

Kirsty-Louise Campbell

From: Gill Lindsay
Sent: 02 March 2007 17:08
To: Mandy Peay; Jim Inch
Subject: RE: GVD notices and Ministerai announcement re Tram Business Case

Mandy

Thank you for the copy mail of 1 March. All officers have been liaising most urgently today to progress matters following Thursday's Board meeting. We were advised around 3.30 pm from colleagues in City Development that there would be no Ministerial announcement today, that the Transport Minister did not wish the GVD 2 letters to be released today in advance of his statement and that the grant funding would be rolled over to the next financial year. I will copy to you for information our internal e mail confirming the agreed officer position. I am sure Andrew's staff will be liaising closely with Tie.

Kind regards

Gill

From: Mandy Peay
Sent: 02 March 2007 16:28
To: Jim Inch; Gill Lindsay
Subject: FW: GVD notices and Ministerai announcement re Tram Business Case

From: Stewart McGarrity [mailto:Stewart.McGarrity@tie.ltd.uk]
Sent: 01 March 2007 18:33
To: Tom Aitchison; Willie Gallagher; Andrew Holmes
Cc: Suzanne Waugh
Subject: GVD notices and Ministerai announcement re Tram Business Case

Gents,

Willie asked me to write a short note on the issue of the GVD notices for the acquisition of land for the Tram.

We undertook with Transport Scotland some time ago that we would endeavour to complete the GVD process such that CEC would take title to the land concerned prior to 31st March 2007. The land concerned will cost c £10m and the funding is already included in our approved year to March 07 funding from Transport Scotland. Under accounting rules this would allow Transport Scotland to treat the expenditure as having occurred in the 0607 financial year which would be helpful to them in their expenditure planning. The GVD letters must be issued 28 days before title to the land is taken meaning they must be issued by close of play tomorrow (Friday 2nd) for CEC to take title to the land by 31st March.

From tie / CEC's point of view, the exact timing of issue of the letters over the next few weeks is not critical – we are trying to help transport Scotland out and this will be helpful in our relationships going forward and any favours or flexibility we need during negotiations e.g. re timing of input of CEC's £45m contribution and extra funding for Phase 1b to Granton.

A report was put to the Council by the Director of City Development on 26th October 2006 in which the Council was asked to note the intention that when the Business Case is approved by the Council **and Ministers**, the GVD will be made. Transport Scotland have reported to Ministers on the Draft Final Business Case but there is a delay for reasons indeterminate in the issue of an announcement by Ministers. If there is still no adequately supportive announcement tomorrow, and CEC hold the position that the GVD notices should not go out until there is, then title to the land will not be taken in this financial year.

28/03/2007

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Other than an inconsistency with what the Council was asked to note in October 2006 (and that is important), it may be considered that there is a low level of risk associated with issuing the GVD notices prior to a Ministerial announcement. In the unlikely event the Tram project were cancelled, CEC could either transfer the land back to the original owners or otherwise would be in possession of assets which were bought at market value and could be prima-facie be sold on for the same amounts with only transfer and legal costs suffered. Transport Scotland could only reasonably ask for the net realised proceeds to be returned. There may also a risk of poor press coverage as a result of issuing the notices "prematurely" even though we have full powers, funding and Transport Scotland blessing to do so.

The only other factor is that Transport Scotland would need to increase funding for the 0708 year or otherwise roll-over the funding for this year to make the land acquisitions. I see this as more of an inconvenience for all concerned rather than a risk as such.

Please give me a call if there are any questions.

Stewart

Stewart McGarrity
Finance & Performance Director
tie Limited
[REDACTED]

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