
From: Ramsay J (John)
Sent: 17 August 2009 16:30
To: Reeve W (Bill); Morrissey J (Jerry)
Subject: Edinburgh Tram: Mr Swinney's queries

Follow Up Flag: Follow up
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Bill / Jerry

Following discussion with Jerry, I have added a final bullet to alert Mr Swinney to the fact that CEC wish to come and speak to Transport Scotland about some of the key funding / cash generation issues post Council meet this Thursday. We await confirmation from them on potential dates and agenda etc.

Key Notes in response to Mr Swinney's request for further detail on current tram contract dispute:

Q1: What will be the likely impact of cost overrun on £545 Affordability?

- As the dispute with Bilfinger has developed over the course of the last year, Tie / CEC has revised their overall cost estimates on basis of revised risk associated with outcome of dispute resolutions and programme slippage as

February 2009:

- Estimated range between **£528m to £546m**

August 2009:

- Now estimated up to between **£561m to £601m**

Q2: what is likely impact on Council finances?

- CEC has let it be known that they currently only have certainty of approx. £13m of their overall agreed £45m. The key reason for this being the economic downturn and corresponding failure of the various waterfront developments to provide the necessary developer income.
- The CEC paper for the Council meeting on Thursday this week identifies that although DTZ has confirmed that this will still materialise, it will be done over a longer timescale
- Realising a quicker integration between TEL, Lothian Buses and tie.Ltd will assist in delivering savings but more importantly allows further financial generation mechanisms to be exploited
- The Council paper has also indicated the need for further finance contingency plans based on prudential borrowing (supported by mix of Council funds and Lothian Bus profits loan servicing and vehicle leasing rather than purchase)
- Donald McGougan (the Council's Director of Finance) has indicated his wish to discuss some of these matters with Transport Scotland once the full Council has met on 20 August.

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