

Vic Emery
Chairman - TEL
Transport Edinburgh Ltd
Annandale Street
EDINBURGH
EH7 4AZ

Date 13 May 2011

Your ref

Our ref DA/JAT

Dear Vic

FUNDING AGREEMENT AND DELEGATED AUTHORITY

Thank you for your letter of 6 May in which you set out the £411.5m expenditure incurred by the Edinburgh Tram Project up to the end of period 13, (2010/11) and note the value of the residual contingency funding available to the project of £2.8m including the provision of the +£1m variance allowed beyond the cap set in the TEL/CEC Memorandum of Understanding.

I welcome your assurance that the management of TEL and tie will continue to minimise additional funding commitments and to review expenditure on an ongoing basis.

The Council will receive a summary of the terms of the priority works Minute of Variation (MOV4) arising from mediation at their meeting on Monday 16 May.

Our expectation is that the Council will, at this stage, simply note the proposed programme of works set out in MOV4 and defer decision on the future of the project until the full details of the revised scope, budget and programme are available.

This matter will obviously be considered in full in early summer, when full detail of the complete picture of the full cost and revised programme for the Edinburgh tram Project will be reported.

In/.....

Dave Anderson, Director, City Development

Level G/1 Waverley Court, 4 East Market Street, Edinburgh EH8 8BG

Tel [REDACTED] Fax [REDACTED] dave.anderson@edinburgh.gov.uk

In the meantime, I would like to give you the comfort that after consultation with the Council's Chief Executive, Group Leaders, Director of Finance, and Head of Legal Services, we will not be recommending any action being taken in relation to any technical breach of the operating agreement as a result of implementing MoV4.

Yours sincerely

A solid black rectangular redaction box covering the signature of Dave Anderson.

Dave Anderson
Director of City Development