

		<b>tie Deductions</b>		
Ref. No	Item description	Correspondence references	Value	Comment
1	In accordance with Clause 55.17 of the Agreement the MUDFA Contractor bears all excesses and deductibles where the MUDFA Contractor is responsible for the claim. The OCIP insurance has a lower excess than the CUS insurance policy details submitted within the CUS Carp Submission and as such is less onerous on CUS. An agreed insurance claim summary issued to CUS capturing the agreed liability/responsibility for the insurance claims is produced on a monthly basis and the current agreed value for actual payments made which are applicable to CUS is deducted. Copies of the invoices applicable to the agreed schedule have been provided to CUS. Deduction value based upon schedule issued 8/12/09		250,115	Weekly reviews of all insurance claims is carried out by tie/Carillion and the principles agreed and values assessed. A schedule of all known insurance claims is maintained and updated accordingly , detailing claims paid to date and future commitments noted. Schedule is managed by Risk Manager
2	In accordance with Clause 34.2 of the Agreement CUS agreed to the Infraco Contractor carrying out the removal and replacement of the failed B0 material in Leith Walk. Interim on account deduction		95,000	Remedial works relates to the section ch 100 - 350 which was already occupied by BSC and accepted by Carillion as best option for reworks. All remaining areas within Leith Walk affected by B0 usage, were remediated by Carillion. All known areas affected by B0 have been replaced.
3	Cost of provision of BT spec ducts for remedial works supplied by BT / tie. Interim on account deduction amounting to 29,000 m based upon request from CUS to BT for resupply of materials previously delivered and issued by BT all as per tie correspondence requesting confirmation of the requirement from CUS and the reasons for additional supply – CUS has accepted an initial 15,000 m prior to April 2009.		31,018	Additional BT ducts supplied to site in excess of the measured required quantities. Quantum assessed as reflective of the level of remedials carried out on the BTO infrastructure in order to achieve specification compliance
4	To address workmanship and quality issues raised by the SU and in order to agree with the SU that completed works not in accordance with the agreement could remain without the need for remedial works, in accordance with Clause 34.1.3, an independent Gas supervisor/inspector was provided by tie from Advantica to satisfy SU re quality issues with CUS works as agreed and confirmed with the CUS Project Director at the time. The provision of the independent inspector and the reports he has produced have reduced or removed the requirement to remove and replace the completed CUS works which are not in accordance with the agreement.		68,500	Independent inspector provided by tie to give assurance to SGN on implementation of quality processes due to lack of requisite quality documentation presented by Carillion. Weekly updates on inspections carried out by inspector and provided to SGN. As a consequence , relaxation on non compliant works was achieved and subsequent audits removed risk of further non compliant works.
5	Tie direct costs incurred and associated with the remedial works undertaken to 800mm water main gaskets at Gogar. Assessment made in respect of the following initial, not exhaustive list of items : tie direct staff costs, hire and fuel for depot dewatering equipment, additional rail surveys required and SDS design support for remedial thrust blocks and remedial works		260,145	Repair work on the 800mm watermain due to incorrect mechanical joints being used by subcontractor, Gladstone. Only after substantial completion achieved was error notified to tie. Subsequent investigation found incorrect mechanical couplers provided by Burdens to Gladstone. Quality management system should have captured error prior to incorporation into the works. Faulty joints perverted successful completion of the testing and commissioning as planned and ultimately delayed handover of the section to BSC.
	BT costs associated with the extent of remedial works undertaken to ducts and chambers including revisits etc as Clause 3.18 - initial additional costs sought by BT for elements of the costs incurred, the balance to be advised by BT but no detail provided to date			BTO have intimated to tie of their intention to recover additional costs associated with the extensive BT remedials

