

The current Period 7 AFC, at 13<sup>th</sup> October 2009, equates to **£56,258k**.

The current AFC above is based upon the following:

- A transfer of £3,114K budget and associated scope from MUDFA to Infraco in respect of Sections 1 and 7
- Total linear meterage included in AFC of diversions amounting to 40,500m. Following necessary redesign at Haymarket and Broughton Street this has risen to 41,300m which will generate an additional cost to the current AFC of between +£500 and +£700k.
- Prelim re-assessed by tie for CUS extended completion in March 2010 instead of November 2009 and tie meets the full extent of these costs which includes an allowance of £90k for settlement of all prelims issues to end of August 2009. Potential +£150k prelims and demobilisation costs not included in AFC.
- Re-assessment of Mass barrier issue to reach agreement of historical issues and MUDFA forecast of barrier required to March 2010 based upon the hire rate of 51p per metre. There is an ongoing dispute in relation to the valuation of the mass barrier if CUS view where correct it would result in an additional +£500k to the current AFC however we are confident of our current AFC allowance. Any mass barrier required to be maintained post completion of the MUDFA works are excluded from AFC and considered to be Infraco works and charged accordingly.
- Tie's assessment of the final measured works value based upon the information currently available for the works – we are currently working in conjunction with CUS to finalise and agree final account measurement values for each section. Early indications have shown a circa 20% disparity between CUS view and tie's view. The potential range of the impact to the current AFC is between -£1m and +£2m.
- Tie's assessment of the value of change and associated issues – we are currently working in conjunction with CUS to finalise and agree these issues, the assessment made is based on the agreements reached to date and tie's projected view based on the agreements reached to date. The potential range of impact to the current AFC is between £0 and +£2m
- The AFC is based upon securing contributions from the SUC's based upon tie's interpretation of the NRSWA contributions applicable and the information currently available from the SUC's. It has been assumed that any additional SUC costs incurred as a result of remedial works etc will be charged and recovered from CUS the expected contribution allowed within the current AFC is £9,683k with a potential impact range of -£3m +£2m.
- An allowance of £2m is within the current AFC in respect of the potential cost of the claims element of the works payable to CUS for completion at November 2009. An independent consultant's review of the CUS claim submission has assessed the claim value at circa £1.5m and CUS have intimated the total value of claim to be circa £14m. If we take a prudent view of the range of potential impacts we assess the potential to be between -£500k and +£5,000k, however we are confident the claim will be settled significantly within the upper range.
- Resource and technical assistance involved in completing the requisite documentation etc for handover. Potential impact to current AFC +£100k
- The AFC takes a view of the scope to complete at the current point in time based upon the current information available for the works and the current solutions, specifically in relation to:
  - Baltic Street – allowance based upon IFA design, this area is being progressed by SDS to produce an IFC design taking account of the available

- space/berth for the utilities and current Infraco traffic management proposals. The potential impact to the current AFC could be up to +£250k
- Site wide abandonment works and service connection works. The potential impact to the current AFC could be up to +£250k

Risks Associated with the Above (Potential Impacts Ranges stated are to current AFC):

- The inability to install the IFC design at Broughton/York Street and Haymarket due to the extent of existing unidentified services, sewer, structures and bedrock and the current assessed solutions has/may result in the following:
  - An additional 710m of utility diversions required to complete, a formal change will be produced and valued for this increase in the required diversion but the initial assessment of the cost impact is between +£500k and +£700k
  - Result in additional costs and claims from CUS – extent to be assessed and included in the formal change control to be produced potential cost impact is assessed between +£20k and +£200k.
  - The current identified scope and solutions may be subject to further change/amendment depending upon the conditions and constraints encountered as the works progress
- Although the extended prelims costs for adhering to the embargo period have been incorporated into the current AFC, no allowance has been made within the current AFC for costs associated with de-mobilising/re-mobilising, enabling works etc to meet the Embargo – an assessment of this will be made by 29/10/09 following completion of the current review which will be finalised week commencing 19/10/09, however an initial assessment of the potential cost impact is +£150k
- The final measured works values are currently being agreed discussed and agreed with CUS and this process will continue after the works are complete which may result in differences in the costs anticipated and forecast by tie the potential impact is currently assessed between -£1,000k and +£2,000k.
- The final change control values are currently being agreed discussed and agreed with CUS and this process will continue after the works are complete which may result in differences in the costs anticipated and forecast by tie the potential impact is currently assessed between £0 and +£2,000k.
- The settlement of the CUS claim value differs from the £2m anticipated by tie or the figure cannot be agreed between the parties resulting in a formal dispute and additional legal/professional costs associated with formal dispute resolution are incurred. An independent consultant's review of the CUS claim submission has assessed the claim value at circa £1.5m and CUS have intimated the total value of claim to be circa £14m. If we take a prudent view of the range of potential impacts we assess the potential to be between -£500k and +£5,000k, however we are confident the claim will be settled significantly within the upper range.
- The final IFC design solution for Baltic Street results in a greater quantity of utility diversion or associated traffic management/time related costs than the IFA design allowed in the current AFC. The potential impact cannot currently be assessed until an IFC design is produced.
- The anticipated contributions from the SUC's are not achieved. No allowance has been made or taken for any additional costs incurred by the SUC's as a result of remedial works undertaken by CUS, acceleration of cabling works working 24hours/seven days etc to meet the Tram programme requirements. The potential impact is currently assessed between -£3,000k and +£2,000k

In summary the potential range within the current AFC, based upon the information currently available is -£4.5m to +£12.95m.