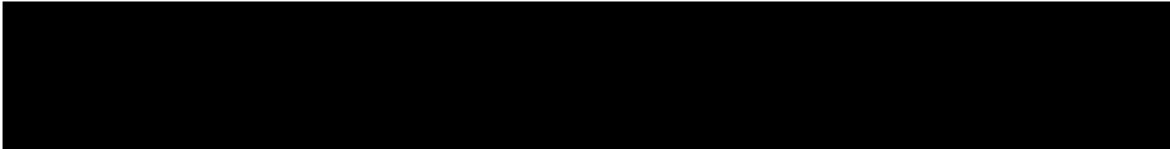


From: Ramsay J (John)
Sent: 23 March 2009 12:17
To: Jerry Morrissey (Jerry.Morrissey@transportscotland.gsi.gov.uk); Reeve W (Bill) (Bill.Reeve@transportscotland.gsi.gov.uk)
Subject: Edinburgh Tram – Daily Bulletin: 23 March 09
Edinburgh Tram – Current Dispute
Daily Bulletin: 23 March 09

1. last Friday evening's successful conclusion to the preceding 3 days of negotiations have been codified into an Infraco "Supplemental Agreement". It successfully ends only the issues raised via the formal dispute resolution process and only refers to the Princes Street works dispute. In essence it ring-fences this part of the contract from elsewhere in the City.
2. It is intended to provide an acceptable payment mechanism for any additional costs caused by unforeseen ground conditions along Princes Street – reportedly the main concern of Bilfinger. The "Supplemental Agreement" does not involve paying Bilfinger any additional moneys but gives them greater reassurance and confidence that Tie is not going to be difficult about any additional costs caused by unforeseen difficult ground conditions. In fact, these risks had never been transferred to Bilfinger through the Infraco contract and will as before be covered by risk / contingency so no changes to current contract were required to get Bilfinger's agreement. At this stage Tie doesn't anticipate that this will lead to greater costs.
3. Tie now anticipates that the combination of the "Supplemental Agreement" and the Project Management Board (previously the Framework Management Board) will grow mutual trust and confidence which in turn is expected to improve respective behaviours, particularly at local level. It was noted however that Tie (and other public stakeholders) need to be careful about not gifting Bilfinger any future issues elsewhere on the project to encourage them to repeat their Princes Street behaviour.
4. Tie is now highly confident that the Project Management Board will meet for the 1st time this Wednesday.
5. Saturday's conversation between Mr Swinney and David Mackay apparently went well with no particular issues arising.
6. 

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