
From: Reeve W (Bill)
Sent: 07 October 2010 09:16
To: Morrissey J (Jerry)
Subject: Fw: Edinburgh Trams - Notes for tomorrow's meeting with Cabinet Secretary
Attachments: Edinburgh Trams - Financial Agreement FINAL Terms and Conditions Dec 13.DOC;
Edinburgh Trams Final FA Grant Letter to Tom Aitchison - Bill Reeve - January
2008.pdf

Bill Reeve

Director, Rail Delivery
Transport Scotland

From: Ramsay J (John)
To: Reeve W (Bill)
Sent: Wed Oct 06 14:47:59 2010
Subject: Edinburgh Trams - Notes for tomorrow's meeting with Cabinet Secretary

Bill

You asked for confirmation on a number of points ahead of tomorrow afternoon's meeting with Mr Swinney, CEC and tie. I think I have covered these with the notes below but please come back if you need more.

Grant Issues Queried by Transport Scotland to date with CEC: - there have been 3 clear issues so far

- Increased Legal Cost of tie's DRP challenge programme: - conceded as part of the overall project pm costs
- Cancellation cost of Phase 1b - accepted by tie as an economy to achieve a lower overall cost of constructing Phase 1a, it was conceded by TS as an eligible Phase 1a cost -
- Tie's Staff Bonus - Our refusal was accepted by CEC without further argument

Grant and Legal Stuff:

- Current Legal Opinion states that: ".....As it stands under the offer, the Scottish Ministers *may* exercise certain remedies in the event of a default by CEC, and such defaults would include the Council ceasing or threatening to deliver the Project, or any material part thereof (condition 13.1(b) of the ts and cs). The Scottish Ministers however are not obliged to exercise those remedies. The remedies include terminating the grant agreement and varying, withholding or requiring repayment of the grant or any part thereof, but I understand that you do not wish to exercise those rights. I do not think the third option, issuing a cure notice, would be particularly helpful for reasons you have given. And, in any event, the Scottish Ministers can decide to continue to pay the grant or any instalment thereof even if there is a default, and without needing to waive such default"

- o Grant award Terms and Conditions etc

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Eligible Cost breakdown (as at October 2010)

The latest analysis from CEC's monthly invoice spreadsheet shows the following position as of now (October 2010)

You asked for a total of payments to Bilfinger against what progress they have achieved etc but we cannot give this. CEC identify total Infrastructure payments which means they have included both Bilfinger and Siemens payments together. Also the monthly progress reports do not similarly disaggregated progress between Bilfinger and Siemens. We therefore can only compare the total spend for both against their total progress - i.e. 55.7% of original Infrastructure budget has been paid for 24.3% progress. Given the difficulties we have faced to date with this sort of comparison, in the absence of actual data on payments to Bilfinger and % of their progress I think we have to apply care to how we use this.

Edinburgh Trams

Comparison of Budget

against Spend Financial Close Budget £m

		Current Spend
		September 2010
		£m
Infrastructure	250.5	139.6
Vehicles	58.2	46.0
Utilities	48.4	62.1
Design	26.9	32.1
Resources	68.3	69.4
Other (Including Land Acquisition Costs)		32.6
		32.2
Contingency etc		30.3
		30.3
		515.2 381.4

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