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**From:** Hudson Steve [Steve.Hudson@carillionplc.com]  
**Sent:** 23 December 2008 13:22  
**To:** Steven Bell; Lowe Taryne D; John Casserly  
**Cc:** Dennis Murray  
**Subject:** RE: Certificate 24

Steven,

Whilst I've missed the 12pm window I will try you later today when I have reception.

Regarding e-mails, I agree that there's an urgent need to meet and agree how we manage going forwards - Dennis and I did touch on this last week and yesterday.

I assume that any further payment due will by now have either been released or not and that any correction will take place in the new Year.

Its unfortunate that we end the year on this note but i suggest that this is the result of frustrations on the part of both organisations.

**Regards**

**Steve Hudson**  
**Commercial Director**  
**Carillion Utility Services**

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**Facsimile: 0161 855 6186**  
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**Please note new e-mail address: [steve.hudson@carillionplc.com](mailto:steve.hudson@carillionplc.com)**

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**From:** Steven Bell [mailto:Steven.Bell@tie.ltd.uk]  
**Sent:** Tuesday, December 23, 2008 8:56 AM  
**To:** Lowe Taryne D; John Casserly  
**Cc:** Hudson Steve; Dennis Murray  
**Subject:** RE: Certificate 24

Gentlemen

Please cease this type of juvenile exchange. It serves no value and does neither party credit.

We will meet in January, when people return to work, to agree how we eradicate this type of unacceptable behaviour.

In the interim, I would be obliged if Carillion would treat the client with some courtesy.

Mr Murray and I spent time yesterday considering an additional element of certification to Carillion and I am not minded to release this given the type and tone of communication by telephone and email yesterday.

I suggest Mr Hudson calls me before 12 today if he can (I do understand that he is on leave and may not be able to do so.)

Steven Bell  
Edinburgh Tram Project Director

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**From:** Lowe Taryne D [mailto:Taryne.D.Lowe@carillionplc.com]  
**Sent:** 23 December 2008 08:28  
**To:** John Casserly  
**Cc:** Hudson Steve; Dennis Murray; Steven Bell  
**Subject:** RE: Certificate 24

John,

Your statements below are not accurate, for example:-

- You never once stated that you were content with your certification 24
- None of our discussions were about maximising cash flow; they were all about certifying the correct values due (this was agreed as an additional £1,152k)
- AFP 25 and whatever substantiation never formed part of our discussions
- You never confirmed or iterated on Friday that you believed certificate No24 was issued in accordance with Clause 49.3 (not with standing this Clause 49.3 would require the certification to be in writing, with reasons any deductions, within 10 days of when the application was received..... you did not comply with any of these provisions)
- We always try to provide the necessary substantiation within our AFP's, we are also always willing to discuss and provide additional substantiation when requested to do so

I don't fully understand your actions but I remain committed and willing to do whatever is necessary to improve the current situation

Regards,  
Taryne

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**From:** John Casserly [mailto:John.Casserly@tie.ltd.uk]  
**Sent:** Monday, December 22, 2008 11:55 PM  
**To:** Lowe Taryne D  
**Cc:** Hudson Steve; Dennis Murray; Steven Bell  
**Subject:** RE: Certificate 24

Taryne

As you are aware i am on holiday today, returning 5th January 2008. I have however received your e-mail as attached and i am disappointed with the contents. As discussed on Friday I re-confirm, I was, and remain content with the content of tie certificate no24.

Contrary to your e-mail no substantiation was provided by CUS, we did however discuss the issues you have listed and we consulted with a number of members of your team in order to try and maximise your cash flow position for the end of your financial year.

On the basis that you gauranteed to actually provide full substantiation and justification for all the issues discussed, within your AFP 25, I undertook to see if tie could certify additional sums to a maximum of £1,152k for you on account. This undertaking was based on tie accounts department etc being able to process the payment and make payment from either CEC or tie funds with authorisation by tie signatories before Christmas.

