
From: Rebecca Andrew
Sent: 08 October 2007 17:19
To: Alan Coyle
Subject: FW: Grant Award - Edinburgh Trams

Rebecca Andrew | (Acting) Principal Finance Manager | Financial Services | The City of Edinburgh Council | Waverley Court, Level 2:5, 4 East Market Street, Edinburgh, EH8 8BG | Tel 0131 [REDACTED]
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From: Willie Gallagher [mailto:Willie.Gallagher@tie.ltd.uk]
Sent: 08 October 2007 17:10
To: Graeme Bissett; Donald McGougan; Rebecca Andrew; david_mackay@ [REDACTED]
NRenilson@LothianBuses.co.uk
Subject: FW: Grant Award - Edinburgh Trams

For info.

Willie

From: Willie Gallagher
Sent: 08 October 2007 17:09
To: 'Stewart.Stevenson.msp@scottish.parliament.uk'
Subject: FW: Grant Award - Edinburgh Trams

Stewart,

I send this to you in confidence. We have still not received the Grant Award Letter for the Tram Project. See Graeme's comments below. The plan is that we commence the briefing of Edinburgh Councillors next Tuesday and the Press on Wednesday. This timetable has been known to TS for a while and it does not reflect well on any of the involved parties if we cannot have an agreed funding letter which reflects the spirit of what was announced by Ministers in parliament.

Kind Regards,

Willie

From: Graeme Bissett [mailto:graeme.bissett@ [REDACTED]
Sent: 08 October 2007 17:03
To: Willie Gallagher
Subject: FW: Grant Award - Edinburgh Trams

This is the email we discussed. The timing of the release of the Final Business Case to the Council and therefore the public is next Thursday 18th, and this timing has been known to all relevant parties for many weeks. The letter TS are reviewing was given to them at the beginning of September and is in a form which the Council would sign-off. If we get TS's comments on the letter this week, as I believe was promised to the OGC Gateway Review team last week when they expressed concern about the delay to Malcolm Reed, there is a fighting chance of finalizing areas of disagreement and ensuring that the Business Case and the Council's Report to the Elected Members properly reflects an agreed deal.

However, if the comments are not returned by TS until next week, and assuming there will be some areas that require further discussion, there is zero chance of agreement being reached in time for reflection in the Business Case next week. My concern is that this further delay will result in the Business Case going public with a glaring gap which can only be described honestly along the lines that the Council and the Government have not reached agreement on the funding terms. The Council can properly state that the matter has been in the hands of TS for several weeks with no response and then we are all in a position where there is embarrassment and scope for mischief. In addition to the public / political dimension, we need to bear in mind that we are continuing to negotiate with the bidders and evidence that the funding arrangements are still outstanding will not help the process of nailing their costs.

We need TS's comments on the letter asap, not possibly in the middle of next week. Look forward to your views.

Regards
Graeme

Graeme Bissett

m : [REDACTED]

From: Rebecca Andrew [mailto:Rebecca.Andrew@edinburgh.gov.uk]
Sent: 08 October 2007 12:55
To: Graeme Bissett; Alan Coyle; Donald McGougan
Subject: FW: Grant Award - Edinburgh Trams

For information

Rebecca

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From: Lorna.Davis@transportscotland.gsi.gov.uk [mailto:Lorna.Davis@transportscotland.gsi.gov.uk]
Sent: 08 October 2007 11:20
To: Rebecca Andrew
Cc: John.Ramsay@transportscotland.gsi.gov.uk; Jerry.Morrissey@transportscotland.gsi.gov.uk
Subject: RE: Grant Award - Edinburgh Trams

Hi Rebecca

I can confirm that we are currently reviewing the proposed amendments. As part of this process the project team are consulting our legal advisors and hope to be in a position to respond by the middle of next week.

Kind regards,
Lorna

-----Original Message-----

From: Rebecca Andrew [mailto:Rebecca.Andrew@edinburgh.gov.uk]
Sent: 05 October 2007 17:30

To: Ramsay J (John)
Cc: Alan Coyle; Graeme Bissett; Davis L (Lorna); Morrissey J (Jerry)
Subject: RE: Grant Award - Edinburgh Trams

This email has been received from an external party and
has been swept for the presence of computer viruses.

John,

Further to our email exchanges this week, I still have had no response on the grant letter.

(Lorna/Jerry - if John is now on holiday, can you take this up in John's absence?)

I also understand from discussions held between Willie Gallagher and Malcolm Reid that the funding will now be for Phase 1 (including 1b if the Council can fund the difference). This needs to be reflected in the grant award.

I would be grateful if you could get back to me with a revised draft as soon as you can. It is worth noting that one of the draft recommendations from the OGC 3 review states: "We recommend that this [the grant letter] is agreed as soon as possible to underpin the funding for the project and eliminate existing uncertainties that have been expressed by bidders". A final draft of the grant letter would also assist in seeking confirmation from HMRC that the grant does not pose any tax liability. As HMRC will take some time to deliberate, we need to start the process well in advance of financial close.

Thanks for your help in this matter,

Rebecca

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From: Rebecca Andrew
Sent: 01 October 2007 09:39
To: 'John.Ramsay@transportscotland.gsi.gov.uk'
Cc: Alan Coyle; 'Graeme Bissett'; 'Lorna.Davis@transportscotland.gsi.gov.uk'; 'gerry.morrissey@transportscotland.gsi.gov.uk'
Subject: Grant Award - Edinburgh Trams

John,

Further to our meeting last week, I provide the grant letter issued to Gerry with Council agreed amendments. From our discussions, I understand that not all the amendments will be acceptable to TS, but we would like you to clarify which ones you are willing to accept.

I would also be grateful if you could confirm my understanding of our discussions, stated below.

- 1) TS is sympathetic to the Council's desire to protect itself, but there is limited flexibility to treat CEC differently than other grant recipients.
- 2) TS would like to see profile for financial spend and little deviation from this. It is accepted that final profile will not be available until Financial Close, when programme has been agreed with contractor.
- 3) TS can undertake to pay within two weeks of receipt of grant claim, and are willing to pay pay in advance. Can this be put in the grant letter?
- 4) Dispute resolution/default - TS want to see this separately from the grant letter, in a separate protocol which includes comms issues, etc. What legal protection will this give CEC?

- 5) Asset disposals - TS want to set the de minimus lower to conform to standard S70 letter and public finance manual.
- 6) TS to send calculation of grant remaining so that we can agree the amount of grant (£381 or 385 or somewhere in between)
- 7) TS stated that standard clause on yearly under spends (slippage) contradicts minister's wishes on £500m contribution. Can letter be amended accordingly?
- 8) TS stated that they would be unwilling to alter the yearly amounts paid, once agreed, but may allow the % to be altered if this suits TS. How can the grant letter be altered to confirm this and protect CEC?
- 9) TS insisted on separate bank account for the project and CEC requirement for quarterly certification that grant conditions are being met.
- 10) TS stated the desire to get the finalised letter to TS board on 10th October.

From our discussions there seemed to be a difference between what you were prepared to put in the grant letter, and how you saw things working in practice. I would be grateful if you could clarify how you propose to deal with this and what protection it would give CEC.

I would be grateful if you could get back to me on this as a matter of urgency, as the availability of funding is one of the issues being examined by the OGC review and clarification is necessary to allow us to move to the next stage.

Kind regards,

Rebecca

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