
From: Miriam Thorne
Sent: 28 November 2007 20:11
To: Stewart McGarrity
Attachments: Final Business Case Council Report draft 27 Nov.doc

Stewart

Please find attached my comments & concerns in relation to the draft for the report to the full Council on 20 Dec. As well as including a number of inaccuracies and inconsistencies, I am particularly concerned about the treatment of Cost and Risk estimates in the report. I have included detailed comments in each section but in summary the issues are as follows:

- the report suggests that the final Infracore price is based on Preliminary Design – this is not correct as certain design will be settled by the time of contract award
- the report goes on to suggest that additional contingencies should be provided for to cover changes in design & scope– based on some comments the additional contingencies could be as much as £25m. We should resist this as:-
 - a) This would suggest that the capex cost estimate is more than £498m.
 - b) Scope changes are controlled through the change control process and require additional funding
 - c) Cost increases due to design changes are broadly within CEC's gift to avoid
 - d) Making such figures public knowledge only invites the contractors to make claims in the future

Another concern relates to the "Governance" section of the report – I am not convinced that it is either aligned to our understanding of the future governance arrangements and it also seems to suggest that tie will report (?) to and OGC panel on an ongoing basis. If they mean the best practice OGC Gateway reviews, this should be clarified.

Please give me a shout if you would like to discuss any of these points

Rgds
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