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**From:** Dennis Murray  
**Sent:** 21 March 2008 17:37  
**To:** Jim McEwan  
**Cc:** Steven Bell  
**Subject:** SDS CLAIMS

Jim,  
As discussed with you on Friday I note below the main points regarding claim settlement with SDS.

**SDS Claims (all figures are rounded)**

Prolongation	598,000
Design of Section 1A Bridges	204,000
Site Utilities Assistance for MUDFA	90,000

**Counter Claims by tie**

Delapidation Surveys	(210,000)
Office Rental (July to March)	(75,000)

Taking each in turn

Prolongation

This claim was submitted in January and replied to by tie in February.

The claim is global and will not stand up to Adjudication in its present form.

It has been submitted as an additional cost claim but is actually calculated on charge out rates that are to be used for additional works and not for establishment of prolongation costs. No costs are presented. The charge out rates used are £10/hour higher than contract rates.

My comment is that the claim should be reverted to a cost base (which is as it is described by them) and this will reduce the claim in my estimation by circa 30%. SDS accepted that they were not blameless in the delay therefore if we apply a generous split of 75%tie /25% SDS culpability factor this takes their claim down to circa 300k. This is the maximum position I would accept as a claim without any further substantiation from them.

Section 1A bridges

Design work included in claim no 1. Design not done but a slightly different design was instructed and carried out.

SDS Claim the revised design in full at 204k in addition to claim no 1.

My comment is that it is explicitly included in the claim no 1 and the only amount payable is any delta from the amount included in claim no 1 and the final design cost. (this results in a credit to us in any case)

Site Utilities Attendance

General allowance in contract on an as required basis.

SDS Claimed that we were demanding more and this was wrapped up in claim no 1 which reworded from support 'as required' to providing 'all' support. This claim is in addition to claim no 1. There can be no more than 'all'. This is an invalid claim.

Delapidation Surveys

SDS have an obligation in their contract to do this. MUDFA requested it to be done and SDS refused. We are employing others to do. The Estimated cost is £210k. SDS accept this in principle but do not consider they are responsible for all surveys.

Office Rental

For some inexplicable reason we have not charged SDS for the agreed office rental from July 07-Present.

This should be deducted from SDS using the culpability split as above.

My opening negotiating position was to

Pay	
Prolongation	300k
Section 1A	0
Site utilities	0

OfficeCharge 50% (37)  
Delap Survey (100)

Settle 163

I then made a Final offer to settle  
Add 50% on Section 1A 100k  
and lose office rental 37k  
settlement figure 300k

SDS increased prolongation claim to 778k during the meeting with no back up and proposed to settle for 500k. I asked Steve Reynolds to get real on the claim and to apply the cost and culpability factors as above and he would come round to my figure. I also stated that all of my figures were completely without prejudice and that the Section 1A offer would be withdrawn if he did not come round to a reasonable figure. Steve wished to take time out and reconsider but would get back to me on Friday(today).

#### **Conclusion**

Against the backdrop of Novation I have put forward a very generous offer to settle. We have allowed 447k in our AFC therefore we could agree further if required. Steve was not comfortable at the meeting and did not put forward any convincing arguments.

Dennis

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