
From: Richard Jeffrey
Sent: 14 January 2011 09:03
To: 'BrandonNolan'; Anthony Rush; 'Nigel Robson'; Dave Anderson
Cc: Steven Bell
Subject: File note of discussion with R walker - strictly private and confidential

I met with RW to discuss 3 items under the DRP, see separate e-mail

We also discussed press issues, see separate e-mails

We then spent about 1- 1.5 hrs discussing the general situation. It was a 1 to 1 meeting so I did not take contemporaneous notes.

Below are the key points, obviously I cannot catch all the nuances in this note

- RW very concerned that press might hijack the mediation, 'this is our last chance to salvage something'
- Wanted new names for the projects going forward to break links with the past
 - BSC build airport to Haymarket now called project 'phoenix' (RW's suggestion)
 - Walk-away now called project 'separation'
- I suggested we call 'separation' project 'freedom'
 - RW asked if this was what we really wanted
 - RJ said what we really wanted was best price for tram to St Andrew Square, with or without BSC, I could see advantages and disadvantages to both, it really depended on price
- BSC not keen to inform us of their position on 'separation' prior to mediation, but they will have it with them and might tell the mediator in confidence
 - I said that RW had already given indications of their position, I was just now giving them the chance to put it in writing
 - I said I thought Shane would want this before the mediation
 - RW said he thought we should judge 'phoenix' on its merits, not on its merits relative to 'separation'
 - I suspect BB cannot persuade S down this route
- We talked a lot about price certainty for 'Phoenix', I don't think we were far apart
 - he accepts that an integrated, assured, complete design is their problem
 - I accept that client changes are our problem
 - The risk he does not want is 'planning' risk, he used examples of anti-graffiti paint and tram stops. ('it has always been tie's problem to manage 3rd party approvals')
 - I said I thought these, and any other specific risks could be removed, he disagreed ('there are hundreds of these')
 - We talked a lot about planning approvals and informatives
 - I produced a schedule of informatives, he had clearly never seen this before 'most of this is just shit that can be easily resolved'
- I talked about the need to separate historic claims from future costs, especially delays
 - He used an analogy to talk about delays, the upshot of which is he does not accept concurrency concept
 - I said that in no way would we pick up 100% of delays to date
 - I said he needed some difficult discussions with his partners to agree how to share any pain, he confirmed that there are plenty of difficult discussions
- RW says he told tie pre-contract to get rid of SDS
- He does not think they can/should meet the date of 21st 'there is lost to consider following our meeting today') and would like to delay to 28th. He would like to meet on 20th
- He was expecting a detailed response from us on the unacceptable elements of their Carlisle offer of September. I said my e-mail was all he would be getting.

My summary

- RW has shifted away from 'separation' as being his preferred approach to 'phoenix' I suspect Siemens
- RW very keen, (desperate?) not to 'grind on' (his words)
- Tension within BSC
- RW does not really have a plan, he sees mediator as providing the solution
- RW believes CEC will come up with the money
- The big issue for me is reconciliation back to the contract works price. I think BSC believe that the CWP was so heavily qualified as to be meaningless, therefore there is no reconciliation, this is simply a re-pricing exercise based on the latest drawings and programme, this is what it will cost, so that is what you pay, in effect washing away any BSC errors either in the original pricing or the administration of the contract

We can discuss and formulate next steps on Monday

R

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