

Brian Cox  
Interim Chairman  
Transport Edinburgh Limited  
C/O Lothian Buses plc  
Annandale Street  
Edinburgh  
EH7 4AZ

Date 4 February 2011  
Your ref INF CORR 7150/BC  
Our ref SS1/AC

Dear Brian

## EDINBURGH TRAM – BUDGET COMMITMENTS

Thank you for your letter dated 17 January 2011 regarding the above.

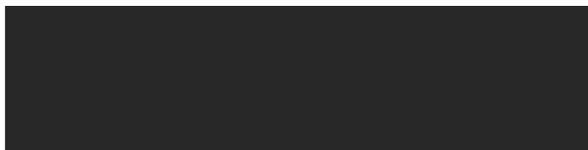
As TEL are aware, the Council approved funding limit is currently £546 million. At TEL's request, no approval for increased budget was requested in June 2010 when Council were advised that it was unlikely that the full scope of Phase 1A could be completed within the £545 million funding envelope.

Council officers are presently considering when would be the most appropriate time to seek further funding approval and this will be done as soon as practicable. However, clearly the forthcoming mediation and purdah will have a significant bearing on this. Consultation will be required with Transport Scotland and the Scottish Government in relation to any external communications in this regard.

In the meantime, as set out in the Operating Agreement, TEL and tie Limited must ensure that expenditure on the project does not exceed £546 million. With that in mind, I believe that it would be helpful if the outline scope of tie and TEL's expenditure review could be covered at the next Tram Project Board meeting on 9 February.

If you think it would be helpful to discuss this in advance of the board meeting, then please do not hesitate to contact me.

Yours sincerely



**Marshall Poulton**  
**Head of Transport**

**Dave Anderson, Director, City Development**  
Transport, City Chambers, High Street, Edinburgh EH1 1YJ



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cc Richard Jeffrey **tie ltd**  
Dave Anderson CEC  
Donald McGougan CEC