
From: McLaughlin AC (Ainslie)
Sent: 01 July 2011 13:22
To: Cabinet Secretary For Finance, Employment and Sustainable Growth
Cc: Cabinet Secretary for Infrastructure and Capital Investment; Minister for Housing and Transport; Permanent Secretary; DG Enterprise & Environment; PS/Transport Scotland; Middleton DF (David); Johnstone RR (Raymund) (TRANS); Ramsay J (John); Hannaway K (Kenneth)
Subject: RE: EDINBURGH TRAM REPORT
Attachments: Appendix 1 - Edinburgh Tram Project.doc
Importance: High

Paul

Mr Swinney asked for a short note following the decision taken last night by the City of Edinburgh Council. The Council papers recording the outcome of yesterday's meeting have just been released and are attached.

The decision is in line with the recommendations made by officials that the Council should proceed with the project on the basis of a truncated line between the Airport and St Andrew's Square. Sue Bruce presented the various options to Mr Swinney and Mr Neil at meeting on 21 June.

The decision is still contingent on the Council being satisfied that it can raise the additional funding required to meet the revised total budget figure of £770 million. There is no indication as yet as to how the Council would bridge the funding gap. It is clear that the Council has not ruled out further approaches to Ministers to seek additional financial assistance to complete the project.

The Council have until the end of August to confirm the revised contract terms with Bilfinger Berger or there is a significant risk that the deal will either fall or become even more expensive.

Ministers agreed an interim extension to the grant arrangements from the end of March until the end of August to allow the Council time to resolve the way forward. The Council indicated that they were likely to spend a further £50 million on the project during the period until the end of August, and we so far paid out a £38 million. We will provide Ministers with further advice on the grant payment arrangements that will be necessary to support the project going forward.

We will remain in close touch with Council officials over the coming weeks to ensure that Ministers' interests are understood, particularly in relation to the Edinburgh Gateway tram interchange and the potential lease or sale of surplus trams.

Ainslie

From: Boylan P (Paul) **On Behalf Of** Cabinet Secretary For Finance, Employment and Sustainable Growth
Sent: 29 June 2011 15:20
To: Cabinet Secretary For Finance, Employment and Sustainable Growth; McLaughlin AC (Ainslie)
Cc: Middleton DF (David); Cabinet Secretary for Infrastructure and Capital Investment; Minister for Housing and Transport
Subject: RE: EDINBURGH TRAM REPORT

Ainsley,

Mr Swinney has asked that you provide advice on the note below. Grateful if you can provide this after the ECC has taken the decision tomorrow.

Regards

Paul

Paul Boylan

DPS/Cabinet Secretary for Finance, Employment & Sustainable Growth
Scottish Government

Tel: [REDACTED]

Mob: [REDACTED]

From: Dave Anderson [mailto:Dave.Anderson@edinburgh.gov.uk]

Sent: 23 June 2011 16:39

To: Cabinet Secretary For Finance, Employment and Sustainable Growth

Subject: EDINBURGH TRAM REPORT

Dear Cabinet Secretary,

As you know from our recent discussion, we have been working solidly since the end of the mediation process in March to bring forward the full options for the Edinburgh Tram Project.

As part of this process, a report is published today in my name which provides members of all political groups with the information they require to make a decision at the Council meeting on Thursday 30 June.

The report, which can be found at

http://www.edinburgh.gov.uk/info/20085/trams/470/edinburgh_trams/2 presents details on a breadth of topics including future governance arrangements, a revised scope and programme for delivery as well as funding options for going forward. All of these elements are contingent on the Council's decision about the future of the project and so the three main options for proceeding are also detailed.

These are continuing on with the current contract, separating from the current contractor by mutual agreement, terminating the contract and dealing with any legal consequences, or proceeding with the current contractor to either Haymarket or St Andrew Square. The latter option will realise the investment made in the project to date, would help considerably in unlocking the development potential of West Edinburgh, ensure the tram-train interchange at Gogar can go ahead and that the tram runs into the heart of the city centre and can be integrated with Lothian Buses and other services for onward travel.

The costs for potential separation from the contract remain confidential as there are continuing commercial negotiations underway as well as a process of legal scrutiny.

However it is clear though that whichever proposal is agreed by Council, additional funding will be necessary. Discussions and further analysis of the available options will need to be undertaken

once the Council has identified its preferred option. Clearly, certain funding options will only be available to us if a capital asset is in place at the end of the project.

The report also details the requirement to ensure the areas of the route not incorporated in the first phase are repaired and reinstated to a suitable standard. This will include removing some temporary traffic management measures between Picardy Place and Newhaven and repair works on roads and pavements along this stretch. The report also provides information on the remedial programme for Princes Street, details on the revised governance arrangements going forward and how this affects future plans for operations and the operating agreements currently in place between the Council and TEL/ tie Ltd.

I recognise that this report has been long anticipated so as to provide clarity on the way forward for the project. I can assure you that the greatest level of scrutiny has been given to all options. Our objective remains to deliver a tram network which will benefit the city's economy in years to come.

Please do not hesitate to contact me if you have questions regarding the report, I will email you again next week after a decision on the way forward has been taken by Councillors.

Yours sincerely,

Dave Anderson

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