
From: Richard Jeffrey
Sent: 22 September 2010 08:45
To: Steven Bell; Dennis Murray; Fiona Dunn
Subject: FW: tie/Carillion

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From: Richard Jeffrey
Sent: 22 September 2010 08:45
To: 'Stephen.F.Kennedy@carillionplc.com'
Subject: tie/Carillion

Dear Steve,

Further to my email on Monday afternoon, I have laid out below **tie**'s response to the points you raised in your letter of 20 September 2010.

I am disappointed that we were unable to find agreement at our meeting last Wednesday. We are committed to seeking to resolve the dispute and that is why I made a proposal to settle matters, acknowledging that your team expressed Carillion's desire to conclude matters at a "total number", rather than systematically resolve each element of the disputed valuation. That is entirely in keeping with **tie**'s co-operative approach both prior to and after initiation of the formal dispute process.

Your comment about not understanding why **tie** thought it necessary to extend the Internal Resolution Procedure seem a little exaggerated given we are talking about a two day extension (only one day of which was in fact used) and your team's wish to have a total resolution proposed. To that end we wished to present as up to date a position as possible. Regrettably, Carillion felt unable to accept our proposal.

Indeed, **tie** has continued to value significant elements of the Carillion application "on account" as an interim valuation pending suitable and sufficient substantiation. This has been maintained despite the commencement of the DRP and the inability of Carillion to support their claims more than two years after they say the costs were incurred.

You state that you have not received reports from us, and I fear you may have been misinformed.

- On the subject of Measured items, Changes and **tie** deductions there has been a thorough exchange of positions between us including substantiation and back up for deductions and reports on why **tie** have a different valuation from the Carillion application, and I will forward such details under separate cover if it assists you.
- With regard to the Enabling works, Steven Bell has verbally shared details of the analysis being completed by **tie** with Mike Wainwright at their recent meetings before the recent CEOs' meeting. We acknowledge that a written update is outstanding and hope to supply that in the near future.
- On the matter of the claim, my staff were meeting your team yesterday (Tuesday) to allow us to finalise our evaluation of your submission. I would point out that some of the information being clarified at that meeting was requested circa 9 months ago by us. I would expect that exercise to allow a transparent engagement during the remainder of the Dispute Resolution Process. Fiona Dunn took the opportunity to raise this issue with your Mr Kolon and Mr Wainwright at the discussion and Mr Kolon said he would respond if there were any areas that he required further clarification on **tie**'s position other than the Enabling works evaluation. He was not able to give any additional examples at the time.

We have always engaged in dispute resolution processes openly, and with the intention of resolving differences. We shall continue to do so in good faith. I have asked my team to ensure they work with yours to eradicate misunderstanding and seek to achieve a solution which we and Carillion can accept as fair value of any entitlement under the agreement.

Yours sincerely,

Richard Jeffrey

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