CITY DEVELOPMENT

Mr David Mackay Date 18 November 2008

Chairman

Transport Edinburgh Ltd Your ref

Annandale Street

Edinburgh Our ref DA/SDR

EH7 4AZ

Dear David

As we agreed when we met briefly in Waverley Court yesterday, Sheena will be in touch to arrange a meeting on my return from France, so that we can discuss where the programme stands and agree actions that may need to be taken.

I thought it would be helpful, in advance of that meeting, to let you know my views on some emerging issues which I believe we need to look at.

First, in last week's meeting with Transport Scotland, I picked up some apparent inconsistencies between tie's financial reporting and progress on the programme where some workstreams are running 5 months late. I sensed that TS were a little anxious about this, despite Stewart's assurances about the scope for recovering the programme in the period ahead.

Second, I understand that BSC are resourcing a strong claims team of up to 12 staff plus support from Hills, one of the leading specialist consulting firms in this area. I am concerned that BSC are putting so much effort into claims at this early stage of the project, when we need them to be taking a more corporate approach to project delivery.

Third, I am picking up anecdotal information that our communications with retailers on Princes Street are not getting through. Willie clearly played an important role in this area and it will be essential for us to get our communications right, as the works on Princes Street and the Mound get underway.

Fourth / ...

DAVE ANDERSON

DIRECTOR

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Fourth, following a meeting with Alastair Richards last week, I remain concerned about the internal design of the tram. I acknowledge the need to ensure the tram appears part of the Lothian Buses' family. However, as things stand, the design is almost identical to the interior of a bus and, in my view, does not convey the kind of image that we should be aspiring to for Scotland's capital city.

I hope that we can discuss these points when we meet and agree how the Council can most effectively support tie at this key stage in the implementation of the project, and I look forward to meeting up with you on my return.

Best regards.

Yours sincerely

Dave Anderson
Director of City Development