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Sent: 02 June 2010 17:21
To: 'Nick Smith'; Dave Anderson; 'Donald McGougan'; Marshall.poulton@edinburgh.gov.uk; david_mackay@██████████ 'Richard Jeffrey'; 'Steven Bell'; 'Stewart McGarrity'; Fitchie, Andrew; 'Mandy Haeburn-Little'; 'Lynn McMath'
Subject: Council report 24/6 - updated version from TEL / tie : STRICTLY CONFIDENTIAL
Attachments: Council Report 24 June 2010 v1.18 vtie.doc

Colleagues, I attach the Report v1.18 received from Nick on 26th May 16.59pm, with all changes highlighted in that version accepted. The changes tracked on the attached represent feedback from tie management and the highlighting of points previously raised as important and which are worth further consideration.

I would not suggest for a second that the proposed changes are sacrosanct, but it would make version control much easier if the proposed changes were accepted on the next draft and then amended or removed as CEC thinks appropriate.

The additional points worth further discussion are :

1. I have attempted to reflect the flavour of this morning's TPB meeting by slightly expanding comment on Carlisle (3.25) and on Termination 3.26. See also 2.11 in the summary section.
2. Need to update to nearer date of release in relation to Carlisle / Termination. All other areas can now be regarded as frozen, unless something significant and unforeseen emerges.
3. Tie management are strongly of the view that the detailed information on Princes Street carries the risk of worsening the commercial outcome and are concerned that taking the Princes St information out of context will lead to misinterpretation by the media. If it is to stay, some rewording and reduction in detail is thought necessary.
4. The new paras 3.77 and 3.78 open up a series of questions about the terms under which the mechanisms can be applied and why they have not been applied to date. In reality these would be applied in a scenario heading for or in termination and it may not be wise to open up such questions at this stage. The Consortium are well aware of the mechanisms and the body of the report already states clearly that tie is examining all legal mechanisms. If it is determined that the paragraphs should stay, Andrew has a number of amendments which will require to be reflected.
5. 3.13 – the basis for the savings achieved versus BSC claims requires some further work
6. 3.28 – to reconsider the good guy / bad guy paragraph on Siemens / CAF (3.28) in the light of Carlisle dynamics.
7. In several places, the Report addresses affordability and this carries the risk that BSC use the comments as evidence that CEC does not have the money to fulfill its financial obligations under the BSC Agreement and related Guarantee, thereby justifying BSC's approach as "necessary to protect its financial interests". In addition, the statements about TEL not seeking additional funding at this stage sit uneasily with the description of an additional 10% funding being pursued.

8. The conclusions and recommendations sections might be tackled soon as they are likely to be sensitive and of particular interest to readers.
9. The whole report would benefit from a cold review by the comms team, perhaps the next version.

Regards
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