

## **Edinburgh Tram Project**

### **Finance, Commercial and Legal Committee**

**3<sup>rd</sup> November 2009**

#### **General Update**

Extension of Time (EOT) 1 has been settled at £3.5m subject to close out of some Siemens related issues. This will negate the requirement to go to adjudication.

Richard Jeffrey told the group that in terms of real progress the project remains in the balance, with the recent encouraging engagement with David Darsy (New Bilfinger Berger Chief) representing the last opportunity for a constructive contractual relationship going forward and avoiding a protracted legal and commercial wrangle for the rest of the project.

In relation to EOT 2, tie has granted BSC 9 months relief from damages and 6 months on costs. This relief fits within the cost estimates tie had previously assessed within the £524 + X assumptions.

As part of the negotiations on the EOT2 issue, tie has insisted on 15 items that BSC must progress with immediate effect; this includes starting work on Haymarket Viaduct. BSC have said they will act on these 15 issues within the month of November.

Progress has also been made on the supplemental agreement for the remaining on-street sections of the project and work will progress in the next few weeks as to how this links with the commercially agreed programme that is sought. This will include inter-alia, measures to address acceleration of programme.

BSC have stated that they will start, with "gusto", on the Haymarket and Shandwick Place sections early in January. Richard Jeffrey also hinted that there could be potential to have a commercially agreed programme in place by the end of January. It was also suggested that May 2012 would be the starting point to work from in terms of any acceleration of programme.

#### **Other Commercial Matters**

Haymarket Viaduct DRP has now been settled, negating the need to go to adjudication. This issue was settled at £185k from BSC's previous estimate of £399k.

The remaining BDDI to IFC DRP's that are currently outstanding (Gogarburn and Carrick Knowe Bridges) will progress to adjudication, there will be no further BDDI to IFC DRP's initiated at this time. tie will work with BSC to try and agree estimates currently outstanding.

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The BSC driven MUDFA Rev 8 DRP mediation has now been put on hold and the time will be used to progress the on street supplemental and programme.

Taking all the above into account there has certainly been a positive shift in engagement by both tie and BSC. The big issue remains agreement on a commercially agreed programme. A large part of that agreement will be how any on street agreement fits into the programme.

If BSC deliver on what they say they will in the next few weeks this could point to a real potential for progress on the ground.

## **MUDFA**

Commercial discussions on the close out of the MUDFA claim continue. tie still strongly confident the claim is £2m v's CUS £14m. CUS have said they want to finish by Christmas with remaining works going out to tender.