



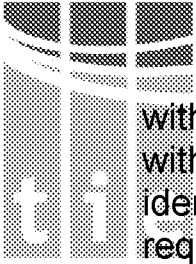
## ER Alignment Status

The Employers Requirements (ERs) are a comprehensive and detailed set of specifications which set out the project obligations and responsibilities against which BBS must comply. It runs to some 650 pages and sits as a schedule within the Infraco contract. The document has evolved as the business case and design has been developed and reflects the inputs of the key 'user' stakeholders such as the Council, TEL and Transdev.

The document contains sections relating to how the project as a whole is to be delivered (for example project management, testing and commissioning and maintenance) as well the detailed systems and equipment requirements. The document was issued as part of the ITN package. Because it is essentially a procurement specification, wherever possible (and appropriate) **tie** have avoided being prescriptive and detailed because this would limit the freedom of bidders to propose their own specific, competitive solutions.

Since preferred bidder award, all of the ER terms have been reviewed in a three way technical alignment process:

- **BBS proposal** → **ERs**. To ensure that BBS proposals comply with the ERs. This has involved removing all of the stated non-compliances noted at the preferred bidder stage by either relaxing the ER clause (without affecting the output requirements) or by updating the proposal to make it compliant. Commercial alignment of the ERs and the Infraco proposals has already been reached and an additional sum of money included in the final price negotiated with Infraco
- **SDS design** → **ERs**. Because the SDS Design has responded to an up to date though not final draft of the ERs, **tie** is confident that the majority of the design will be aligned with the final form of the ERs. However, any potential mis-alignment with the final form must be analysed, documented and assessed for its cost and programme implications. This relates mostly to the civils' sections of the ERs and areas where there are interfaces (**tie** is satisfied that the systems design and requirements are closely aligned based on previous alignment work and the lack of systems changes in the final version of the ERs). A detailed programme has been agreed



with SDS to achieve this with a finalisation date of 21 March, well within the timescale to Financial Close. Where technical issues are identified, either the ERs will be amended, or SDS design requirements will be changed through appropriate instructions. In both cases, the integrity of the ERs will be maintained. This decision-making process is under the control of tie / CEC and tie does not anticipate that significant mis-alignment will emerge.

- **Proposal → SDS design.** To ensure that in areas where the ER terms allow flexibility in approach, that the BBS proposed solution is consistent with the SDS design. A review of the SDS Design against the E&M Proposals has been undertaken. In the few cases where inconsistencies have been found, either the BBS proposal has been changed or SDS has been instructed to accordingly. A review of the final Proposals against the SDS design is underway. Other than the differences at the key E&M interfaces and the extent of full road reinstatement in the civils Proposal no significant differences are expected. The differences at E&M interfaces will be dealt with via minor design amendments and provision has been made in the Project Risk Allowance for the difference in extent of full road reinstatement. This alignment is also being addressed under the arrangements agreed for alignment between design and ERs as explained in the previous paragraph.

In addition to these processes the ERs have also been reviewed in varying degrees of detail by three legal teams, DLA, BBS' lawyers and Siemens lawyers (because a far larger part of the ERs relate to Siemens scope). In these cases the ERs were checked for consistency and alignment with the contract suite. All evident ambiguities, duplications and gaps are being dealt with to ensure that as a vital contract document it can be used effectively in the future.

The **tie** team is confident that the extent of mis-alignment in the current form of the documents is very limited. The final version of the ERs, the contract version, which will be documented once the final alignment review is complete, will fully meet the requirements of the client, i.e. is consistent with the technical principles of final business case; and is consistent with both the SDS design and BBS proposals.

