
From: Alan Coyle
Sent: 09 February 2010 14:38
To: Phil Wheeler
Cc: Donald McGougan
Subject: RE: Budget Meeting

Phil,

Please see below my suggested wording for your question from Alison Bourne.

"As you are aware the tram project has funding currently committed of £545m. Currently we are engaged with BSC, the Infracore contractor, on a number of commercial, contractual and legal issues with a view to providing greater programme and cost certainty. Once this work has been completed it will enable the Council to assess the impact on the funding currently available. Should additional funding be required it would be the Council's intention to fund a controlled amount of prudential borrowing through future TEL profits, potential leasing arrangements or identification of future capital spending when rolling forward the Council's capital programme. The Council's prudential indicators currently do not include tram. Should additional funding be required for tram appropriate provision will be included for future years."

Regards

Alan Coyle | Financial Services | Corporate Finance Team (Edinburgh Trams) | Level 2/6 Waverley Court | 4 East Market St EH8 8BG | alan.coyle@edinburgh.gov.uk |
Phone [REDACTED] Mobile [REDACTED]

From: Donald McGougan
Sent: 09 February 2010 11:20
To: Alan Coyle
Subject: FW: Budget Meeting

From: Phil Wheeler
Sent: 09 February 2010 11:16
To: Donald McGougan
Cc: Jenny Dawe; Steve Cardownie
Subject: FW: Budget Meeting

Donald

Please see attached message from Mrs Bourne. Any comments to enable me to respond to her?

I am sure that she is aware that the tram has its own funding arrangements, which is why there is no mention of it in the CEC Budget.

Phil

From: RASM Bourne [mailto:[REDACTED]]
Sent: 08 February 2010 22:25
To: Jenny Dawe; Phil Wheeler; Steve Cardownie
Cc: Iain Whyte; Andrew Burns
Subject: Budget Meeting

Dear Councillors

I have been reading the Council reports in advance of the Budget meeting on 11 February and am somewhat alarmed to see that very little mention has been made of the financial position of the tram project.

I am sure that you will by now have ascertained from your officials what the implications are of the recently reported award against TIE to Bilfinger Berger in respect of unexpected works at Russell Road, and I have little doubt that TIE's failure to provide clear sites to the infrastructure contractor will also result in further costly judgements against them.

If you have not ascertained the implications of this decision, then I would urge you to do so without delay as their potential consequences cannot be underestimated and, in my view, could make the current £94m budget shortfall look paltry by comparison.

I understand that, in the event of a funding shortfall on the tram project, the City of Edinburgh Council intends to meet this through prudential borrowing. However, I further understand that there may not be sufficient headroom within the current prudential borrowing limit to accommodate the necessary funding. Please advise what the Council would then intend to do to meet any funding shortfall.

Yours sincerely

Alison J Bourne