
From: McLaughlin AC (Ainslie)
Sent: 16 November 2010 18:08
To: Middleton DF (David); Permanent Secretary
Cc: DG Economy; PS/Transport Scotland
Subject: Re: Trams - Perm Sec enquiry

just to update you on how the Cabinet Secretary's meeting this afternoon with Jenny Dawe and Tom Aitchison of Edinburgh Council went. Donald McGuigan, Edinburgh's Finance Director, was also at the meeting.

Cab Sec was concerned that terminating the contract would plunge the project into limbo and lead to years of expensive legal wrangling between Edinburgh and the contractor.

There was broad agreement that it would be preferable if some form of deal could be struck which was acceptable to both parties to complete the tram at least to the city centre.

It was acknowledged, however, that the cost of even partial completion would be likely to significantly exceed the original £545m budget. The last offer on the table from Bilfinger was for around £650m just to construct the tram into St Andrew's Square. That is £100m higher than TIE's current assessment

It was agreed that the idea of some form of third party mediation, as floated by John Campbell in today's Scotsman, was worth pursuing although perhaps with a different mediator. Tom Aitchison is going to explore options and get back to us in the next few days.

Cab Sec was of the view that to be meaningful Edinburgh Council should be involved in any mediation exercise as well as TIE. Donald McGuigan suggested that there may also be merit in having Transport Scotland participate. Cab Sec was open to that.

If mediation was agreed then it is likely to go ahead next month which would mean that the planned report to the Council on 16 December on the way forward for the contract would be deferred until next February.

Ainslie

From: Middleton DF (David)
To: Permanent Secretary
Cc: DG Economy; PS/Transport Scotland; McLaughlin AC (Ainslie)
Sent: Tue Nov 16 10:22:19 2010
Subject: Trams - Perm Sec enquiry
Perm Sec

Although we have had a degree of closeness to the project our contact for the most part has been with tram Chief Executive Richard Jeffrey and the previous Chairman David Mackay. We are less familiar with the TIE board and its personalities.

We have not as yet had any confirmation of Brian Cox's appointment as interim replacement for David Mackay. Mr Cox is 62 and has been a non-executive director of Tie for several years. His background is firmly in the bus industry and we suspect his appointment is as much to do with bringing stability to the Council's plans to merge the bus and tram operations under a single company –Transport Edinburgh Limited. I have set out below a brief resume of Brian Cox's career.

- He claims not to be interested in the chairman's job on a permanent basis and would only take on the role as an interim appointment pending the recruitment of full-time successor to David Mackay.
- Worked for Stagecoach for 15 years before **retiring in July 2002.**

- Over 30 years public transport experience under both public and privatised regimes, but he does not appear to have any relevant construction experience.
- Became Executive Director of Stagecoach's UK Bus in 2000, overseeing the re-organisation of the UK bus division into 12 companies (he was also a member of Stagecoach Group's board prior to retirement).
- Most of his career appears to have been spent working in the bus industry but he is credited with spearheading Stagecoach's move into rail with the successful bid for the South West Trains franchise.
- Mr Cox was Chairman and Managing Director of South West Trains from 1996 to 1998.
- Worked for a bus company called Kelvin Buses in the 1970s.

John Swinney is meeting the Jenny Dawe and Tom Aitchison of Edinburgh Council at 1 pm today to discuss the tram project and we expect to hear more about Edinburgh's plans at that meeting. Ainslie Mclaughlin is supporting the Cabinet Secretary and we will be able to give you a read out from the meeting later this afternoon if that would be of help.

David