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**From:** Graeme Bissett [REDACTED]  
**Sent:** 30 October 2007 07:55  
**To:** Stewart McGarrity  
**Cc:** Susan Clark; Jim McEwan; Willie Gallagher  
**Subject:** RE: Tram Funding from TS

Stewart, this echoes the concern I mentioned yesterday about the robustness of the phasing within the overall spend of £498m. There was genuine uncertainty while the bid process was underway but this should now be capable of better definition directly with BBS. There is also genuine difficulty with accurate planning for the stub period February / March 08, which is the period Bill Reeve is referring to. In addition to the forecast for the ongoing work – including an assessment of pre-contract mobilization, MUDFA and the use of the risk contingency (which is correctly included in the spend – we need to build in 1) the contractual payment profile 2) the need to acquire substantial materials up front 3) changes in tie's internal cost structure 4) the issue of creating adequate working capital 5) the pro rata balancing of contributions between TS and CEC to date including CEC free land contributions ; and ensure all of the above meets the accounting rules so that it scores for funding drawdown. Beyond 07/08, the profile should be much more predictable and we should assume that the project goes to plan in presenting the profile to TS, rather than building in any cushion.

It should be obvious, but we should mark in bold print on any spend plan that the figures reflect only Phase 1a (for now) and also do not reflect any spend on changes including Gogar.

In a sensible world, the payment plan would be matched with funding milestones with no interference from year-end dates. However, it is something we have to acknowledge. The answer is that we just need to do our best to achieve accuracy and ensure separately that we are not locked into drop dead dates for funding, as they have recently suggested.

Regards  
Graeme

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Graeme Bissett  
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**From:** Willie Gallagher [<mailto:Willie.Gallagher@tie.ltd.uk>]  
**Sent:** 30 October 2007 00:13  
**To:** Stewart McGarrity; Graeme Bissett (external contact)  
**Cc:** Susan Clark; Jim McEwan  
**Subject:** Tram Funding from TS

Stewart,

An urgent piece of work.

Tonight at the awards, Bill Reeve spoke to me about grave concerns TS have over our CAPEX expenditure forecast for this year. Moreover, he is stressing the importance of being as accurate as possible for the next two years as TS are tightly constrained on CAPEX with "little flexibility"

Can you dig into this asap,

Discussion on Thursday if poss.

Willie

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