

*Tom Aitchison CBE*  
*Chief Executive*

Councillor Eric Barry  
City Chambers  
High Street  
EDINBURGH  
EH1 1YJ

**Our Ref:** tramproject/cllrbarry

**Your Ref:**

**Date:** 21 October 2010

Dear Councillor Barry

## **EDINBURGH TRAMS**

I refer to your e-mail to me of 18 October 2010 seeking clarification of a number of issues in relation to the Tram project. The information which you requested is given below.

### **Question 1 -What is the Relationship between TIE/TEL/CEC/BSC?**

Transport Initiatives Edinburgh Limited (**tie**) is a wholly owned subsidiary of Transport Edinburgh Limited (TEL) which in turn is wholly owned by the Council. The attached diagram illustrates the key relationships.

BSC is the consortium of Bilfinger Berger Civil UK Limited, Siemens Public Limited Company and Construcciones y Auxiliar de Ferrocarriles S.A which is party to a contract with **tie** to carry out the authorised works under the Edinburgh Tram Acts (the "Infraco contract").

### **Question 2 - Is there a contract between tie and CEC?**

The Council is party to an operating agreement with **tie** with regard to the procurement and delivery of the Tram project.

### **Question 3 - BSC have written to us all and say the risk for any delay or unexpected thing lies with CEC so what is the contract we have with BSC?**

**Tie** is a party to the Infraco contract with BSC. The Council is the financial guarantor of the project.

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INVESTOR IN PEOPLE

**Question 4 - What is the Council's exposure to delay etc, risk and why is this risk not with tie alone?**

As indicated above the Council is financial guarantor for **tie**. As you note, the aim is to be in a position to report to the Council in December 2010 as to the updated position and also to provide recommendations on the way forward.

**Question 5 - Which individuals from CEC and Councillors signed the contract with BSC and in what capacity did they sign?**

William Gallacher, tie Limited's Chief Executive at the time, signed the Infraco contract on behalf of **tie** Limited.

Reports on the contract were considered at the meetings of the Council on 20 December 2007 and 1 May 2008 and 20 December 2007. Copies of the reports and the related minute extracts are attached for ease of reference.

**Question 6 - Where can I view a copy of the contract with BSC; Where can I view the results of arbitration?**

The Infraco contract and the arbitration results are subject to detailed confidentiality provisions. Unfortunately, it will therefore not be possible for you to view these.

**Council Meeting – 16 December 2010**

As you will be aware from last week's Council meeting, further reports on the Tram project will be submitted to the Council on 16 December 2010, or earlier if there is a Special Meeting, on the Tram project and updated Business Case for the project.

I recognise the frustration of some elected members that access to certain information is restricted due to commercial confidentiality. Please be assured that I will ensure that as much information as possible is included in these reports and is in the public domain whilst protecting any commercial considerations.

I hope that this information is helpful.

Yours sincerely



TOM AITCHISON  
Chief Executive