
From: Stewart McGarrity
Sent: 11 March 2010 15:46
To: Richard Jeffrey; Steven Bell; Susan Clark; Graeme Bissett (external contact); Alastair Richards; Mandy Haeburn-Little
Cc: Gregor Roberts; Hamish Sheppard; Alan Coyle - CEC; Dennis Murray
Subject: Pitchfork (Private & Confidential) - Information for TS
Attachments: Cost to Date Analysis P12 0910.xls; Mar2010 OptionsCosting4.ppt

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Pitchfork (Private & Confidential) - Information for TS

All,

Following the meeting the other day, we have 2 major pieces of information to feed to Transport Scotland:

A breakdown of our costs to date £338.1m

As provided comprehensively in my email and attachment of yesterday – see spreadsheet attached again. For avoidance of doubt TS already have this information and in detail. It does no harm whatsoever to resend it and I suggest that I do so. **Can you confirm that you are happy for me to forward the attached spreadsheet and offer a meeting with Jerry Morrissey and anyone else at TS to present the numbers, answer the questions and dispel the myths?**

The only challenging bit to articulate is the explanation for why we have certified far more as a percentage of the Infraco contract sum than the percentage of the construction complete – the answer is we paid them 20% upfront and they have been getting paid their preliminaries in accordance with the Milestone schedule even as the construction has not been progressing satisfactorily (we now have a cunning plan to effectively stop paying any more prelims for the time being). We are not aware of any circumstance which would prejudice our entitlement to getting cash back from BB and/or S in the event of a termination or change in the consortium were we due it (despite the usual scaremongering from R Walker). TS have very keen interest in our own overhead (Resource Costs) - I can answer all questions about history convincingly without providing them with our payroll.

The components of the increase in costs from £512m

The attached Powerpoint slides (which you have all seen a version of) show details of major movements from £512m up to the Option 3C base estimate of £639.9m. Look at the new presentation of slide 3. The best, indeed only way to present this to TS officials is face to face to ensure the messages are being received with as little static interference as possible. **I suggest we do send them the presentation slides and invite them along for a chat through them.** Others may have a different view - and the analysis will develop – but the message that it's not all an accepted BSC cost and we have a lot of £ still to play for can be delivered effectively with these numbers.

I will be working next week on the granularity and range analysis of the risks we have provided for – the devil is very much in the detail and trust me there is plenty of that detail to consider. **I am on leave tomorrow** but available by phone and email.

Stewart

Stewart McGarrity
Finance Director
Edinburgh Trams

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From: Stewart McGarrity
Sent: 10 March 2010 08:55
To: Richard Jeffrey; Steven Bell; Susan Clark
Cc: Gregor Roberts; Hamish Sheppard; Alan Coyle - CEC
Subject: COWD Analysis to P12 0809

TS were very interested yesterday in what we have spent £338.1m on to date on and in particular the Resource Costs element. This is all reported to them already in the TS report and the detail is in the spreadsheets they get. Never mind - the attached is a comprehensive elemental breakdown of the £338.1m from our accounting records with some activities and milestone dates annotated at the bottom. Use the outline buttons to drill down even further.

Putting the infrastructure in the ground was always intended to be the last £250m spent on the project – as per Business Case.

Infraco costs booked in March 08 (2 months pre contract award!) was to use up available TS funding in that year and booked with TS knowledge. Subsequently caused TS all kinds of bother with Audit Scotland.

Of the £63m spent on Project Costs, £35m was pre contract.

I'd be happy to provide this to TS as is. What do you think?

Regards,
Stewart

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