
From: Richard Jeffrey [Richard.Jeffrey@tie.ltd.uk]
Sent: 02 October 2009 16:32
To: Reeve W (Bill)
Cc: David Mackay
Subject: Update on Edinburgh Trams

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Dear Bill,

Delighted that you can join us for dinner on Monday, just get there when you can, 6.00pm is fine.

As you will have seen over the last few days, media attention on this project has again peaked following speculation by an MSP as to the final cost and programme of the project. We have robustly pushed back on this unfounded speculation, and I am pleased to note the Minister's support in parliament yesterday.

I would like to reassure you that nothing has changed since our last briefing and if you would like a further information please do not hesitate to contact me.

The latest position, as advised to the City Council in August, is that we believe there is no reason this project should not be completed (open for revenue service) by Feb 2012 at a cost of £524.5m plus an allowance for the settlement of the claims from the consortium. We have also stated that we believe it will be very difficult, but not impossible, that the overall project is completed within the overall funding envelope of £545m. Of course the final outcome will depend on a number of issues which are still to be resolved, but it is our judgement that our latest estimates remain reasonable.

A number of the contractual disputes will be resolved over the next few weeks and this will of course increase clarity.

The relationship with the contractor remains tense, with the contractor continuing to seek to frustrate the operation of the contract and undermine the credibility of both TIE and the contract. Despite this we are now seeing some increase in progress on the off-street sections and we remain on course to complete Princes Street by the end of November.

It has come to my attention that the contractor is increasing their efforts to undermine the operation of the contract to seek to persuade us into changing the form of the contract and so effectively re-allocating risk compared to the contract as bid, rest assured we will resist this and seek to hold the contractor to the risk allocations agreed at the time of letting the contract.

If you hear anything from any source that concerns you please do get in touch with me. I would be grateful if you could pass on this briefing to those in TS who you think need to know, and to the Minister in whatever form you see fit.

Thanks, and look forward to seeing you on Monday.

Regards

Richard

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