

- **This is the letter from Transport Scotland that those unable to see beyond St Andrews Square are relying upon to change the decision to safeguard the City's financial well being.**
- **Indeed the letter begs one question above all, why start now -- after 90% of the money has already gone?**
- **As ever in this sorry saga does something else lie behind this letter being sent at this time?**

Below is the text of the letter written just a couple of days before the expiry of the deadline for the last few percentage points of the original £500M pledged to the Edinburgh Tram project by John Swinney.

There are puzzling and confusing points and it repays careful reading.

## **Trams funding letter to City of Edinburgh Council**

30 August 2011

The following text was issued as a letter from Transport Scotland Director Ainslie McLaughlin to City of Edinburgh Council Chief Executive Sue Bruce this morning.

Dear Ms Bruce,

### **GRANT OFFER TO CITY OF EDINBURGH COUNCIL FOR CONSTRUCTION OF PHASE 1 OF THE EDINBURGH TRAM NETWORK**

I refer to my previous letter of 30 March 2011 intimating that the above grant agreement between The Scottish Ministers and The City of Edinburgh Council would expire on 31 March 2011 and as such, Ministers' obligations to make payments in support of the tram project would cease from that date.

Notwithstanding that, Ministers agreed on an interim basis to continue to make payments under the terms of the existing grant agreement to support the Council while negotiations were ongoing with the Bilfinger Berger, Siemens and CAF Consortium toward the resolution of the contractual dispute which would take the tram to St Andrew's Square. It was made clear that this was an interim arrangement which was entirely at Ministers' discretion and which could be withdrawn at any time and would not extend beyond 31 August 2011.

In light of the Council's decision on 25 August 2011 to take the tram only to Haymarket, Ministers are now of the view that this represents a fundamental change to the basis on which the Scottish Government originally agreed to contribute up to £500 million. It will result in the tram requiring a significant ongoing public subsidy, which is damaging in public expenditure terms. In these circumstances, I have to advise you that Ministers are not prepared to make any further payments to the project and will not extend the existing grant arrangements beyond 31 August 2011.

If the Council wishes to make further proposals that are consistent with the basis of the original agreement given by Ministers, these will be considered on their merits.

Yours sincerely,  
Ainslie McLaughlin  
Director

**Ashley Lloyd, a prominent campaigner for serious pollution issues to be addressed before the project proceeds as planned, after reading this:**

“The oddest point seems to be that the £500M was always predicated upon the whole of the original plan being completed, but now that only Haymarket has been chosen this is judged to be a ‘fundamental change’ resulting in the sudden axing of all further payments.”

“However in May, when the options were presented in a press conference ahead of being released to the Councillors, they were a) Cancellation, b) Haymarket and c) St Andrews Square, all of which are ‘fundamental changes’ to the original basis of the grant, so why wasn't this letter sent weeks months earlier than this.

“Beneath the rhetoric the letter appears to be saying they don’t like the Haymarket option because it requires a significant ongoing public subsidy—but isn’t committing to a minimum of £15M a year in money lending charges (and very possibly in excess of £20M a year) for the St Andrews Square project not a significant and ongoing public subsidy for this option, and if it is not, then what is it?”

“So why mention only the Haymarket option in this letter would it not be prudent for Transport Scotland to mention the other two options, and point out St Andrews Square also fails their test?”

“Which then would leave the Capital City of the Country they govern where, exactly?”

**John Carson, a long standing and well known critic of the project with extensive experience in managing large infrastructure projects :**

“This is just another layer of lunatic and unnecessary complication in a project that was just showing some signs of finally turning away from chaos and towards some sort of sanity’

“I have to say I feel great sympathy for many councillors trying to get their heads around just what is going on, while some are would-be career politicians, a great many are decent people wanting to do their best for the city and it’s people, many of whom are their neighbours.”

“Obviously those political figures within the council closely connected to the project are in a different category and in particular Cllr Jenny Dawe and Cllr Gordon Mackenzie have been at the heart of it and close to many of the decisions that have led us to the brink of disaster.”

“But the most baffling aspect has been the stance of senior paid employees, what used to be called Public Servants and civil servants, who are meant to non-political.”

“However the advice being given to the councillors indicates that it has been anything but impartial and measured, we have seen preferred options presented with figures massaged downwards and other options presented in the worst possible light.”

“The last report itself mentioned St Andrews Square producing a £2M Contribution...not profit, because even here in their own biased report nobody could quite bring themselves to use the word profit.”

“Because they knew that it cannot ever be considered a profit when to ‘make’ this amount one has to borrow such a huge sum that the repayments will cost over £20M a year, at the very lowest they would be over £15M every year---without counting any repayment of the loan, itself certain to be £230M, and again, liable to be far, far in excess of that.”

“For this ‘contribution’ to repay the loan would then take 115 years, and through that time a ‘subsidy ‘ of initially over £20M would be needed, only falling as the capital itself was reduced by this subsidy.”

“These things are obvious, but for councillors to see a letter such as the above in which no mention is made of this, then who can blame them for becoming shell shocked and confused.”

“The Labour and Tories have done the city a colossal favour in the teeth of entrenched opposition from the senior civil servants and with the vote of the 25<sup>th</sup> took a big step in bringing them to heel, and a proper understanding of their duties and responsibilities.”

“ I trust Alex Salmond, with his highly developed political understanding will recognise the dangers of allowing his civil servants in the national government to effectively declare war on their own capital city, without a clear instruction from the duly elected political representatives.”

“Last week Edinburgh tottered on the edge of a real abyss having sleep walked towards it on a path of muddled, confused and partial promptings disguised as advice from the Civil servants, it only pulled back thanks to seem real political courage on behalf of the Conservatives and Labour who were prepared to bury their own century long differences in the face of the implications.”

“The last thing we need now is another civil servant casually writing off a letter to his opposite number in the city designed to allow her to give the City the push in the back that will send it toppling into the darkness.”