DRAFT

Dear Willie

EDINBURGH TRAM
COUNCIL REPORT - 20 DECEMBER 2007

As you know, Council considered the Report by the Directors of City Development and Finance at its meeting on 20 December 2007 and the decision of Council was to approve the recommendations in the Report. This was another very significant milestone for the Project.

I appreciate the work and commitment from yourself and both Tie and Tel, working with officers in the Council, to have achieved this stage.

As you know, it was recognised by my Internal Planning Group that a straightforward decision could not yet be sought in the Council Report and rather than considering any delay in reporting to Council, I decided that a staged approval process be recommended to Council.

As the Council require at financial close to execute the Guarantee, the Report identifies a number of issues upon which I require to be satisfied before exercising my delegated authority to authorise Tie to complete financial close.

I know that yourself and many other officers in Tie working with my officers are making good progress on a range of matters. As we know, one of the main concerns relate to actions which are in the control of third parties such as First Scotrail and Network Rail. These are significant issues which have to be satisfactorily dealt with.

It is encouraging to know that the Legal Affairs Committee under your chairmanship considered a draft Report on "Deliverables for Contract Award" and that this Report, when concluded, should set the agenda for Tie to deal with and close out the remaining risks so as to meet the terms of the authority delegated to me. I am aware that further meetings of this group are planned for January and I will be continuing to hold Internal Planning Group meetings to co-ordinate matters and receive updated information from senior officers. I look forward to being advised of good progress on current issues during January.

My very best wishes to yourself and the Project for 2008.

Yours sincerely

TOM AITCHISON
Chief Executive