6	<p>the balance to be advised by BT but no detail provided to date.  Note: this will also involve tie staff costs in the resolution &amp; supervision/inspection etc of remedial works on behalf of MUDFA which will be included as part of tie direct cost incurred as a result of CUS actions/in-actions and will be assessed and advised upon final receipt of BT total cost.</p>		105,800	- 105K to date and further costs to be notified thereafter. Tie have incurred similar additional supervision and negotiation costs due to these remedials over a 2 year period. These costs have not been passed over to Carillion at present.
7	<p>Remedial works and associated direct tie costs as a result of CUS construction issues associated with failure to construct chamber to spec in first instance and the required demolish and rebuild of the BT chamber construction outside 113, Leith Walk.</p>		166,000	CUS failed to construct the chamber to specification causing significant water ingress. The resulting solution was to rebuild the manhole, but leaving the wall immediate to the building to avoid further risk of movement. There was also a requirement to design a non standard chamber and these costs will be similarly charged to CUS
8	<p>Damage to existing street furniture and features ie CCTV camera's, bus stops, ticket machines etc. In accordance with Schedule 2 Clause 16.6 CUS responsible for '.....Any damage to street furniture consequent upon construction activities connected with MUDFA Works shall be reported to tie and the appropriate owner or authority immediately on discovery of the damage. Any damage shall be replaced or made good as soon as practicably possible and to the reasonable satisfaction of the owner of the street furniture or other feature'. Metalwork/signs/CCTV/Bus stops/Bus Ticket Machines/Traffic Signals</p>		64,305	CUS were responsible for the removal and safe storage of existing street furniture. It was apparent through the currency of the contract that CUS were not fulfilling their obligations and notification of damages to LBC ticket machines and in particular mounted CCTV cameras were received. The costs of replacement of the specific items have been received and passed onto CUS.
9	<p>Reinstatement of surface finishes - Schedule 3 Clause 2.3.3 'Block paving, setts, and paving slabs shall be removed carefully and set to one side for re-use. On completion of any MUDFA Works the block paving, setts and paving slabs shall be reinstated. Granite setts, slabs, kerbs removed by CUS from Princess St and Leith Walk have gone 'astray' are missing and CUS have failed to provide delivery tickets/receipts/waste transfer documentation etc for materials removed from site to yards nor any written instruction confirming materials to be sent/delivered to Bankhead depot. Anticipated cost for the purchase and replacement of the granite kerbs, setts etc removed by CUS.</p>		251,500	The reinstatement materials fall into 2 no categories - the materials that were to be set aside for reuse and the temporary materials that were used following on from the confirmation by CEC that they had an additional budget set aside for the replacement of all the existing paving in Leith walk. The former is the issue that involves CUS. we obtained confirmation of the area CEC wished the materials to be deposited, however, they (CUS) were advised that the original location became full and they were to transfer materials to another depot - this has never been substantiated by CUS. This issue arising from this is the loss of a substantial quantity of granite setts, which were to be used on Princes st. The quantity recovered from the CEC depot at Bankhead, has had to be augmented by the importation of new granite setts. The cost of the replacement is to be passed onto CUS for recovery.
10	<p>Re-dressing/cleaning etc of existing setts/granite kerbs etc carried out by Infraco. All existing setts to be removed, set aside and prepared for re-use as per extra over item</p>		41,000	Costs associated with redressing existing granite setts put aside for reuse from the MUDFA contract. These costs are over and above the costs already incurred by MUDFA for similar exercise by CUS. These costs are to be recovered from CUS for works they have already charged tie for.

11	Scottish Water / CEC costs associated with road drainage gullies missing/gully repairs - repairs and replacements carried out by CUS this is the direct cost associated with dealing with and managing CUS failure to comply with specification		84,000	Costs incurred by SW/CEC directly attributable to the failure of CUS to reconnect the existing road gullies into the drainage system. Subsequent investigations and CCTV surveys identified significant non compliances within the drainage system installed by CUS. Th consequential remedials to the network involved significant time expended by SW and CEC staff verofying satisfactory conclusion to the remedials
12	Installation of non-compliant electrofusion couplers to gas mains at both Leith Walk and Shandwick place as accepted by CUS in their letter reference AMIS/tie/letter/TL/Projects/1045 and NCR's Nos 08/01 & 08/03		47,800	Costs incurred by tie staff as a direct consequence to achieve satisfactory resolution of the matter with SGN.
13	Safety and operational reports from Advantica to support arguments/discussions with SGN for retrospective relaxations to accept CUS non-spec compliant installation with no agreed relaxation or changes. Locations affected, Atholl Place, Constitution Street, Section 5. Report required to seek approval/acceptance from SGN and enable tie, subject to SGN approval, to accept the installation in accordance with Clause 34.1.3 rather than removal and replacement of the installed apparatus. <b>Note: These issues have yet to be accepted by SGN</b>		49,000	Reports provided by tie via Advantica to achieve resolution of numerous relaxations associated with confliting utilities and non compliant installations by CUS
14	High level estimates for the following potential remedials assocaited wih SGN assets. Rely approx. 100lm gas main Constitution st - 125K: Reroute gas main around BTO chamber at 113 Leith Walk - 40K: Protection of gas main opposite Manderston st - 10K: 4 no proximity issues to other utilities - 150K:		325,000	Potential costs to be incurred should relaxations for the identified non compliant issues not be forthcoming from SGN.
15	Termination of supply and subsequent upgrade to flats at Kirkgate. SGN intimated cost circa 100K with proposed 70:30 split (SGN:tie)		30,000	The termination of supply to Kirkgate flats occurred following the transfer of the supply off the existing main onto the new diversion. Review of the process applied by CUS throughout the operation demonstrated adherence to the approved and accepted SGN protocol. The existing utility drawings did not identify the secondary suply to the flats resulting in the temporary cessation of supply to the southern section of Kikgate flats. tie have confimd to SGN that they will not accept any of the costs associated with this matter.

Total 1,869,183

50% probability of recovery of cost  
90% probability of recovery of cost

860,000  
1,009,183