
From: Steven Bell
Sent: 04 March 2010 17:33
To: Graeme Barclay; Frank McFadden; Fiona Dunn; Dennis Murray
Cc: John Casserly; Susan Clark
Subject: RE: tie deductions

Importance: High
Sensitivity: Confidential

Graeme

I do not understand.

You have just told me at the PD review that you have a 90% confidence of ~£1m and 50% confidence of £1.8m with regard to substantiated tie deductions. We discussed it at length and you and John were very clear. I can see two options. Either you stand by that assessment and increase the tie deduction from CUS in the certificate or you explain to me why the 90% confidence number stated on Tuesday is now no longer reliable.

Not providing for anything more than the current £300k deduction is not credible whilst still trying to argue that there is an extremely high likelihood of >£1m.

Please reflect and discuss tomorrow morning.

Steven

Steven Bell
Edinburgh Tram Project Director

tie Limited
Citypoint
65 Haymarket Terrace
Edinburgh EH12 5HD

Tel: +44 (0) [REDACTED]

Fax: +44 (0) [REDACTED]

Email: steven.bell@tie.ltd.uk

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From: Graeme Barclay
Sent: 04 March 2010 16:41
To: Steven Bell; Frank McFadden; Fiona Dunn; Dennis Murray
Cc: John Casserly
Subject: RE: tie deductions

Steven, no issue with provision of briefing note and also a narrative for each of the key items. However, as I mentioned at the PD review, there is significant review required for the correspondence associated with each event and that is why we stated we needed the 3 weeks all toll to compile all the supporting documentation. I am currently going through all the correspondence to align with all the items alone and do not see conclusion of this exercise before the end of next week earliest (using Kirsty 2-3 days/week).

We have taken no cognizance of these events within our assessment of CUS evaluations to date, excluding a deduction of £299,188 - £180.5K (insurance events), 10K (B0 materials), £29K (supply of BTO ducts), £79.7K (Gogar depot (800 watermain)). This value has remain static and has been included within tie assessment over the last 5

months. Moreover, we issued the list of all potential tie deductions (known at that point in time, but not fully valued) to Carillion 9/12/09 – valued at approximately £2.995M (sent to Steve Beattie and Phil Kolon). Appreciate the importance of the matter, but do not wish to give false expectations.

Graeme


Graeme Barclay
Construction Director - MUDFA

tie Limited
MUDFA
Western Harbour
Leith Docks
Edinburgh EH6 6QF

Tel: [REDACTED]
Mob: [REDACTED]
Fax: [REDACTED]
Email: graeme.barclay@tie.ltd.uk

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From: Steven Bell
Sent: 04 March 2010 14:02
To: Graeme Barclay; Frank McFadden; Fiona Dunn; Dennis Murray
Cc: John Casserly
Subject: RE: tie deductions

Graeme

Thank you for this first more complete assessment.

Please ensure that the appropriate notifications and submissions are made to Carillion to maintain our deductions and provide me with an updated briefing note by close of business on 9 March 2010 as I have a meeting with Mike Wainwright on Wednesday 10 March. Please provide Julie with copies of the letters sent on this matter with an index and summarised narrative for Tuesday evening.

Please also advise on the planned changes in certification to align this evidence based view and your current valuation of the tie deductions with CUS. I look forward to understanding how you have addressed this in Carillion's latest certificate.

Thank you.

Steven

Steven Bell
Edinburgh Tram Project Director

tie Limited

Citypoint
65 Haymarket Terrace
Edinburgh EH12 5HD

Tel: +44 [REDACTED]
Fax: +44 [REDACTED]

Email: steven.bell@tie.ltd.uk

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From: Graeme Barclay
Sent: 04 March 2010 12:24
To: Frank McFadden; Fiona Dunn; Steven Bell; Dennis Murray
Cc: John Casserly
Subject: tie deductions

All, please find attached our current assessment of recoverable deductions from Carillion, based on a 90% and 50% probability.

Please note that the figures for the costs from SW and BTO are only the initial assessments/notifications and are anticipated to increase over the coming period. We shall review prior to completion of this exercise.

As agreed, we should be in a position to present our findings, all being well, by 19th March'10.

Graeme


Graeme Barclay
Construction Director - MUDFA

tie Limited
MUDFA
Western Harbour
Leith Docks
Edinburgh EH6 6QF

Tel: [REDACTED]
Mob: [REDACTED]
Fax: [REDACTED]
Email: graeme.barclay@tie.ltd.uk

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