



NIE B947 Rates Review – Mar 2024

Doc No:
Author: Niall Gilleece
Approved: Sinead Loughran
Date: 22/03/24



B947_Trenching and Ducting NIE Networks

Rates Review – Mar 2024



Circet (NI) Ltd have been experiencing a lot of commercial challenges on the B947_Trenching and Ducting contract over the last 12 months. We have absorbed a lot of cost increases over the last financial year, particularly in relation to materials costs, and this is being further compounded by recent price increase notifications from quarries which is having a serious negative impact on the commercial performance of this contract.

In light of these increases, Circet always endeavour to ensure we meet the client demands of this contract, consistently delivering to our monthly KPI targets, done through effective Project and Programme Management, striving to get the optimum levels of productivity from our crews. Despite this, we feel at this point in time, we need to highlight that the contract is not sustainable under the current commercial construct, despite our best efforts due to the on-going commercial challenges that we face.

We hereby submit a proposal for additional costs in line with clause 7.3.1 of 'NIE Networks Conditions of Contract for Excavation, Cable Laying and Reinstatement Works under a Framework Agreement (August 2017)'. The requests for additional costs are driven by the following factors:

- Increased labour costs:
 - o We have seen an increase in labour costs, and this has been driven mainly by the cost-of-living crisis which the region has been living through over the last 24 months (increases in Utility bills, food, clothing etc). This has put challenges onto our labour rates and we have had to issue out rate increases to cater for this. Our labour costs have increased by 10%.
- Increase material costs:
 - o We have seen significant increases in aggregate costs across the last 12 months, with stone (23-26%), concrete (16%), asphalt (17 – 21%) rising sharply, and we have received recent notifications from quarries quoting further increases from April 2024. On average the increase in materials is 20%, which has a 7.3% impact on the overall rates.

Therefore our current proposal is as follows:

*proposed increases to be applied to all rate codes

- 3.4% increase to overall rates to cater for labour cost increases.
- 7.3% increase to overall rates to cater for material cost increases.

The total rate increase we are requesting at this moment in time is 10.7%.

As we move into the Contract Extension period of this contract, we feel it is vital that we gain commercial recovery, so we can continue to deliver a quality service for NIE Networks. We appreciate that this notification will generate some queries from yourselves, and we are happy assist in providing any supporting information as necessary. We would welcome the opportunity to meet with you to discuss this further.

If you require any further information in relation to the above, please let us know.



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Yours sincerely,
For and on behalf of
Circet

Niall Gilleece
Head of Commercial