



**Infrastructure Services**

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Ref: AMIS/tie/letter/KAG/Projects/357

8<sup>th</sup> August 2007

**Mr. Graeme Barclay**  
tie MUDFA Utilities Construction Director  
tie Limited.  
Verity House,  
19 Haymarket Yards,  
Edinburgh.  
EH12 5BH

Dear Graeme,

**Subject: MUDFA Alfred McAlpine Infrastructure Services (AMIS) – Contract A150**  
**Construction Services – Management Staff Resources**

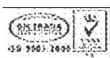
Please refer to letter Ref; AMIS/tie/letter/KAG/Projects/275 dated 28<sup>th</sup> June 2007 where it was identified, at that time, a delta of 29.5 (circa 49%) full time equivalent members of staff against the Schedule Four provisions.

The proposed Commercial Agreement contemplated plotting resources against Revision 05 of the tie Limited and Stakeholder Constrained (formerly Imposed) Programme.

However given that the basis of the Commercial Agreement continues to be under an ongoing review (letter Ref; AMIS/tie/letter/KAG/Projects/312 of 26<sup>th</sup> July 2007 refers) and the integrity, veracity and sustainability of the Programme at Revision 05 is also under scrutiny, it would clearly be inappropriate to predetermine our resource requirements against an invalid baseline and ever increasing workload.

In recognition of the ongoing delay, disruption and dislocation to the MUDFA Programme and in order to mitigate the magnitude of cost incurred through the unproductive and inefficient allocation of management resource, AMIS MUDFA propose to defer the full recruitment of their management staff at this time, until;

- Revision 06 of the tie Limited and Stakeholder Constrained (formerly imposed) Programme provides a robust baseline, specifically the release of IFC drawings and related information to support Construction Services.
- tie Limited address the manipulation of the Work Order process, reinstating the fundamental obligations, requirements, deliverables and timescales previously agreed and recorded by the parties.
- The deficiencies and omissions associated with the IFC drawings and related information is addressed to support a sustainable Construction Services; and
- tie Limited address the various initiatives and contractual issues / concerns raised by AMIS MUDFA, i.e. letters Ref; AMIS/tie/letter/KAG/Projects/007, 055, 095, 101, 209, 259, 274, 307, 331, 333, 337, 340, 347 and 350; the foregoing intended to be a representative sample only.



Alfred McAlpine Infrastructure Services Limited. Registered in England No. 00728599  
Registered Office: Kinnaird House, 1 Pall Mall East, London SW1Y 5AZ



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AMIS MUDFA assess the cost mitigation associated with this strategy to be circa £115,000 per month, or £1.4M on an annualised basis. These values predominately represent the Construction Preliminaries level of staff, however an element of Work Sector Preliminaries are also included.

Deferred recruitment may restrict the ability of AMIS MUDFA to respond to a 'step-change' in the Programme; however we are confident the current resource levels are sufficient to manage and successfully deliver a three month look-ahead of the Revision 05 Programme, as it is currently understood.

This view is also based on the inadequate and dilatory performance of SDS Provider since execution of the MUDFA Contract on 4<sup>th</sup> October 2006; i.e. forty four weeks. The limited IFC drawings and associated information received by AMIS MUDFA failed to achieve an adequate standard, as demonstrated in tabular form below.

Worksite(s)	SDS Provider Performance
Trial Site	<p>Incomplete and inadequate Adien Survey; poor control procedures and documentation of non-compliance. Subsequent discovery at the Lessons Learned Meeting of 8<sup>th</sup> May 2007 that only 34.2% of the tram line routing on the road (11% of the overall route) had been subject to Adien Survey.</p> <p>17 Services identified when only 6 were detailed on the IFC drawing / Conflict Register.</p> <p>Response pending from tie Limited to AMIS MUDFA letter Ref; AMIS/tie/letter/KAG/Projects/239 dated 12<sup>th</sup> June 2007; current delay, eight weeks.</p>
Work Sites 1AWS; 1003/001, 1003/002 & 1004/001	<p>Artificial obstructions and unidentified utilities for Diversion 1A/SW/D/001, i.e. new diversion; Diversion at conflict 1A/SW/322, 1A/SW/D/309 and Diversion 1A/SW/D/308.</p> <p>Abandoned excavation for chamber 1A/TE/D/708; and</p> <p>Demolition of existing Chamber, slew existing services for new chamber.</p>
Work Order Proposal; 1BWSS1001/001	<p>Please refer to AMIS MUDFA letter Ref; AMIS/tie/letter/KAG/Projects/330 dated 3<sup>rd</sup> August 2007 in relation to the deficiencies and shortcomings in the documentation / approvals provided by tie Limited.</p> <p>It was assessed that the documentation and approvals comprised only 54% of that necessary to ensure compliance, against a planned construction commencement date of 6<sup>th</sup> August 2007.</p>



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In the event a 'step-change' is required resources will be deployed from the AMIS and Alfred McAlpine plc business streams in the first instance and externally in the event suitably qualified and experienced staff are not available, in order to meet an accelerated programme of works following a sustained period of delay.

Clearly this strategy will attract an element of premium cost; however any premium would be redressed by the cost mitigation detailed above, in full consultation with tie Limited.

Yours sincerely,

For and on behalf of **Alfred McAlpine Infrastructure Services Ltd**



**Andrew Malkin**  
**MUDFA AMIS Project Director**

**Copies:-**

**tie Project Team**  
**John Casserly**

**MUDFA Project Team**

**Keith Gourlay**  
**Roddy Aves**  
**Gil Clelland**  
**Taryne Lowe**  
**Steve Hudson**



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