
From: Park A (Andy)
Sent: 16 February 2007 14:16
To: Sharp DP (Damian); MacDonald TR (Tom); Patel DR (David); Duffy F (Frances); Anderson D (David)
Cc: Reeve W (Bill); Spence M (Matthew); Davis L (Lorna); PS/Transport Scotland; Ewing JA (John)
Subject: RE: Edinburgh Trams - draft papers for collective consideration
Attachments: Edinburgh Trams - Annexes1 AP Comments.doc; Edinburgh Trams - paper TS to colleagues draft - AP comments.doc

Damian

Please find comments attached in tracked changes. A couple are simply typographical (although I have not focused on proof reading, given the time constraints).

I am afraid that I feel I must remark that the timeframe that has been available to comment on this is wholly inappropriate given the importance of the note and likelihood of it leading to the expenditure of £500m of public money. I realise that this is the fault of tie in delaying submitting material and am glad that this issue is reflected in the risks.

However, it would have been extremely helpful to have been given significantly more time to comment and to have access to the new material that the note is based on, rather than to restrict comment to the note in itself.

My main issue is that the BCR does not reflect the updated costs and it has not proved possible, in the 4 hours available, to reconcile the two. It is my firm belief that, in an ideal world, the decision point in terms of the FBC would have taken place when the current (or better) estimates of the scheme costs were known. I also believe that the BCR should be updated to reflect the latest information. My additions to the document reflect an appropriate stance on this view.

I have added appropriate lines on the impact of the concessionary fares issue on accessibility and the fact that this issue, in terms of additional PSC, is not accounted for in the BCR (although I accept that this last point may be marginal).

I also removed "best practice" from a statement discussing how the STAG component of the work was conducted as I do not believe the inclusion to be warranted.

There is a minor pedantic issue that discussion of how the project performs under the STAG criteria should not really be headed as Economic Viability but as I can't think of anything more appropriate in the context I have left this point.

The final sentence of the Annex has been changed to reflect that situation regarding the audit situation. Following our discussions, the view was taken that we had to accept the audit based on Scott Wilson's professional competence and the text now reflects this. You will, of course, recall my concerns over potential doubt being cast on the possible proprietary of a major consultant on the EARL team acting as an independent auditor on the trams.

Happy to discuss,

Andy

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-----Original Message-----

From: Sharp DP (Damian)

Sent: 16 February 2007 08:59

To: MacDonald TR (Tom); Patel DR (David); Park A (Andy)

Cc: Reeve W (Bill); Spence M (Matthew); Davis L (Lorna); PS/Transport Scotland; Ewing JA (John)

Subject: FW: Edinburgh Trams - draft papers for collective consideration

Importance: High

Tom
David
Andy

To see revised papers to reflect consideration of comments and latest information from the following initial analysis of the Infraco bids. There are still a couple of numbers to plug in.

I am sorry to ask for comments so urgently but we only got final material from the following this week. I would very much appreciate final comments **by 2.00 pm today**.

I will be in meetings for much of the day but am happy to be dragged out to talk to you if need be to resolve any outstanding issues.

I have made a variety of drafting/tidying up changes but key changes to earlier versions you have seen are:

Paper from Tavish Scott to Finance Minister. DFM, FM

- Revised capital cost table at para 13 – consequential amendment to first & second bullets of affordability section at para 14
- para 14 bullet points have been re-ordered and re-structured to reflect the 3 tests (economic viability, financial viability, affordability)
- Financial viability bullets – new bullet point pointing out reliance on TEL business plan on passenger growth and RPI+1 fares increases – goes on to point out Lothian Buses has achieved greater annual growth rates over last 8 years than forecast in business case
- Financial viability – concessionary fares pressure – initial estimate of potential pressure of £2-3m per annum identified but offset against reduction in Bus Service Operators Grant identified – is this right?
- Affordability – section substantially revised in light of Infraco bids and additional responses on risk
- bullet point on potential quality of Infraco bids removed now that we have received them

Annexes

- Annex C has been completed to cover scheme facts and a description of the proposed bus service alterations – this description is drawn up from the TEL business plan and is therefore the up-to-date position

- Annex A – new para 4 to cover patronage growth & new paras 6-8 to cover commentary on tie's cost estimates especially in relation to risk
- Annex B – general updates to risk matrix plus significant change to entries on affordability and contingency in line with main submission

Damian
[REDACTED]

-----Original Message-----

From: Sharp DP (Damian)

Sent: 22 January 2007 10:21

To: Minister for Transport

Cc: PS/Transport Scotland; PS/Perm Sec; PS/ETLLD; Ewing JA (John); Reeve W (Bill); Duffy F (Frances); Patel DR (David); Ramsay J (John); Davis L (Lorna); Press Transport Scotland; Ghibaldan S (Sam); Colwell A (Adrian); Tattersall J (Jessica); Communications Transport; Spence M (Matthew); Adamson L (Lucy); Spencer FM (Fiona); Dow DM (David); MacDonald TR (Tom)

Subject: Edinburgh Trams - draft papers for collective consideration

Importance: High

Minister

Following feedback that the trams project will not need to go to full Cabinet and discussions with Finance Officials I attach an updated version of the paper. This is very much still in the style of paper that Cabinet would require given the collective Ministerial discussion that will follow.

There are some bits of the paper where details need to be checked and factual information added. This is ongoing but I thought it better to provide you with a substantially complete draft paper now while we complete all the details before circulating it formally for others Ministers' agreement.

The papers include an additional Annex which includes further information about the scheme and summarises development up until the previous collective Ministerial consideration in January 2006.

You may wish to let the Minister for Finance have a copy of these updated papers before you meet him on Wednesday.

I am working on a revised covering minute.

Damian
[REDACTED]

-----Original Message-----

From: Brown F (Fee) **On Behalf Of** Spencer FM (Fiona)

Sent: 05 January 2007 16:03

To: Minister for Transport

Cc: PS/Transport Scotland; PS/Perm Sec; PS/ETLLD; Reeve W (Bill); Duffy F (Frances); Patel DR (David); Sharp DP (Damian); Ramsay J (John); Davis L (Lorna); Press Transport Scotland; Ghibaldan S (Sam); Colwell A (Adrian); Tattersall J (Jessica); Communications Transport; Spence M (Matthew); Adamson L (Lucy); Spencer FM (Fiona)

Subject: Proposed Cabinet Memorandum: Edinburgh Trams: Pre-Digest Minute: January 2007

Minister

I attach for your consideration a draft pre-digest minute together with the Cabinet Memorandum on the Edinburgh Trams and the associated Annexes. Cabinet Secretariat advise that, for the paper to be considered on 21st February it needs to go into pre-digest by 5 February at the latest, with responses required from other Ministers by 13 February so that comments can be addressed and the Memorandum put forward to FM and DFM on the 14th of February.

If the paper enters pre-digest earlier then it would allow time, if you wish, for a meeting with the Minister for Finance during the pre-digest period. It would be worth considering this as it would help to ensure that we are able to address fully any points he may wish to raise. We have arranged to meet Finance officials next Thursday (12th) for a preliminary discussion so that officials are properly prepared should you wish a discussion with their Minister.

<< File: Cabinet Paper_ Edinburgh3.doc >> << File: Trams - final draft Cabinet Paper.doc >>
<< File: Trams - Annexes1.doc >>

Fiona

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