As you are aware certificate no24 was processed as issued by tie. Following discussions I have had with tie senior management throughtout today, tie are considering, to assist CUS at the end of your financial year and CUS cash flow position, making an additional on account payment of £421k. All of this was discussed in detail with your Mr Hudson during the course of today and I am therefore surprised to receive your e-mail sent after close of business today.

As I confirmed on Friday, tie considers certificate no24 as issued to be in accordance with Clause 49.3, based upon the information and detail supplied within the CUS AFP submission for the period upto 31st November 2008. In light of the above I confirm there is no requirement or obligation for tie to reconsider or make any additional on account payments to that certified. In light of the above and the attached tie may re-consider any additional on account payments to assist CUS cash flow position at this time.

In order to prevent any 'frustration' going forward in the New Year we look forward to receiving fully detailed and substantiated CUS applications for payment in full compliance with Clause 49 which has not been the case todote. Provision of the required and requested details will reduce any requirement to make on account payments in future and remove potential issues as tie will certify based upon the actual details contained within the CUS AFP.

Regards  
John

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**From:** Lowe Taryne D <Taryne.D.Lowe@carillionplc.com>  
**Sent:** 22 December 2008 18:07  
**To:** John Casserly <John.Casserly@tie.ltd.uk>  
**Cc:** Hudson Steve <Steve.Hudson@carillionplc.com>; Dennis Murray <Dennis.Murray@tie.ltd.uk>; Steven Bell <Steven.Bell@tie.ltd.uk>  
**Subject:** Certificate 24

John,

I am disappointed that you have not been able to Certify the amounts due in line with our discussions on Friday.

**To Summarise:-**

- 1) The proposed Certification was received at 10h18 on Friday 19th December
- 2) tie made no attempt to discuss the Certification prior to processing
- 3) After viewing the summary and following your exit from a meeting I approached you at approximately 11h00 to see if we could review prior to finalising
- 4) You informed me that Graeme Barclay had not yet signed and that it was your last day before going on leave so I needed to have something ready for discussion by 12h00
- 5) At approximately 12h30 we commenced discussion on the major areas of contention;  
-Measure Calc Error -£276

- Indices -£433k
- Enabling -£350k
- Gogar -£581k
- Mass Barrier -£168k
- Traffic Management -£110k
- Staff -£151k
- Accommodation -£79k
- Recruitment -£10k
- Total: £2,158k deducted in original tie Certification**

6) After much discussion, various illustrations, further substantiations and discussions with Operational Staff, with other QS's etc we agreed the following additional monies would be certified;

- Measure Calc Error +£276
- Indices +£0k (you intimated that this was as per Dennis Murray instruction)
- Enabling +£150k
- Gogar +£581k (I did not need to challenge here since you confirmed it was a deduction in error and would be rectified)
- Mass Barrier +£100k
- Traffic Management +£30k
- Staff +£15k
- Accommodation +£0k
- Recruitment +£0k

**Total: £1,152k agreed to be added to tie Certification (copy of scribbled notes attached, you also took a copy away with you)**

- 7) Various discussions throughout the day were had regarding receipt of payment
- 8) You confirmed on various occasions throughout the day including a telephone call at approximately 19h00 that you were doing everything you could to pay the additional monies; including possibly utilising funds available from elsewhere within your budget and eliminating the need to acquire additional CEC funding
- 9) You confirmed that you were available for calls on Monday and that you would chase your accounts department to obtain payment
- 10) I tried to phone you on Monday with no success
- 11) We phoned your accounts department on Monday who confirmed that payment had already been processed on Friday, we were made aware that it was for the original amount of circa £2.1m and that this was final (confirmed after they phoned Dennis Murray)

You also said in your cover email for the Certification that we would receive the breakdown for the deductions on disc later in the day (we never received and still don't have)

This is all a bit frustrating and makes life on the Project more difficult than is necessary. I sincerely hope that between us and Senior Management we can find a better way of doing things in the New Year.

Regards,

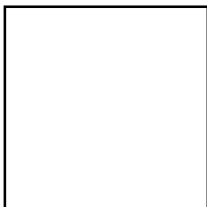
**Taryne Lowe**

Acting Commercial Manager  
**Carillion Utility Services**

Direct

Mobile

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