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**From:** Middleton DF (David)  
**Sent:** 27 March 2009 09:20  
**To:** Reeve W (Bill)  
**Subject:** Re: Edinburgh Tram: Actions following Quarterly Review 3 March 09

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

I am on a bus 10 mins or so from D McKay

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**From:** Reeve W (Bill)  
**To:** Middleton DF (David); Ramsay J (John); Morrissey J (Jerry); Briody D (Damian)  
**Cc:** McAtamney E (Elaine)  
**Sent:** Fri Mar 27 09:01:24 2009  
**Subject:** Re: Edinburgh Tram: Actions following Quarterly Review 3 March 09

Dear David,

I think the two issues that strike me from this are :

1. The cost estimate still seems optimistic. I'm not saying it's impossible, but given unless there is a change in Bilfinger's behaviour in future, this still seems risky.
2. The anticipated figure for 2010/2011 in TS affordability forecasts has been £80. The £111m forecast creates a £31m pressure in an already difficult year.

I have been asked to 'phone David MacKay before your meeting, and will call if there is anything significant.

Regards,

Bill Reeve

Director, Rail Delivery  
Transport Scotland

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**From:** Middleton DF (David)  
**To:** Ramsay J (John); Morrissey J (Jerry); Reeve W (Bill); Briody D (Damian)  
**Cc:** McAtamney E (Elaine)  
**Sent:** Thu Mar 26 22:33:00 2009  
**Subject:** Re: Edinburgh Tram: Actions following Quarterly Review 3 March 09

Thank you for this.

David

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**From:** Ramsay J (John)  
**To:** Jerry Morrissey (Jerry.Morrissey@transportscotland.gsi.gov.uk); Reeve W (Bill) (Bill.Reeve@transportscotland.gsi.gov.uk); Briody D (Damian)  
**Cc:** Middleton DF (David); McAtamney E (Elaine)  
**Sent:** Thu Mar 26 22:14:39 2009  
**Subject:** FW: Edinburgh Tram: Actions following Quarterly Review 3 March 09  
Jerry / Bill/ Damian

this is the report we were promised at the Quarterly Review on 3 March. I have only had a chance to quickly scan it for key points but David will perhaps appreciate these for his meeting tomorrow with David Mackay.

I can't help but feel that, as ever, there is a considerable amount of unreported detail underpinning this report but appreciate nonetheless that all we might expect at this time, when the impacts of the Bilfinger experiences are still working through, is a synopsis rather than a fuller impact assessment. However, once we have a chance to consider this, that is what we perhaps should be looking for.

#### Key Points:

We have a developing picture that mirrors that which we were presented with by CEC / Tie back in early February. There is:

- the newly revised AFC of £527m! (the earlier advice was of a "range" between £528m - £546m)
- the new "open for Service" date of 23 Feb 2012 (more realistic than previous July 2011)
- revised key section milestones from the "recovery" programme
- The spend profiles for the next 3 years have also been revised as anticipated to cover the added 10 months slippage and as previously advised we shall need to consider with TS finance;
- Revised funding profile
  - current agreement envisaged TS funding for the next 2 years at
    - 2009/10 - £149m (SR07 capped)
    - 2010/11 - £balance of £500m
  - revised profile is:
    - 2009/10 - £154m - TS share = £141.2m (we had confirmed £149m so this provides some flexibility)
    - 2010/11 - £111.1m - TS share (needs to be confirmed by TS finance)
    - 2011/12 - £46.2m - TS share = balance of £500m? (but again affordability needs to be confirmed by TS finance)

While there are still some trademark optimismisms throughout we are seeing more clearly the developing "recovery" programme that Tie has been promising for the last 6 months together with an indication of the value that Tie are placing on the Infracore "Supplemental Agreement" for dealing with future added cost arguments together with the way in which the Project Management Panel (Consortium and Tie project directors) should work. Tie's sensitivities to any future Bilfinger behaviours are also now covered more realistically against added risk costs.

We should be able to develop our view of this developing cost and programme against the fuller picture we should now expect to receive over the coming few weeks - specifically the

P13 report and the new baseline programme which is referred to here - interestingly it confirms that while programme integration is underway with BSC, they have still to accept the changes!.

We should also accept CEC's offer of a further high level meeting in due course but I think Bill will be on leave for w/b 6 April?

John Ramsay

Project manager - Edinburgh Trams

Rail Directorate

Transport Scotland

Buchanan House

Glasgow G4 0HF

Tel [REDACTED]

mobile [REDACTED]

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**From:** Alan Coyle [mailto:Alan.Coyle@edinburgh.gov.uk]

**Sent:** 26 March 2009 16:58

**To:** Ramsay J (John); Morrissey J (Jerry)

**Cc:** Stewart McGarrity; Steven Bell; Donald McGougan; Marshall Poulton; Dave Anderson

**Subject:** FW: Edinburgh Tram: Actions following Quarterly Review 3 March 09

John

As per the request made at the last quarterly review, please find attached view of programme and budget following a review by tie.

Please note that tie/CEC are happy to meet to discuss this document after TS have had time to digest the information. With that in mind can we suggest week beginning the 6th April to set up the meeting to discuss following receipt of the period 13 report.

Regards

Alan Coyle | Principal Finance Manager (Acting) / Financial Services Lead (Edinburgh Tram Project) |  
Financial Services | City Development Team | Level 2/5 Waverley Court | 4 East Market St EH8 8BG |  
[alan.coyle@edinburgh.gov.uk](mailto:alan.coyle@edinburgh.gov.uk) |  
[REDACTED]

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