

Colin Smith

From: VRE - MobileMe [vicemery@██████████]
Sent: 25 February 2011 17:06
To: Richard Jeffrey
Cc: Colin Smith; donald.mcgougan@edinburgh.gov.uk; Dave Anderson; Dennis Murray; Gregor Roberts
Subject: Re: Provisional Phoenix/separation financials - STRICTLY PRIVATE AND CONFIDENTIAL

Richard

Thank you for your high level financials which is a good note to send me off for the weekend!

As you suggest, the detail behind this is best discussed in a small gathering.

Perhaps you could arrange the gathering and advise accordingly.

Thanks
Vic

On 25 Feb 2011, at 16:16, Richard Jeffrey wrote:

Please note these are high level provisional numbers and should not be relied upon, the full set of numbers will be presented on Monday, and things may change between now and then!

Just taking BSC's proposal at face value, the implications for airport to St Andrew Square are as follows;

BSC price to Haymarket £449m. Note this is not a fixed or guaranteed price and is subject to certain pricing assumptions, so we would need to add a degree of risk on top of this to cover delays and changes excluded from BSC's price/scope.

We need to add to this all the non-BSC costs which are, £236.5m to date, and we have assumed further non construction costs of approx £30m to go, including project management costs, preparing for operations costs, professional fees etc.

In addition, there will be £20m of further construction costs from Haymarket to St Andrew square, but NOT Princes Street, (which we are assuming BSC will fix within their price, although this needs to be checked).

There will be a few other small numbers to add to this, but at high level terms this gives us an idea of where we are if we go with their number

Taking this lot together we get £449m+£236.5m+£50m = £736m **PLUS** risk, but including BSC settlement to date

For Project Separation, a similar high level view is as follows

Non BSC spend to date £236.5

BB+S value to date £90m (note this is not the same as we have paid them, and assumes they fix Princes Street!)

SDS post novation costs to date of £9m

Non construction costs to finish £45m (note this is higher than Phoenix to allow for delays, redesign and re-procurement)

Any temporary abortive works (which we have allowed £14m for)

New contractors cost to finish £143m (**including** risk allowances, based on completed design and standard contracts)

27 trams at £62m

Plus a settlement with BSC, which may include for Siemens materials, delays to date etc

Gives the following

£236.5+£90m+£9m+£45m+£14m+£143m+£62m=£599m **PLUS** a settlement premium for BSC, but including a risk allowance, but excluding future delay costs.

We have cut these numbers arrange of different ways, and added or subtracted various risk items, whatever we do, we end up between £100m and £150m apart.

We can discuss Monday, you may also wish to convene a subsequent smaller meeting to dig into the detail.

Regards

Richard

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