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**From:** Alan Coyle  
**Sent:** 30 October 2007 14:04  
**To:** Rebecca Andrew  
**Subject:** FW:  
**Attachments:** Tram - 20071024 - Risk Register (DMT).pdf

Rebecca

I take care of this  
A

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**From:** Robin Goodwin  
**Sent:** 30 October 2007 09:40  
**To:** Alan Coyle; Rebecca Andrew; David Cooper  
**Subject:**

Alan / Rebecca / David,

I am preparing a report on Tram for both the City Development Management Team meeting on 8th October and the IPG on 15th November.

Can you please provide an update on the text below by this Monday, 5th November to allow the report to be finalised. I also attach the tram risk register, if you have any updates or additions to this please let me know.

Also if you could email me with any relevant papers that could be added as an appendix.

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## 5 Timetable to Financial Close

In order to meet the project programme and budget, financial close is required in January 2008. To achieve this, the following programme must be adhered to:

### 5.1 Key Dates

| Date               | Milestone  |
|--------------------|--|
| 25th October 2007  | Full Council meeting to approve FBCv1. Approval sought from Transport Scotland Officials plus Cabinet.   |
| 31st October 2007  | Tramco/Infraco - Final facilitation of novation negotiation complete.  |
| 12th November 2007 | Infraco - Negotiations for phase 1B complete.  |
| 19th November 2007 | Tramco/Infraco - final negotiation and appointment.  |
| 5th December 2007  | Tram Project Board approval of FBCv2 and final deal, with recommendation to CEC and TEL  |
| 6/12 December 2007 | Planning Committee approval of revisions to tram contribution policy to allow for the continued collection of tram contributions when the tram is operational. |
| 20th December 2007 | Approval sought for FBCv2 from Full Council and Transport Scotland. Approval of and funding for Tramco/Infraco contracts.                                      |
| 28th January 2008  | Tramco/Infraco contracts awarded following CEC/TS approval and cooling off period.   |

|                     |                                    |
|---------------------|------------------------------------|
| 11th January 2008   | Financial Close.                   |
| 18th February 2008  | Construction commences - phase 1a. |
| 17th November 2009  | TRO process complete.              |
| 27th September 2010 | Construction complete - phase 1a.  |
| 25th February 2011  | Operations commence - phase 1a.    |

## 5.2 Business Case

The Council report on the Final Business Case (FBCv1) has been prepared and is being presented at the Council meeting on 25 October 2007. That Final Business Case will be updated again upon completion of the final negotiations with the preferred bidders and this will be reported to a further Council meeting on 20 December 2007, when approval will be sought to enter into a contractual position for the project delivery.

## 8 Financial Contribution & Funding Agreement Between Transport Scotland & CEC

Negotiations on the funding agreement are continuing with Transport Scotland. A draft grant award letter has been produced by Transport Scotland, which did not reflect terms previously agreed with Council officials.

On 20<sup>th</sup> September 2007 a meeting between CEC and Transport Scotland took place to discuss the grant award letter. Issues on the grant award were discussed, primarily confirmation that the funding agreement for Phase 1, which would give the Council an option on Phase 1b should funding be available. Transport Scotland were to review CEC comments and come back with an updated draft.

As part of the Office of Government Commerce (OGC) gateway 3 review they recommended that the formalisation of Scottish Government support in the Grant Letter from Transport Scotland is agreed as soon as possible to underpin the funding for the project and eliminate existing uncertainties that have been expressed by bidders. Transport Scotland have been aware of this issue for sometime. Transport Scotland currently state the letter is with their legal advisors.

CEC is still committed to £45m of funding, the majority of which coming from developer contributions (see over). However, there is a need to find further funding to meet any cost overrun and/or to pay for phase 1b.

### 8.1 Developer Contributions

£25.5m has been identified as the required developer contribution to the tram project.

The Tram Developer Contribution Guideline has been revised as a draft for consultation and was put before the Planning Committee on the 4th October 2007. It is intended that the Guideline will be put before the Planning Committee again in early December 2007 for full approval. Following the first of these Planning Committee reports will be a report to Full Council on the estimated level of borrowing to be secured against developer contributions. This will be reported along with the Final Business Case. Following full approval from the Planning Committee a further report to Full Council will seek approval to borrow money on this basis and provide a final amount. It is anticipated that this report will be put forward at the same time as the final report on the Infraco Contract on 21<sup>st</sup> December 2007.

Forth Ports have recently submitted an Outline Planning Permission for the Leith Docks Development Framework area. Forth Ports are identified as a key contributor under this approach and early discussion is required. The Director of City Development will lead in these discussions with Forth Ports.

£2.1m of developer contributions have already been banked and an agreement with Forth Ports would bring significant contribution to the project. The progress of these contributions

will be monitoring closely and a model developed to assess the Council's borrowing requirements is underway and will be monitored on regularly.

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Regards,

**Robin Goodwin**

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