

Mr Bill Reeve
Director of Rail Delivery
Transport Scotland
Buchanan House
58 Port Dundas Road
Glasgow
G4 0HF

Date 9 June 2010

Your ref

Our ref SS1.1

Dear Bill

EDINBURGH TRAM

In accordance with the Grant Offer to the City of Edinburgh Council for Construction of Phase 1a of the Edinburgh Tram Network, I am writing to inform you that the Council has received formal notification from the TEL Board that it now considers that the full scope of Phase 1a of the project cannot be delivered within the budget of £545m and by October 2012.

A copy of the letter from TEL is attached for your information.

At the present time, TEL is not able to give a confirmed potential final outturn cost, or final open for revenue service date, as these are dependent on the outcome of the ongoing commercial dispute with the BSC consortium.

Work is continuing by *tie Ltd* and TEL to examine potential options for delivery of the project, including the possibility of incremental delivery. Whilst it is acknowledged by TEL that they will require further Council approval in due course to undertake incremental delivery of the project or to increase funding, at this stage, until greater commercial certainty is achieved, they are not in a position to do so.

An update report on the progress of the tram will be presented to Council on 24 June 2010. That report is still in draft form, but I will provide you early sight of that report as soon as practicable.

The/

Dave Anderson, Director, City Development

Transport, City Chambers, High Street, Edinburgh EH1 1YJ



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The Council will keep you fully informed once a greater degree of certainty is obtained, however if you have any questions on this matter, please do not hesitate to contact me on [REDACTED]

Yours sincerely

[REDACTED]

Dave Anderson
Director of City Development

Encl – Letter from TEL dated 8 June 2010

Cc John Ramsay, Project Manager – Edinburgh Trams
David Mackay – TEL