
From: Michael Paterson
Sent: 13 July 2009 07:57
To: Dennis Murray
Subject: FW: Strictly Private & Confidential
Attachments: P3 0910 Consolidation & Forecast v3.xls

From: Stewart McGarrity
Sent: 13 July 2009 07:42
To: Gregor Roberts; Michael Paterson
Cc: Steven Bell
Subject: FW: Strictly Private & Confidential

Chaps,

For your session with Alan Coyle today – attached is a further update to the costs spreadsheet with some columns and comments added to the Present tab for the derivation of the Low outcome of £560m intimated to CEC last week. You might also use the other attachments to my emails of 2nd and 3rd July including the written paper.

A significant objective for me is to eliminate any perception that cost estimates are a product of the FD's imagination – although I don't believe Alan thinks that personally.

Don't spare the gory details as to the level of uncertainty but make sure he knows the QS view column includes a big healthy chunk of moving towards the BSC position. You should also walk through the exclusions. All base cost estimates based upon a Feb 12 finish.

If I don't get to speak to Alan first thing please suggest a follow up session with Steven and myself on Tuesday or Wednesday.

Stewart

Stewart McGarrity
Finance Director
tie Limited
Mobile: [REDACTED]

From: Stewart McGarrity
Sent: 07 July 2009 09:11
To: Steven Bell
Cc: Michael Paterson; Gregor Roberts; Mark Hamill; Dennis Murray; Frank McFadden
Subject: RE: Strictly Private & Confidential

Strictly Private & Confidential – Not for Wider Distribution

Steven,

On the attached spreadsheet at the "Present" tab you'll find the table included in my paper of last Friday 3rd July (which was in turn derived from the Infracore range information developed by the team) with additional columns added to reflect the "baseline" included in the Board presentation (£Ph1a £574.8m).

The "baseline" is broadly equivalent to the "QS View" column with some adjustments as follows:

- Delay EOT2 and future – baseline of £17.5m is calculated as 9mths (39wks) prolongation @330k per wk (ie our rate) plus an allowance of a further 15wks for future delays.
- Design (incl BDDI to IFC) – Existing QS view number looks OK compared to what was discussed at mediation ie the top of your £15m - £21m range less £6m design development “contribution” from BSC plus cost of alignment issues (including adopting RHEADA Trackform) £5m
- Client instructions/other changes – On review there is a lot of stuff in here we really have scant details to take a proper view on and there other stuff which we may in the end regard as double counted against other allowances. For our baseline I’ve taken 50% of the QS view ie £3m

This baseline does not therefore include for incremental costs of and further on-street arrangements except to the extent they are crystallisations of the risk allowances for delay, unforeseen ground conditions and road reconstruction

We are providing the baseline in the context of a range of outcomes - the best of which is c£560m (we prevail in commercial interpretation of the contract and BSC behave and deliver a service with immediate effect) and the worst of which is £600m++ (we lose commercial arguments hands down or capitulate, move the contract to a largely cost plus basis and get no value adding mitigation from BSC on the engineering or the programme).

We need to all agree that the baseline is the best view at the moment or make adjustments before the end of today.

Stewart

Stewart McGarrity
Finance Director
tie Limited
Mobile: [REDACTED]

From: Stewart McGarrity
Sent: 03 July 2009 13:39
To: Richard Jeffrey; David Mackay; 'Graeme Bissett'; Steven Bell; Alastair Richards - TEL; Frank McFadden; Dennis Murray; Susan Clark
Cc: Michael Paterson; Gregor Roberts; Mark Hamill
Subject: Strictly Private & Confidential

Strictly Private & Confidential

See for our eyes only a paper examining the dynamics of the outturn estimate based upon a range of commercial outcomes with BSC.

Still to be added – under prep by the team:

- Commentary on where this weeks offers on the table from BSC would get us on the BDDI-IFC issue on a like for like basis (their position on EOT and prolongation is already dealt with in the paper)
- An attempt to put a range on the itms which have been excluded from the updated range (as listed below the tabulation)

S

Stewart McGarrity
Finance Director
tie Limited
Mobile: [REDACTED]