

PRIVATE AND CONFIDENTIAL

Councillor Steve Cardownie
City Chambers
High Street
EDINBURGH
EH1 1YJ

Our Ref: transproject/costs

Your Ref:

Date: 5 March 2009

Dear Councillor Cardownie

EDINBURGH TRAM PROJECT

I refer to your letter of 26 February 2009 seeking information on a number of issues relating to the costs associated with the Edinburgh Tram Project. These points are addressed below.

Current Budgetary Position

The current budgetary position would suggest that the project can be delivered within the £545m of funding available. **tie** has now entered the Dispute Resolution Process with the Infracore contractor which clearly could impact upon the final outturn. At the end of January 2009, the cost of work carried out on the project totalled £215m.

Cancellation of Contract – Costs and Liabilities

If the tram contract was to be terminated, costs and liabilities accrued to that point would require to be paid. The latest 2008/09 year end forecast is £233m.

Transport Scotland – Funding

Under the terms of the Grant Award, Transport Scotland could request that the Council pay back the funding provided to date. There are obviously securities and bonds that have been put in place as part of the contract which would allow the Council to recover monies.

If the Council was to consider cancelling the project, full discussions would be required with Transport Scotland in advance of any such decision being made.



Works to Date – Residual Benefits

The residual benefits to the city would be, in the case of the MUDFA works, that the utilities infrastructure along the route would have been brought up to today's standards.

In monetary terms, £48m has been spent to date in moving the utilities and updating that infrastructure. In addition, the Council will have ownership of various assets and intellectual property as a result of the works.

I hope that this information is of assistance.

Yours sincerely



TOM AITCHISON
Chief Executive