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**From:** Anthony Rush [rush\_aj@[REDACTED]]  
**Sent:** 03 December 2010 14:55  
**To:** Richard Jeffrey; Steven Bell; 'Brandon Nolan'; Susan Clark  
**Cc:** Jim Molyneux  
**Subject:** RE: feedback from CEC/BSC meeting- CONFIDENTIAL

Richard

As I feared Walker “creates more confusion”.

No doubt the reason Flynn wasn't there is put down to the weather – but whatever the reason nothing that Walker said in any way binds Siemens. Therefore a meeting of little value.

We know that there is friction between CAF and their partners – CAF are wishing they hadn't agreed to be novated in the first place. We are right to hold them there.

It is a fixed price contract – but having read the files I understand Jim will tell you that it was the rates which were fixed not the eventual contract price.

“All” is a little sweeping and not factual.

It's clear that there an agreed mechanism for agreeing changes has operated although Clause 80 is just that. One fundamental reason is that BSC have failed to give Estimates timeously.

No doubt Walker can explain why tie need to accept that an INTC is a change before BSC can issue an Estimate. It may be that both parties are at fault in getting changes agreed.

We have worked out that grinding out is not attractive to BSC – that's why its advised from RCKQC down to make them do so.

Factually they haven't submitted a fully integrated design – in responding to RTN 10 - they admit that they haven't designed the retaining walls at the airport and we haven't seen a redesign for Princes Street.

Steven will best comment on the level of integration – I am waiting for confirmation from him on the meaning of Tony Glazebrook's report on the systems design.

His offer on a truncated scheme obviously fails the price certainty test – but is it an attempt to get CEC to agree to a compromise which leaves BSC in a position to play games in the future?

I guess the price to walk away is negotiable.

I'm pleased that CEC are coming round to agreeing with themselves that early mediation is best – pity Walker doesn't appear to have mentioned it as one of his alternatives.

If what you have been told is an accurate reflection of the meeting I cannot see how it moves anything forward or changes the strategy we agreed with Richard Keen the other Monday. I am also still minded to my draft reply to Walker's letter.

I am sure that DM is not impressed with Walker – he will see that it is not just a simple matter of stepping in and sorting this out.

Tony



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**From:** Richard Jeffrey [mailto:Richard.Jeffrey@tie.ltd.uk]  
**Sent:** 03 December 2010 13:51  
**To:** Anthony Rush; Steven Bell; Brandon Nolan; Susan Clark  
**Subject:** feedback from CEC/BSC meeting- CONFIDENTIAL

Next iteration.

Verbatim notes still to follow. Please don't ask me clarification questions, I wasn't there, this is just the briefing I got from CEC

Conf call with Tom Atchison and Donald McGougan (Alastair Maclean not on conf call)

- DM and AN representing CEC
- Siemens did not attend
- R Walker and A Campos
- BSC stuck to predicted script
  - Walker had lots of charts and tables with him
  - Not a fixed price contract
  - It is all tie's fault etc
  - There has never been an agreed mechanism for agreeing changes
  - Tie need to accept that an INTC is a change before BSC can issue an estimate (interesting this one, I will explore in a separate e-mail)
  - The above took an hour
- BSC outlines 3 ways forward
  - Grind on, not attractive to BSC, costing everyone money
  - Remove tie from the equation and agree new price/scope/programme for truncated route, GMP except for
    - Contaminated land
    - CEC design approvals (RW claims that BSC have submitted a completed, integrated design for Airport to St Andrew Square
    - Utilities (he showed a chart of all the utilities under Shandwick place)
  - Agree a price to walk away, AM asked if they had a price in mind RW said
    - £20m for BB, plus £10m for subbies
    - No idea for Siemens, he thinks £40m for materials
- CAF said little, than at the end said, all they want is to be re-novated back to tie whatever happens to the main contract (DM noted some discord here)

I have a meeting with CEC lunchtime Monday to agree way forward, but I think CEC now coming to the view that mediation sooner rather than later is better.

I get the impression from DM that he was not impressed with RW's approach.

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