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**From:** Reeve W (Bill)  
**Sent:** 09 October 2009 08:53  
**To:** Ramsay J (John)  
**Subject:** Re: scottish water and edinburgh trams

This is relevant, but doesn't quite address Mr. Swinney's question. I think what he wants to know is :

- What is the £500m paying for.
- How much of the Scottish Water payments for enhancements are because they have elected to ask for the enhancement ?
- How much of the SW payments are they obliged to fund as a result of the tram works, whether they want them or not.

Regards,

Bill Reeve

Director, Rail Delivery  
Transport Scotland

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**From:** Ramsay J (John)  
**To:** Reeve W (Bill)  
**Sent:** Fri Oct 09 08:45:20 2009  
**Subject:** Re: scottish water and edinburgh trams

Bill

Tie has confirmed the following context within the MUDFA contract. This is ok but will Mr Swinney want more in terms of costs etc?

"Any betterment is evaluated and paid between tie and Scottish Water. Tie are liable for legitimately incurred Carillion costs in line with the MUDFA Contract and as such take the cost of completing Scottish Water diversions.

This is reimbursed by Scottish Water where they have requested an enhancement (100% paid by SW to us to pay Carillion).

Tram funded work is only undertaken if required for the tram project and does attract some betterment contribution from Scottish Water. The forecasts allow for this to fairly reflect the Nett cost to the project and funders".

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**From:** Reeve W (Bill)  
**To:** Ramsay J (John)  
**Sent:** Thu Oct 08 21:49:19 2009  
**Subject:** Fw: scottish water and edinburgh trams

Grateful for more info on this so we may answer the question asked.

Ta,

Bill Reeve

Director, Rail Delivery  
Transport Scotland

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**From:** Robertson G (Graham)  
**To:** Irvine RN (Bob); Cabinet Secretary for Finance and Sustainable Growth  
**Cc:** Reeve W (Bill); Harvie-Clark T (Tom)  
**Sent:** Thu Oct 08 20:56:49 2009  
**Subject:** RE: scottish water and edinburgh trams

Bob/Bill,

Thanks for this. In essence what Mr Swinney is getting at is the following:

Is the work that Scottish Water are paying for simply the basic alterations that are *required* to be made to their infrastructure as part of the agreed contract for the project. If so, are the costs for those basic alterations included within the £500m that the Scottish Government are paying towards the trams? Or, is the work an *enhanced* specification that they have requested in order to take advantage of the opportunity to have the work done at a reduced rate (i.e cheaper since the roads are being dug-up anyway). If it is the latter then how much, if any, of the cost of that work is included within the £500m? What are the factors that are determining the increasing costs to Scottish Water - is it the terms of any deal to get an increased specification or is it the terms of the arrangement for the basic work to be done? Were we aware when we agreed the £500m figure that Scottish Water would be making a contribution to the cost of the project and how was it accounted for?

Thanks

Graham  
**Graham Robertson**  
DPS/Cabinet Secretary for Finance and Sustainable Growth  
Telephone: [REDACTED]  
Mobile [REDACTED]

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**From:** Irvine RN (Bob)  
**Sent:** 08 October 2009 14:43  
**To:** Cabinet Secretary for Finance and Sustainable Growth  
**Cc:** Reeve W (Bill); Harvie-Clark T (Tom)  
**Subject:** RE: scottish water and edinburgh trams

As I understand it, certain parts of the utilities work include enhancements or renewals that would be additional to the simple requirements of the tram project. As these will save Scottish Water money in the future, they make a contribution to allow these renewals to form part of the present project. This is a standard practice in infrastructure projects.

Bob

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**From:** Robertson G (Graham) **On Behalf Of** Cabinet Secretary for Finance and Sustainable Growth  
**Sent:** 08 October 2009 13:27  
**To:** Irvine RN (Bob); Cabinet Secretary for Finance and Sustainable Growth  
**Cc:** Reeve W (Bill); Harvie-Clark T (Tom)  
**Subject:** RE: scottish water and edinburgh trams

Bob,

Thanks for this. Mr Swinney was wondering if we could clarify further. He would like to know what is the requirement that compels Scottish Water to pay for this? We, the Scottish Government are already paying the £500m, so he would like to know why Scottish Water are obliged to have this work carried out and also to pay for it?

Thanks

Graham

**Graham Robertson**

DPS/Cabinet Secretary for Finance and Sustainable Growth

Telephone: [REDACTED]

Mobile [REDACTED]

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**From:** Irvine RN (Bob)  
**Sent:** 06 October 2009 12:09  
**To:** Cabinet Secretary for Finance and Sustainable Growth  
**Cc:** Reeve W (Bill); Harvie-Clark T (Tom)  
**Subject:** scottish water and edinburgh trams

John,

Just a note to follow up on the point raised by Ronnie Mercer yesterday about the increased costs they face from the utilities contractor to the Edinburgh trams project. Mr Swinney was concerned that there might be an implication for the support the Government is giving to the project.

I understand from Transport colleagues that the delays and cost increases have no impact on the cost to SG which remains capped at £500m. The cost to City of Edinburgh Council will increase. I understand also that this has been the subject of previous briefings.

I should also make clear that Scottish Water are seeking to persuade the WIC to allow these additional costs in the charges they recover from customers. They are not seeking additional Government support.

Bob Irvine