

[REDACTED]

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For Attention of



JULIAN WARE

KPMG

Julian

Some latest figures as per our telephone conversation

Note that the headline fig for 1a is £50m or £590 if 1b is included. So no surprises and very much along the lines we have discussed previously with SMG.

We anticipate a more formal presentation in this weeks DFBC papers.

[REDACTED]

TS - Bill Reeve & Lorna Davis
 tie - W. Ballacher, A. Harper, E. Bissett, B. Gilbert

Current capital cost estimation £590m
 for Phase 1A & 1B.

1A - £510m

1B - £80m. (incremental costs for 1B).

For both 1A & 1B a breakdown against
 each category area for project:

1A+1B cost estimates

InfraCO £250m

MUOFA £40m

IFANCO £65m

hand } £180m

O/heads }

Risk £55m. (10%)

£590m.

TS - require a more detailed breakdown
 of the above i.e. separate 1A & 1B
 elements incl risk.

available funding TS - £375T index = £450-£500m
 OEC = £45m
 range £495m - £545m

1A - affordable within current funding
 1B - not affordable " " "

tie - require appropriate language from
 TS on intentions surrounding 1B
 for the DFBC.

TS - are not in a position to commit

*Option is not there to return to Ministers & request further funding.

any further funding to the project at this stage / an absolute tie-option to return to C/C to see whether further funding could be made available - i.e. how much of an appetite is there to complete IB.

tie-variables against the costs incl.

- ① Costs include Newhaven
- ② Inflation rolled forward?
- ③ Vehicle costs - option to agree phased approach to procuring no. of trams to operate given section of route i.e. staged.

IS - opportunity to start maximising developer contributions - how long will it take to get these? This area needs explored.

This capital cost estimate has been obtained from:

- ① Independent report (C.S.)
- ② Other tram schemes (Wipac & Dublin)
- ③ Indicative costs supplied throughout procurement process.

Action tie - have a session with Bill & Malcolm in 2 weeks time

IS - Bill Agree to explore words/language to be used around IB.

IS decision on IB would not be made until IA construction had been started & visibility of costs apparent.