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**From:** Stewart McGarrity  
**Sent:** 22 April 2009 15:37  
**To:** Gregor Roberts; Mark Hamill  
**Cc:** Susan Clark; Steven Bell; Dennis Murray  
**Subject:** QRA update  
**Attachments:** 09 04 09 P1 QRA SMG\_SC.xls; CEC Range Review 130409.doc; High Side Infraco Risk for Jan09 Board.xls

Gregor / Mark,

There may need to be some nimble thinking and most of all absolute clarity amongst ourselves about which QRA/Risk Allowance is being reported where and recognising there is only one QRA/Risk Allowance "approved" and that's the one we had in the Project Control Budget at Financial Close.

1. The approved QRA/Risk Allowance in the PCB at Financial Close was £30.3m. The cumulative impact of approved drawdowns to end of P13 had reduced this to **£23.2m**. This is the only approved QRA/Risk Allowance and the corresponding outturn cost is £512m.
2. In the P13 report to TS we reported the "high-side" QRA/Risk allowance of **£38.4m** (£35.7m for Infraco plus ££3.6m undrawn for utilities) which formed the basis of the cost review presented to our Board in January and then subsequently to TS with a corresponding outturn of £533.3m (after allowing for Ph1b Canx costs of £6.2m). In fact this potential increased risk allowance of £35.7m for Infraco was the revised but unapproved QRA then being reported in the PD reports plus some upward adjustments I agreed with Steven for additional delay costs of £5m and additional provision against VE delivery of £2.29m. The spreadsheet is attached.
3. For reporting an updated cost outturn range to CEC ten days ago I used the very latest updated P80 QRA which was produced in very short order by the commercial team and Mark as attached. After my adjustments the QRA/Risk Allowance total is **£59.9m** (£4.5m for utilities and £55.4m for Infraco). The corresponding Outturn costs total is £559.6m after allowing for Ph1b Canx costs of £6.2m.

The highest allowance at 3. above was provided to CEC to satisfy their desire to see a first cut of how bad it might get and was qualified heavily (for any who have not seen it the short paper attached was provided to CEC). **This has not been reported to Transport Scotland. The Risk Allowance we should continue to report to TS is that at 2. above.** Truth is that we have some changes coming forward already which would be a drawdown of the risk allowance determined at 3.

Hope that's clear as mud and happy to talk over.

Stewart

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