From: Richard Jeffrey [Richard.Jeffrey@tie.ltd.uk]

**Sent:** 31 July 2009 08:54

To: David Mackay; Dave Anderson; Tom Aitchison; Donald McGougan; Mandy Haeburn-

Little; Bill Reeve (bill.reeve@transportscotland.gsi.gov.uk)

Subject: latest on BSC

There is no doubt that the temperature is rising.

I had a meeting with Martin Foerder last night.

- BSC are not scared of formal processes, indeed think they are very strong, especially around EOT2, bring it on!
- BSC have done lots of legal background work and are preparing to launch their own formal processes
- BSC will not start any more on street works without a 'much improved' (read cost +) supplemental agreement, which I have said is not on the table. This affects start dates for Shandwick Place and Leith Walk, they will confirm this in writing.
- They are concerned about the operation of the current Princes Street Agreement and may need to pull-of Princes Street if this is not resolved
- Having softened me up a bit, they then tabled a revised offer on all the current points of negotiation, which I believe shows some, but very little (5%) movement from them. I will give this counter offer due consideration.

Now is the time to hold our nerve, hold our course, manage our external communications very tightly and be prepared for a bumpy ride!

Subject to approval of the FCL on Monday, and internal challenge, we are on track to launch our first actions under the contract next week.

We have a group leaders briefing on Monday and I do not expect anything to 'blow' over the weekend, so we can discuss then.

Regards

Richard

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