

Current status on SDS Deliverables, (design packages and approvals), is as follows:-



**3.2 MUDFA**

Progress continues on plan.

**4 Other Issues**

Nothing to report

**5 Weekly Look-ahead**

- Wednesday. Weekly meeting SCR & WG.
- tba. Meetings with *tie* to review the alignment assessment reports produced by PB for the Employer’s Requirements and the BBS offers.
- tba. Meeting with *tie* to complete the review of the master programme.
- tba. Meetings with *tie* and BBS on the Novation Agreement

**6 Timetable to Infraco Contract Award – *tie* Update**

The schedule of key dates remains under review.

- 28 March Interim Report to Council from *tie*.
- tba Final Report to Council from *tie*.
- 15 April Novation of the SDS Contract.
- 15 April Infraco contract award