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**From:** Ramsay J (John)  
**Sent:** 22 December 2009 12:31  
**To:** Minister for Transport and Infrastructure  
**Cc:** zzzCabinet Secretary for Finance; Cabinet Secretariat inbox; PS/Transport Scotland; DG Enterprise, Environment & Digital; Reeve W (Bill); Morrissey J (Jerry); Briody D (Damian); Communications Wealthier & Fairer; Press Transport Scotland; Noon S (Stephen); Pringle K (Kevin); Duffy F (Frances); McLaughlin AC (Ainslie); Scott R (Richard) (TRANS)  
**Subject:** Edinburgh Trams: Update on current position  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

**PROTECTIVE MARKING: Restricted Advice to Ministers**

**Purpose**

1. To advise you, of the current developments with the Edinburgh Tram Project.

**Timing**

2. Immediate.

**Background**

3. The Minister will recall that at his recent meeting with CEC and Tie on 2 December, Richard Jeffrey cautioned that while there had been recent growing confidence that both parties would be able to improve the overall contractual position in the run up to 2010, this had yet to be matched by actual construction activity from BSC.

**Issue**

4. Discussions at last week's Tram Project Board, largely substantiates this cautious view confirming that although there have been some signs of commencement / re-commencement of work, the earlier optimism around overall improvements based on agreements reached with David Darcy of Bilfinger Berger has now dissipated and relationships with BSC are again cooling. Of particular concern is that;
  - Tie and BSC remain "miles apart" on the Supplemental Agreement required for the remaining Leith to Haymarket "On Street" works
  - Despite the 2 recent DRP decisions going against them, Tie has begun work on another tranche of DRP referrals for issue in early 2010. The current DRP case which was due to have been decided last Friday has been postponed to later this week; and,
  - Although the initial work between Tie and BSC over the new programme has apparently started well, the crucial commercial discussions have yet to begin.
5. Tie has advised Transport Scotland that they are looking to schedule (separate) key meetings with Bilfinger Berger and Siemens early in 2010 to discuss the deteriorating position. At this point no dates have been confirmed but Tie has also indicated a wish for a subsequent meeting with the Minister. Meantime, CEC has advised that in the absence of any contractually agreed programme and supplemental agreement for on-street works, the impact on overall costs on final costs remains unquantifiable and their final cost estimate of £580m is sustained..

## Recommendations:

The Minister is invited to note that;

- The earlier optimism around overall programme improvement based on agreements reached with David Darcy of Bilfinger Berger has now dissipated and relationships with BSC are again cooling;
- Tie has advised Transport Scotland that they wish to hold (separate) key meetings with Bilfinger Berger and Siemens early in 2010 and wish for a subsequent meeting with the Minister.
- In the absence of any contractually agreed programme and supplemental agreement for the necessary on-street works, CEC has advised that their most recent estimate of final costs continues to be £580m (inclusive of the Scottish Government capped £500m)

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