From: Fitchie, Andrew

Sent: 10 September 2003 14:41

Fitzgerald, Sharon

Subject: CEC letter

Met with Michael H briefly who accepts the advice the Farebox risk is fundamental. he made contact with Ewan Brown who agrees. Also called Andrew Holmes but not available.

MH anxious to push on. I stressed that I did not support a 'wait and see' approach with CEC/Scot.Executive. The issue requires discussion now and finality on the principle that CEC will accept revenue risk as envisaged in DPOF. Michael also agreed that CEC must let go and give tie the freedom to manage the procurement. Looking over tie shoulder and intervening whenever it suits will seriously damage tie credibility as the DPOF procurement manager and contract partner.

MH to come back with his version of the letter (short one, which he agrees with as to substance. He aslo has PUK comments and GT mark up). Wants to tell bidders now. I repeated advice to MH on telling them they are prequalified but not committing to a timetable for ITN issue. Agreed that telling bidders would increase the pressure on CEC to act.

In meantime, I will prepare a first cut at papers on CEC points in case needed in short order.

kind regards