

# Edinburgh Tram SDS Contract – Weekly Report

## 1 Client Relations

My weekly meeting with Willie Gallagher focused on making the best use of the remaining time available to conclude the negotiations with the Preferred Bidder. The quality of the information provided to date by PB was acknowledged and I ensured the point was made about **tie** apparently having an incomplete view of the BBS technical offer. **tie** is currently engaged in redrafting the Employer's Requirements to Version 3. I have emphasised the need to maintain clear sight of the evolution of those Requirements and have ensured **tie** appreciates that the detailed design that has been completed to date will have to be reviewed against those revised Requirements in due course. David Crawley joined our meeting and made the point that I have been making over the last two weeks that allowing BBS to engage in potentially lengthy "due diligence" on the SDS design risks running the clock down ahead of the 20 December deadline for recommendation of the BBS offer to CEC. There is also a risk that **tie** will lose focus on clarifying the BBS Offer against the Invitation to Tender. Willie has agreed that he will work with David and me with a view to redefining the remaining programme of meetings with BBS to achieve the required balance. Willie's main concern, too, is to avoid running out of time. It is not entirely clear what would happen if the 20 December deadline for a revised offer from BBS which would maintain the overall £498m budget were not achieved. Matthew Crosse has suggested that certain refinements could slip into the New Year but I have also been told that failure to meet the deadline could introduce a year's delay with all the risks that would introduce to the long term future for the project.

On the subject of the separate contract between **tie** and PB for the provision of project services outside the novated SDS /BBS contract I will have an outline proposal available for Willie for the week of 26 November – Willie is away next week.

The other contract novation concerns the Tram Supplier, CAF, and BBS. Apparently CAF is suggesting that a consortium should be established between BBS and CAF and Willie is also considering the relationship between such a modified Infraco and the MUDFA Contractor Alfred McAlpine. We need to keep abreast of this developing thinking: - something I can do via my weekly meetings with Willie.

On the subject of our novation I have reminded **tie** of the need for the Infraco Contract Terms and Conditions to be made available to us sensibly in advance of any CEC imposed deadline, and if we are talking around 20 December I need those Ts and Cs now.

The disruption caused by **tie**'s failure to set out a robust programme for the BBS negotiations continues with BBS injecting fresh requests for information at regular intervals. On the face of it these requests appear reasonable but I have warned Matthew of the need to take more rigorous control of events. This extends to ensuring that assumptions now stated by BBS as part of the technical clarification process were in fact part of the Tender. Apparently reasonable references to assumptions on Geotech, for example, have been shown not to be supported by the available documentation. The process continues to be hindered by **tie**'s lack of appreciation of the technical content of the BBS offer.

Willie has requested that prior to my next meeting with him we have a clear view on how a number of incomplete activities should be treated prior to novation, notably technical and prior approvals to be secured through the interface with CEC.

## 2 Commercial

### 2.1 Contract

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We await **tie**'s proposed form of heads of agreement for any additional contract to be drawn up between **tie** and PB following novation of the SDS contract.

### 2.2 Change Requests

Nothing to report.

### 2.3 Claim for Prolongation

I will now exert more pressure on **tie** to sign the legal agreement against the PB claim. I have had to juggle priorities this week with the receipt of a further request from **tie** to confirm key resources to completion. This required closure on the potential resource conflicts with the Manchester Metrolink contract requirements and this has been successfully closed out this week with good solutions achieved for both projects. I have now written back to **tie** to confirm what I have presented as a practical plan to completion and with this out of the way I can refocus on securing final agreement to the claim. As already reported, lack of a formal agreement has not prevented the application for the first tranche of payment, this with Geoff Gilbert's full understanding.

I am now preparing another claim for prolongation to take account of the additional management resources which will be required to oversee the completion of the redesign work necessitated to implement the CEC revisions to the Forth Ports and Picardy Place arrangements. As previously, the design scope associated with these changes has been presented under the change control process and the management charges will be documented separately. This claim for prolongation needs to be submitted before the 20 December date referred to above and I will also consider the basis for additional monies to be claimed against the disruption we have suffered over the last month as a result of **tie**'s failure to map out a structured approach to the BBS meetings.

### 2.4 Cashflow

Nothing to report this week.

## 3 Operations

### 3.1 Detailed Design

I have alerted **tie** again to the potential impact of the current round of BBS meetings on the completion of the remaining detailed design packages.

### 3.2 MUDFA

Nothing to report.

### 3.3 Procurement

BBS has requested access to some of our design work in progress, especially in the Structures and Roads areas. We have devised a controlled method for complying with this request and I am working with **tie** to pick up on the possible commercial implications of introducing additional deliverables into our programme.

BBS has passed favourable comment on the quality of our Structures designs which they were shown on a special visit to our design team located in Birmingham. This visit had been

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arranged by *tie* as part of the Value Engineering initiative currently underway with BBS. Unsurprisingly, whilst some opportunities for cost savings were identified, BBS also became aware of the true scope of two particular structures – Balgreen Road Bridge and the A8 Underpass. The Underpass is interesting from a technical standpoint because we had been assured that BBS would bring to the party a much more advanced understanding of construction methodology that we could provide. In this case PB was able to demonstrate much greater awareness of the issues involved in construction. The conclusion from the day was to confirm PB's perception that a £9m saving from Structures VE is simply unachievable.

### **4 Other Issues**

Nothing to report

### **5 Weekly Look-ahead**

- Tuesday. Depot technical meeting with BBS.
- Wednesday. Utilities technical meeting with BBS
- Thursday. Trackform technical meeting with BBS.
- Thursday. No weekly meeting with Willie Gallagher and SCR due to Willie being away.
- Friday. Weekly critical issues meeting. (Chair D Crawley, *tie*).