

To: Damian Sharp  
Head of Major Projects  
Transport Scotland

From: Rebecca Andrew  
Acting Principal Finance Manager  
The City Edinburgh Council

Damian,

**INITIAL RESPONSE TO TRANSPORT SCOTLAND COMMENTS ON THE  
DRAFT FINAL BUSINESS CASE FOR THE EDINBURGH TRAM  
NETWORK**

Thank you for your comments on the Draft Final Business Case for the Edinburgh Tram Network.

Having studied your letter in detail, we have identified over 70 separate actions to be addressed. In addition, there will be further actions required as a result of comments from colleagues in the Council, **tie** and TEL. As you will have seen, **tie** has already produced a list of key issues to be addressed. It is the Council's intention to work with **tie** to produce a detailed plan showing how each action will be implemented, detailing the person responsible and the timescale for implementation. This will be kept under review as the Final Business Case is being produced to ensure that all of your comments can be addressed.

Due to the short-timescale and the shortage of key personnel at both **tie** and CEC, we are unable to provide you this plan now, but will supply it by the end of the month, in line with conditions set down in the grant award for 2007/2008.

I can, however, provide you with an outline response to the main sections in your report.

**i. Introduction**  
No comment

**ii. Background**  
No Comment

**iii. Context**  
No Comment

**1. General Comments**

Content – Information to produce the missing sections is now (or will be shortly available). The sections can be included in the FBC

Presentation – Suggested changes can be made

Phases 1a & 1b – Agreement is required between the two funders over the presentation of 1b. This may be considered as part of discussions on the funding agreement or separately.

Funding Availability (calculation of indexation) – This needs to be considered as part of the funding agreement

**2. Introduction**

Suggested changes can be made.

**3. Project Development & Phasing**

No Comment

**4. Project Justification**

CEC is in agreement over the need for the mitigation of construction impacts and the requirement for plans to be in place and documented in the DFBC. We would also like the mitigation of post-construction impacts (wide-area traffic management) to be considered as this could have a greater effect on BCR over the longer-term.

Other suggested changes can be made.

**5. Project Scope**

CEC is in agreement that this section needs to be re-written to incorporate detailed design.

**6. Governance**

CEC also requires project governance to be strengthened. Our legal team are currently reviewing this.

**7. Procurement & Implementation**

CEC also requires the procurement and implementation strategy to be reviewed, prior to financial close. TS points will be addressed alongside CEC concerns.

**8. Operational Plan**

The operational plan already agrees with the TEL business plan, but this can be made explicit.

We welcome your comments surrounding concessionary travel, but would prefer stronger assurance, given that this issue could jeopardise financial viability.

CEC supports your comments on interchanges as only well designed interchanges can give confidence in viability of fare box, hence CAPEX must reflect this investment required.

Information on fare policy can be supplied.

**9. Financial Analysis**

CEC notes the commercial sensitivity of this area, but thought needs to be given on the information given to elected members, as greater detail will be required for the FBC than for the DFBC.

Other points should be addressed by the funding agreement and incorporated in the FBC.

**10. Risk**

The presentational issues can (eg P90 v P80) can be addressed relatively simply.

Issues such as risk-sharing, cost of delay and cost of inflation will be addressed as part of the funding agreement.

Further analysis of costing assumptions is required to give confidence on 12% risk assumption.

**11. Programme**

TS concerns are shared by CEC. We will require **tie** to revisit the programme and justify its assumptions, particularly in view of the SDS and Mudfa timetables slipping. We will also require the potential costs associated with delay to be balanced against the cost/quality impact of meeting an overly ambitious programme.

**12. Communications Strategy**

TS comments are accepted and will be implemented.

Should you require further clarification, please do not hesitate to contact me.

Kind regards,

Rebecca