
From: Reeve W (Bill)
Sent: 06 October 2009 10:38
To: Irvine RN (Bob); Ramsay J (John)
Cc: Harvie-Clark T (Tom); Morrissey J (Jerry)
Subject: Re: edinburgh trams and scottish water

This is consistent with what we know about the tram project. The scale of the utility diversion work has exceeded original estimates, in part because of the incomplete record drawings held by the utility companies. The utility diversion work is running about a year late.

The cost to SG, remains capped at £500m. The cost to City of Edinburgh Council will increase. The principle additional costs arising from the utility works are not for the utility work itself but rather the consequential delay costs with the main tram construction contract. This has been the subject of previous briefings.

Hope this is helpful.

Regards,

Bill Reeve

Director, Rail Delivery
Transport Scotland

From: Irvine RN (Bob)
To: Reeve W (Bill); Ramsay J (John)
Cc: Harvie-Clark T (Tom); Morrissey J (Jerry)
Sent: Tue Oct 06 10:11:01 2009
Subject: RE: edinburgh trams and scottish water

Thanks Bill – I understand this and I think that SW were happy with the agreement as it originally stood which would have taken account of this. The problem is that the costs presented by the contractor have moved significantly from that original agreement. Mr Swinney's concern is not so much about the niceties of this, anmd SW can look after themselves, but about the impact of this on the total budget for the trams project and his support for it.

B

From: Reeve W (Bill)
Sent: 05 October 2009 17:08
To: Irvine RN (Bob); Ramsay J (John)
Cc: Harvie-Clark T (Tom); Morrissey J (Jerry)
Subject: Re: edinburgh trams and scottish water

My understanding is that if utility infrastructure is renewed by a third party in pursuit of a project, in this case tie and Tram, the utility company is obliged to fund a portion of these works due to "betterment." This is a recognition that the renewed asset is worth more than the replaced asset, and therefore the utility company will not need to replace it so soon.

It would be helpful to understand if this is the sort of cost Scottish Water is concerned with ?

Regards,

Bill Reeve

TRS00017217_0001

Director, Rail Delivery
Transport Scotland

From: Irvine RN (Bob)
To: Ramsay J (John)
Cc: Reeve W (Bill); Harvie-Clark T (Tom); Morrissey J (Jerry)
Sent: Mon Oct 05 13:25:49 2009
Subject: RE: edinburgh trams and scottish water

As I understand it, from SW's point of view the issue is with Carillion.

B

From: Ramsay J (John)
Sent: 05 October 2009 13:24
To: Irvine RN (Bob)
Cc: Reeve W (Bill); Harvie-Clark T (Tom); Morrissey J (Jerry)
Subject: RE: edinburgh trams and scottish water

Bob

This appears to refer to the framework Utility Diversions contract which is being carried out by Carillion (formerly McAlpine) on behalf of just about all utility providers affected by the tram construction. Given the severe delays affecting this work throughout the city centre, it appears likely that some providers may well be facing unforeseen costs but I am not clear whether these are with the contractor (Carillion) or tie.Ltd (City of Edinburgh Council's project managers) so it would be helpful to discuss further.

To be sure however, I have asked tie to feed in their comments to the points raised.

John Ramsay

Project manager - Edinburgh Trams

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From: Irvine RN (Bob)

Sent: 05 October 2009 12:59

TRS00017217_0002

To: Ramsay J (John)

Cc: Reeve W (Bill); Harvie-Clark T (Tom)

Subject: edinburgh trams and scottish water

John,

In the course of a meeting today with Ronnie Mercer, chair of Scottish Water, Mr Swinney heard of the problem faced by Scottish Water with the contractor appointed by TIE to deal with the preparatory utility works. Apparently the costs to Scottish Water for the agreed works have increased substantially beyond the original contracted price. To cover this Scottish Water is seeking additional finance from its regulator as part of the present charge determination process.

On hearing this Mr Swinney expressed concern that there might be double financing of aspects of the trams project – he referred to the £500m that he was making available - or that some costs might be outwith the current overall estimate of the cost of the project meaning that that estimate was lower than it really was.

It was beyond my knowledge to address either of these points so Mr Swinney has asked for clarification, which I hope you are able to give.

Sorry to impose this on you. Happy to explain further Scottish Water's position if that is necessary.

Bob Irvine