

Dr Malcolm Reed
Chief Executive
Transport Scotland
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Buchanan House
58 Port Dundas Road
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Our Ref: DMcK/JPT

Date: 12th July 2007

Dear Malcolm

Edinburgh Tram Project

We had a Tram Project Board meeting today at which we presented the programme which will take the project through to financial close in January 2008 if approved by Scottish Ministers. We also discussed certain key aspects which relate directly to Transport Scotland. The purpose of this letter is to summarise the Project Board's understanding of these matters and to ask that you confirm that our understanding is in line with your own. Willie Gallagher's letter to you dated 3rd July 2007 provided the background to these matters.

The Project Board have asked, as a matter of good practice, for confirmation in writing:

- 1) That the Executive will provide project implementation funding of £500m in support of Phase 1 of the Project and that all additional funding will require to be found by the City of Edinburgh Council ; for the avoidance of doubt the sum of £500m includes all sums already grant awarded for Phase 1 project implementation; and
- 2) That you are in agreement that we should henceforth adopt a stream-lined oversight process between tie / CEC / TEL and Transport Scotland which reflects 4-weekly reporting (as at present), attendance by senior Transport Scotland officials at Tram Project Board meetings and that we adopt a milestone review process as set out in more detail in the letter of 3rd July based on the selection of the preferred bidder and the approval of the Final Business Case. By extension, we agree that the more ad hoc information requests and reporting should be eliminated, thereby removing a significant workload burden on both sets of staff.

I appreciate that there is a need for a little more detail to be documented and the Tram project team we will work with the Council's officials and your own colleagues to do so. In particular, meetings are being arranged imminently to enable Transport Scotland officials to review the detail of the procurement programme and to discuss the mechanics of the approved process.

I look forward to your confirmation that the principles set out above are in line with your own thoughts and ensure we have a firm basis on which to proceed.

Yours sincerely



David MacKay
Chairman

cc: Members of the Tram Project Board