

Head of Major Projects
Rail Delivery

Buchanan House, 58 Port Dundas Road,
Glasgow G4 0HF

Direct Line: [REDACTED] Fax: 0141 272

[REDACTED]
Damian.sharp@transportscotland.gsi.gov.uk



Andrew Holmes
Director of City Development
City of Edinburgh Council
Waverley Court
4 East Market Street
Edinburgh
EH8 8BG

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GRANT OFFER TO CITY OF EDINBURGH COUNCIL FOR UTILITIES DIVERSIONS AND CONTINUING DEVELOPMENT AND PROCUREMENT OF PHASE 1A OF THE EDINBURGH TRAM NETWORK

In exercise of the powers contained in Section 70 of the Transport (Scotland) Act 2001, the Scottish Ministers hereby offer to pay a grant to the City of Edinburgh Council for the Edinburgh Tram Network. The grant assistance offered shall be up to a maximum of £60,000,000 (sixty million pounds) and must be used for utilities diversions, advance works, continuing development and procurement for Phase 1A of the Edinburgh Tram Network.

The grant is offered on the terms and conditions contained in the schedule attached to this letter.

Payment arrangements for 2007-08

The grant will be paid 4-weekly in arrears of expenditure as set out in the financial profile to be submitted by City of Edinburgh Council and agreed by the Scottish Ministers. As at 30 June 2007, 30 September 2007, 31 December 2007 and 31 March 2008, the City of Edinburgh Council will submit a statement reconciling actual expenditure against grant paid. This reconciliation statement shall be submitted within 4 weeks of the reconciliation dates. If the grant paid to date exceeds the actual expenditure the City of Edinburgh Council will adjust the financial profile for the remainder of the financial year and submit this to the Scottish Ministers for approval. On conclusion of the grant period any monies-

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overpaid by the Scottish Ministers shall be repaid by the City of Edinburgh Council by 14 May 2008.

The City of Edinburgh Council must also provide with the acceptance of offer of grant a copy of its capital spending plan for 2007-08 to be attached as Annex C together with a financial profile in the format attached at Annex A. The information set out in the Edinburgh Tram Network draft Final Business Case, November 2006 is acceptable for the purpose of Annex C but this must be formally identified by City of Edinburgh Council as representing their capital-spending plan for 2007-08.

DAMIAN SHARP

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