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**From:** Tom Aitchison  
**Sent:** 25 November 2010 08:19  
**To:** Donald McGougan  
**Subject:** FW: STRICTLY PRIVATE AND CONFIDENTIAL

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**From:** Richard Jeffrey [mailto:Richard.Jeffrey@tie.ltd.uk]  
**Sent:** 24 November 2010 20:46  
**To:** Jeremy Balfour  
**Cc:** Tom Aitchison  
**Subject:** STRICTLY PRIVATE AND CONFIDENTIAL

Dear Jeremy

Following today's discussion I just wanted to clarify a few points.

I am concerned from your comments today that you may have taken the impression from our previous meetings that we had embarked upon a strategy that would inevitably lead to termination of the contract. I am aware that this is the desired outcome your party seeks but I will not make a recommendation to terminate the contract unless and until I am satisfied that such a course of action represents the best course of action when judged against my obligations under the operating agreement between tie and CEC and the more general obligation to deliver best value. I believe I have been consistent in stressing that no decision has yet been taken on termination, and I have urged you all to be careful not to give the impression that termination is a foregone conclusion.

I have done everything reasonably possible to meet the arbitrary deadline set by the council for reporting back with a definitive recommendation, but this is not possible. I have consistently said that it is not helpful to set arbitrary deadlines for decisions, and whilst I appreciate that is not helpful to you, I remain of this view. This is not a linear or predictable situation that lends itself easily to predictions of progress. I also believe that as the prospect of mediation to seek to find some mutually agreeable end to the current impasse is now on the table, this is worth exploring with vigour.

As we continue to pursue the strategy approved by the Tram Project Board of robustly administering the contract, new issues arise, new questions arise that need to be answered, and new information comes to light that needs to be properly considered. Of course termination of the contract remains an option that we continue to investigate, along with a number of other options. I understand it is frustrating, I can assure you it is very frustrating for me and my team that we still do not have a clear way forward on the project, but we cannot let this frustration force us into making premature decisions which may in time turn out not to be the best decisions. As I explained at the meeting, both tie and the council must be certain that they have acted reasonably it making any irrevocable decisions.

It would also be very dangerous to assume that our desire to further check issues and explore scenarios is in any way synonymous with having a weak contractual position, such speculation would play right into the hands of the consortium and of course it would be particularly unhelpful for us to give credibility to any rumours that may be circulating to that effect.

There are several potential explanations as to how such rumours might be started, one is that this is disinformation put into the circuit by the consortium, one is that it is idle gossip with no foundation, or the other is that it people on our side (tie or CEC) misinterpreting (or deliberately leaking) selected bits of information. On this last point I would be most grateful if you could ask your lawyer friend where they heard such rumours. If we have a leak within our own team it is essential we find it and plug it, and any help you could offer in this regard would be most welcome.

Jeremy, I and my team remain committed to bringing the best possible outcome to what is a difficult situation. It was clear to me even before I joined tie, and it is now clear to everyone that the original objectives and expectations for the tram project cannot now be met, what we must do is seek to achieve the best possible outcome from here. As you said at the meeting, we (collectively) do not operate in a political vacuum, equally, I cannot make recommendations because it is politically (or publicly) desirable to do so. Ultimately, the council has the ability through the operating agreement to impose its will on tie, and take these decisions out of our hands, that is the council's prerogative.

I am happy to discuss if you wish.

Regards

Richard

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