

## Business case - Highlights

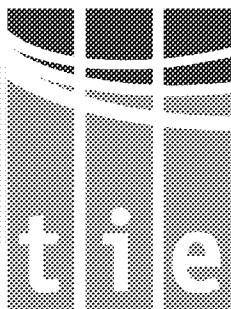
	Phase 1a*
Capital cost	£498m
Revenue service	Q1 2011
BCR	1.77
Maintenance bids in line with expectations in the TEL business plan	

- Draft issued on 3 Oct 2007
- FBC (v1) re-confirms economic and financial viability of the scheme
- Based on firm prices and rates from Infraco and Tramco bids
- Decision on Phase 1b by March 2009
- FBCv1 Reviewed by **tie**, TEL, Transdev and CEC

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## Business case - *capital costs*

	Current Estimate	Draft Final Business Case 2006
Phase 1a	£498m	£500m
Phase 1b	£87m*	£92m
<b>Budget Costs:</b>	<b>£585m</b>	<b>£592m</b>

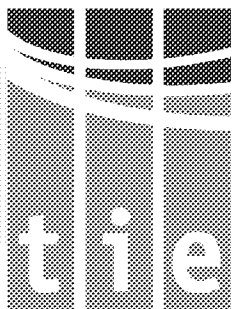
- 15% Risk and Contingency within cost to complete – similar for each Phase
- Firm prices for Design, MUDFA, Legals & Trams
- Firm bid for Infrastructure for Phase 1a – subject to due diligence
- In total, 99% of costs now firm – fixed or based on agreed rates
- Phased commitments on construction – Phase 1b option to be finalised

*\* Further £5m discount if Phase 1b is constructed at the same time*

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## Business case – Risk and contingency



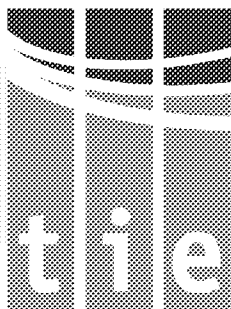
\* Risk as percentage of “to go” cost

- Based on no major delays / cost over-runs between October 07 and Financial Close
- If programme and scope are adhered to by Council & **tie**, very limited exposure to cost overrun

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## Business case - funding

Transport Scotland	£500m
CEC	£45m
TOTAL	£545m
Headroom above Phase 1a cost	£47m
<b>Headroom &amp; Risk allowance</b>	<b>£96m</b>
<i>As % of all Phase 1a costs post Financial Close</i>	<i>29%</i>

### Phase 1 (a)

- £498m (inc contingency)

### Phase 1(b)

- £87m (inc contingency)
- Important to the delivery of the wider benefits
- Potential opportunity to reduce costs in final negotiations
- Review decision on 1(b) by March 09, when final prices and extent & pace of Granton Development are known

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