

Tom Aitchison CBE
Chief Executive

PRIVATE AND CONFIDENTIAL

David Mackay
Interim Chairman
tie
City Point
65 Haymarket Terrace
EDINBURGH
EH12 5HD

Our Ref: ceo\data\tramsproject\mackay02

Your Ref:

Date: 24 March 2009

Dear David

EDINBURGH TRAM – CONTRACTUAL DISPUTE WITH INFRASTRUCTURE CONTRACTOR

I want to begin by thanking you and the team at **tie** for finding a way out of the recent contractual dispute with BSC. I know that the last four weeks have been extremely difficult and I very much appreciate the leadership and resolve shown by you and **tie** over this period.

As you are aware, we have recently discussed contingency planning requirements in the context of the review of strategic options. I think it is necessary to continue this work and ensure, jointly, that we are well positioned to respond to any future events. Specifically, I think the requirement is for **tie** staff and Council staff to work together and to report on:

- the future strategic options;
- the current and any future dispute resolution procedures; and
- issues in respect of technical and contract management provisions.

My proposal is that a small team of senior Council officers, drawn from Legal, City Development and Finance, would work with colleagues from **tie** on this assignment. Subject to your agreement, I would base the Council staff within City Point and I do not anticipate the need for this to take more than, say, two weeks. I would also like the work to begin as soon as possible, preferably this week.

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INVESTOR IN PEOPLE

I would welcome your reaction to this proposal. I am, of course, happy to discuss it with you at any time.

Yours sincerely



TOM AITCHISON
Chief Executive

cc: Donald McGougan, Director of Finance
Jim Inch, Director of Corporate Services
Dave Anderson, Director of City Development
Gill Lindsay, Council Solicitor
Alan Coyle, Finance Manager, Dept of Finance
Marshall Poulton, Head of Transport, Dept of City Development