

From: Ramsay J (John)
Sent: 29 October 2009 15:48
To: Reeve W (Bill)
Cc: Morrissey J (Jerry); Briody D (Damian)
Subject: FW: Urgent: trams TICC update

Follow Up Flag: Follow up
Flag Status: Completed

Bill

Further to Jerry's note below.

A) Current AFC: @ £533m

The expected outturn stated in our template is £533m.

Bill would like this clarified i.e. we know that tie/CEC have added a 10% provision/contingency so it is likely that the outturn would be £xm to £ym .(I think these forecast numbers were in a recent Ministerial submission).

Tie continues to report an outturn estimate of £527.1m. However, given the commercial uncertainties with the Infraco and continuing delays to the project it is now considered unlikely that the full scope of Phase 1a will be completed within the available funding envelope of £545m. Until the key issues are resolved through the contractual and legal process, tie advise it is not possible to accurately forecast a revised budget outturn. CEC / Tie have advised that they consider the £545m affordability budget is now untenable. The potential impact of the ongoing dispute on final costs has been estimated by the Council to be between £570m to £601m, effectively an additional 5 – 10% increase.

It is expected that in P8 tie will amend the AFC from £527m to £533m. Having now paid the Phase 1b cancellation charge of £3.2m, this will increase the AFC to £533m including the sunk £3m 1b design costs

B) Cashflow Profile @ £500m SG Cap

Bill would like the cashflow for the £500m original timescale for the tram completion
(I am sure this was in a recent submission)

Against the AFC of £527m Transport Scotland are maintaining a spend profile for the next 3 years as below; However as we know the current year's outturn has already dropped to £109.8m – but increasing to £112.7m when the TS share of the £3.2m comes through in Period 8.

£ms	TO 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	TOTAL
TOTAL AFC	231	150	135	11	0	0	0	527
CEC FUNDING	19	13	10	2	0	0	0	44
DEMAND ON TS	212	137	125	9	0	0	0	483

c) Cashflow Profile against the anticipated £601m

The £500m cashflow for the current profile.

(this will be our current forecast and the number in the RBP).

On the assumption that CEC anticipate an overall increase in a range between £570m to £600m the scenario based on a combination of grant spend over a longer period and a potential increase in overall costs to £600m will require the remaining funding from the capped £500m to be re-profiled from next year as below;

£ms	08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	TOTAL
ESTIMATED AFC	231	120	150	80	19	0	0	600

Estimated CEC FUNDING LIKELY DEMAND ON TS	19	11	12	46	12	0	0	100
	212	109	138	34	7	0	0	500

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From: Morrissey J (Jerry)
Sent: 29 October 2009 08:02
To: Ramsay J (John)
Subject: Urgent: trams TICC update

JR,

Bill R has had a pre-meet with the Cab Sec on his TICC appearance next week.
A few updates are required for trams, can you please review and update;

1. The expected outturn stated in our template is £533m. Bill would like this clarified i.e. we know that tie/cec have added a 10% provision/contingency so it is likely that the outturn would be £xm to £ym *(I think these forecast numbers were in a recent Ministerial submission)*.
2. He would like the cashflow for the £500m original timescale for the tram completion *(I am sure this was in a recent submission)* and
3. The £500m cashflow for the current profile. *(this will be our current forecast and the number in the RBP)*.

The above needs to be added to the script and submitted.
Let's discuss when you get in.

Thanks

Jerry

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