
From: Dennis Murray
Sent: 01 July 2008 10:50
To: 'Gourlay Keith'
Cc: Steven Bell; Graeme Barclay
Subject: RE: MUDFA Commercial Issues / Concerns

Importance: High

Keith,

It's a bit unfortunate that on the second day of John's annual leave, certain issues that John is exclusively dealing with have now become critical to be resolved in the next week. I would have expected any such critical issues to have been raised and an action plan discussed and agreed at our meeting last Thursday.

However as discussed it is my intention to visit site tomorrow (Wednesday 2nd) to sit down with you to discuss your claim and perhaps we can discuss the individual matters then. I'm looking to be at MUDFA at 2.00 and I hope that is suitable for you.

Turning to the claim, I said I would forward some initial queries for your consideration prior to our meeting and here they are:

1. Value to date

I need to understand where this valuation comes from, to what time line and what it includes or excludes using your applications for payment as a basis.

Also I need to know the adjustment to value or the adjustment that needs to be taken to value for matters that were included in the previous wrap up claim or any other payments that may have been certified..

2. Materials deduction

Is the materials amount deducted visible from the CARP build up? Are the allowances gross i.e. do they include all mark ups? Are consumables etc in materials allowance?

You have not included any materials for the CARP Sewer but have allowed the total value of work in your calculation. This will make the materials allowance percentage incorrect. I suggest we take the total value of sewer out of the calculation making the materials in rates 52.18% instead of 45.75%.

3. Change Control Recovery

How has the labour and plant recovery element been calculated? Does it include non agreed items such as hand dig or dayworks?

4. Current Actuals

Where are the Total hours verified and how is this calculated against the Total Metres achieved? You mentioned that you had made due allowance for any abortive work in your manhour calculation. How has this been done? Since these purport to be based on actual hours why is a theoretical 8 hour and three man squad size used as denominators across the board. This assumes that every man works a strict 8 hour day which logically cannot be correct. Are all teams regimented into three man teams? How do we verify this?

5. Tendered outputs

Where do these figures come from? What is the weighting based on? How does this theory compare with actual?

The above are my initial queries and is not exhaustive. In addition your calculation assumes that any productivity shortfall is entirely due to reasons that would allow you to make a claim under the contract. This has not been demonstrated to date and this will require to be addressed separately.

I confirm that, subject to the required answers to the queries raised, we shall use your 'model' in the first instance to attempt to agree a way forward on this matter.

Please confirm if you are available to meet tomorrow and hopefully I will see you then.

Regards
Dennis

From: Gourlay Keith [mailto:Keith.Gourlay@carillionplc.com]
Sent: 30 June 2008 11:59
To: Graeme Barclay
Cc: Smith David TCBD Scotland; amis mudfa; Lowe Taryne D; Dennis Murray
Subject: MUDFA Commercial Issues / Concerns

Graeme,

In the absence of John on Annual Leave there are a number of issues and concerns I wish to be addressed and finalised over the next week. These are issues John has been dealing with exclusively and as a result I am unsure who in the **tie** Limited team to direct my request.

In brief the issues are as follows:-

1. Section 7B; Work Order and Work Order Confirmation Notice complaint with Clause 8.9, for the Design element. CUS executed their Contract with Grontmij on 19th June 08, with services having commenced 2nd June 2008. Mechanism to introduce Design into MUDFA not outlined and as a result not agreed.

2. Interim Certificate 18; issued nine (9) days late, with limited consultation or liaison. Initial review has identified a number of errors and omissions which we wish to challenge. This represents a worrying trend of the Interim Certificate being released outside the agreed timescales, which contemplate a period of assessment "*....no later than 10 Business Days*" after receipt of the Application for Payment by **tie** Limited. This period has grown from 1 day in March, to 4, 5 and now 9 Business Days in subsequent months.

3. A8 Gogar Sewer; Draft NEC Target Cost Documentation, Sewer Flows & SI Information. All information was due to have been provided on the 24th June 2008.

4. Gogar 800mm Main; Work Order Confirmation Notice and agreement of rates provided on 16th May 2008, with work having commenced on 12th May 2008.

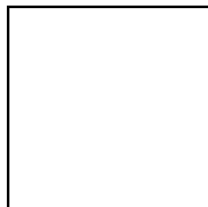
Items 1 and 3 may cause delay to the dates outlined in Rev.07 if not addressed this week; items 1, 3 and 4 represents CUS proceeding either partially or wholly at risk, which is unacceptable.

Finally by copy of this email; Dennis following on from our discussions on Thursday I look forward to receiving your questions on our Delay, Disruption and Dislocation model and/or your proposals for an alternative mechanism.

Regards.....Keith

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