

Design and Contractual Negotiations

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CEC01480233_0001

Overview

- Design still behind programme but consistent over last 2 months
- Prioritisation within key streams to help BBS programme is underway with SDS and CEC regarding approvals
- Programme is still challenging, especially from Picardy Place to Newhaven
- Increasing certainty of pricing in Infraco is proving slower than planned.
- Provisional areas will remain at end December
- Contract issues making good progress but CEC linkage needs timely close out.

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Design Programme and Bidder Due Diligence

- Utilities Design not as good in November but sufficient work available for AMIS. SUC issues rather than pure SDS.
- Detailed design 64%, approx 20% down from V17 baseline. Some due to client/ 3rd Party issues but SDS also underperforming and providing inadequate management information, actions plans and forecasting. We are project managing very closely.
- Prior approvals being unblocked for submission and CEC have approved 42% of those submitted to date.
- Technical approvals now commencing for first 5 structures. Roads are the main concern and being targeted by CEC, tie and SDS for particular focus
- Change control being closely controlled but significant changes like Picardy Place have not had best design impact estimates from SDS.
- No new due diligence issues.

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Infraco Negotiations

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Tramco Negotiations

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Update on Programme

- Detailed work ongoing and including stakeholder engagement (CEC, TEL, police etc) as well as BBS, tie, SDS and MUDFA interface
- Impacts currently considered include:
 - MUDFA Rev 06 Programme
 - Traffic Management Arrangements
 - BBS Resource Constraints / limits
 - Embargos
- 1a Airport – Haymarket Feb 2011 Revenue service
- 1a Haymarket – Newhaven Sept 2011 or Mar 2011 Revenue service
- Being reworked again with possibility for Feb 2011

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Prioritisation Plan and Key Milestones to Financial Close

- Main areas are:
 - Pricing certainty
 - Programme agreement
 - Risk Allocation confirmation
 - Technical alignment of Offer / Employer's Requirements / SDS design
- 3 Phases to address with each covering the following areas:
 1. Contract
 2. Employers Requirements
 3. InfraCo Proposals
 4. Technical
 5. Price
 6. Value Engineering
- Phase 1 12/12/07 (Cleared with BBS 7/12/07)
- Phase 2 20/12/07 (Cleared with BBS 17/12/07)
- Phase 3 10/01/08 (Cleared with BBS 20/12/07)

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Progress with Development of Project Delivery Team

- Shape, roles & size of team established and included in project estimate
- Recruitment underway with % in post or committed before Contract Award
- Interim Management support in place
- Transition plans from Procurement phase team
- Contract and commercial management staff are (or will be) in place to ensure a fast start
- Reporting and controls finalised and being briefed out to all key staff
- Peer Review challenge proposed
- Facilitation mobilised to increase likelihood of success with BBS and tie teams

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Network Rail

- Legal
 - Main areas resolved in principle
 - Work to be concluded on APA (including Station and Depot Change)
 - Work to be done to conclude Operating Agreement and Framework Agreement
 - DSA signed for development work to support Equipment Relocation & Immunisation work.
- Equipment Relocation
 - Jarvis mobilised by NR and survey completed (informal)
 - Works agreement to be finalised and work expected to be complete no later than April 2008
- Immunisation
 - Modelling underway and output expected at Xmas 2007
 - Good progress made re principles but technical and programme risks remain until modelling outputs and likely solutions are agreed with NR.

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