

From: Minister for Transport
6 February 2006

Minister for Finance and Public Services

TRANSPORT INVESTMENT PLAN

Purpose

1. To record the outcome of our meeting on 25 January and to provide further detail in response to your questions about the paper presented to Cabinet on 21 December 2005.

Priority

2. Routine.

Key points agreed

3. When we met we discussed the management of the overall bulge in transport capital spending and agreed that Transport Scotland had robust plans in place to manage the bulge through a combination of cost control, PPP for some of the major roads schemes and use of Network Rail's Regulatory Asset Base (RAB) funding mechanism for some of the major rail schemes. The choice of which schemes would make use of PPP or the RAB would be made on the basis of value for money assessments in each case.

4. Transport Scotland is putting in place improved governance arrangements to ensure the active financial management of the capital investment programme. Part of these arrangements will be a short-term project group to work up detailed finance options for the programme of committed rail investments, taking into account the various pressures on the rail budget (both capital and revenue) in the medium and long term. Your officials have been invited to take part in that group and the first meeting has been arranged for today.

5. We also discussed recent progress with City of Edinburgh Council on establishing a realistic and affordable scope for the Edinburgh Tram scheme. We agreed that, subject to a satisfactory decision by the Council on 26 January (which was made) that reduced the scope of the first phase of Edinburgh Tram, I would agree in principle to the indexation of the Executive's £375m contribution in line with rises in the general cost of construction. I now propose to announce this formally during my appearance at the Edinburgh Tram (Line One) Bill Committee tomorrow in line with Damian Sharp's advice of 3 February. Final release of significant sums towards construction will depend on confirmation of the value for money of Phase 1 following further detailed modelling work that is underway.

6. Finally, we agreed that I would provide specific responses to the points you raised in your minute of 15 December. I attach a paper that addresses those issues.

Conclusion

7. I will be circulating a brief SCANCE paper updating colleagues on our discussion and confirming the likely timescales for delivery of the major public transport projects as set out in the paper discussed at Cabinet on 21 December.

Tavish Scott
6 February 2006

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Cabinet Ministers					X

- PS/Perm Sec
- PS/ETLLD
- PS/Transport Scotland
- John Ewing
- Bill Reeve, TS
- Frances Duffy, TS
- Damian Sharp, TS
- Alastair Wilson
- David Reid
- Sandy Rosie
- Press Transport
- Sam Ghibaldan
- Adrian Colwell