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**From:** Reeve W (Bill)  
**Sent:** 28 September 2007 08:03  
**To:** Reeve W (Bill); PS/Transport Scotland; McShane N (Natalie); Ramsay J (John); Davis L (Lorna); Morrissey J (Jerry)  
**Subject:** Re: £500m for 1a and 1b

Further to the note below, I subsequently discussed the matter with John Swinney directly.

I don't believe he had appreciated the two points made below. He was under the impression that spend on 1b would follow 1a, whereas there will actually be significant parallel expenditure.

He is content to stick with the offer of £500m for 1a and 1b.

I think the fact that the Ministerial Statement yesterday depends on completion of the Tram as the rail link to the airport makes it difficult for ministers to distance themselves too much from the tram project. In this context, the fact that current commitments are greater than the previous administration may be a point they wish to use at some stage.

There is still a need for a brief note to ministers to record this change.

Regards,

Bill Reeve

Director, Rail Delivery  
Transport Scotland

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

**From:** Reeve W (Bill)  
**To:** PS/Transport Scotland; McShane N (Natalie); Ramsay J (John); Davis L (Lorna); Morrissey J (Jerry)  
**Sent:** Thu Sep 27 14:47:01 2007  
**Subject:** £500m for 1a and 1b

Dear All,

Malcolm has received a letter from Willie Gallagher suggesting ministers have agreed to provide £500m, irrespective of its use for line 1a or 1b. I have today spoken with Stewart Stevenson. He confirms that he has discussed this with John Swinney, and they are content our offer should be a straight £500m, without limitation to its use for 1a or 1b.

This certainly makes negotiations simpler. Two issues worth recording are :

1. This is now a greater commitment than the previous administration ever made.
2. In the event that some of the £500m is spent on Line 1b, and cost pressures emerge which exceed the total of £500m + contribution which City of Edinburgh can afford, the scale of the any gap left for completion of 1a will be increased.

I think we need a minute to Stewart Stevenson to record what our new negotiating position is. It should record the above two issues within the note.

John - could you prepare a brief note ?

Regards,

Bill R.