

# Trams update December 2010

- ✘ Is there actually any good news about the trams to report?  
Is anything actually happening?

Well there is recent news, particularly as trams were on the agenda at the full council meeting last Thursday.

According to [Edinburgh Trams](#) on Friday 17th December:-“The tram report on the refreshed businesses case and future governance of trams and Lothian Buses went before Council last night. There was a lengthy debate by Councillors and in the end a Motion was passed which agreed the following:

- a further revised business case will be brought forward to provide information on the programme, cost and contractual implications of the remaining stages of potential incremental delivery of phase 1a beyond St Andrew Square.
- that the Council agrees in principle to the transfer of management of the trams to Lothian Buses subject to a report on the governance arrangements necessary within the Council (as well as for TIE and TEL) in order to facilitate that transfer.
- that a review of the business case be undertaken by a specialist public transport consultancy that has had no previous involvement with the Edinburgh Tram Project. The planned review on future governance will still be undertaken over the next year and no decisions have yet been made. The plan has always been for trams and Lothian Buses to operate an integrated service and this remains the case.”

Earlier in December the Council Leader, Jenny Dawe included a brief mention of the tram project in her report, praising how well the traffic regulation orders were being progressed. Essentially these are an administrative requirement, but although they are important, a Traffic Regulation Order does not a tram system make.

Even for the commentators who have been following this project's progress it is essential to understand certain key concepts before you can actually decipher what this gobbledegook means. We did give you some idea of what all the phrases meant in our earlier article on trams [here](#). However it does no harm to reinforce the message and give you the best report we can about the current position.

Who are Transport Scotland? Transport Scotland is an Executive Agency of the Scottish Executive. They are the major funders behind the Edinburgh Trams project, contributing £500m. The City of Edinburgh Council have committed £45m to the trams project. A contingency fund of 10% has been requested over and above this figure.

Why do we need trams? The project's objectives are to support the local economy by improving accessibility, promote sustainability and reduce environmental damage caused by traffic, reduce traffic congestion, make the transport system safer and more secure and promote social benefits. In earlier reports such as that provided by Audit Scotland the first phase of the tram project was to be delivered in early 2011. That is now not only unlikely but made impossible due to the fact that there are contractual disputes between the members of the BSC consortium which is contracted to build the trams. In particular one member of the consortium, Bilfinger Berger, has claimed additional payments which are disputed by the council and which are the subject of mediation.

What is Edinburgh Trams? This is essentially the same body as **tie** which is managing Edinburgh's trams project. The original project was to run a tram line from Newhaven to the airport and a secondary line from Roseburn to Granton Square. The secondary part of the contract has been shelved some time ago, deemed unaffordable in one construction project by tie.

Transport Edinburgh Limited is an organisation wholly owned by The City of Edinburgh Council. The members are currently:-

Councillor Buchanan (Scottish National Party)  
Councillor Chapman (Green)  
Councillor Jackson (Conservative)  
Councillor Gordon Mackenzie (Scottish Liberal Democrats)  
Councillor Perry (Labour)  
Councillor Wheeler (Scottish Liberal Democrats)  
Chief Executive (or nominee)

What is **tie**? Transport Initiatives Edinburgh which was set up in 2002 to deliver major transport projects for the City of Edinburgh Council (CEC). The company, now known as **tie**, is a private limited company, wholly owned by The City of Edinburgh Council. When it was set up tie was overseen by a board which comprised an Executive Chairman, four CEC councillors and four non-council representatives. The board meets regularly to review the corporate strategy, and governance arrangements within tie and oversees project delivery and financial performance. The board has two sub-committees – remuneration and audit. The audit committee's remit includes overseeing governance procedures and assessing the adequacy of systems of risk management and internal control.

Why are Lothian Buses involved? There is a proposal to have the trams and buses brought together in one operating company. This sparked a reaction from Lothian Bus drivers and staff at the October Council meeting.

Are any bonuses being paid to staff of **tie**? None have been paid since April 2009, although £108,000 was paid to December 2006, £268,000 was paid between Jan 2007 and March 2008 and £84,000 in the year to April 2009.

Following the resignation of David Mackay as chairman of Edinburgh Transport, Edinburgh Trams and Lothian Buses, Brian Cox was approved in November 2010 as the interim Chair for Edinburgh Trams and TEL and Ron Hewitt (Chief Executive of the Edinburgh Chamber of Commerce and existing LB Board member) was approved as the shareholder's preferred candidate for the

Chair of Lothian Buses. This latter decision is to be reviewed at the next LB Board.

What was the report mentioned above by Edinburgh Trams and which was presented to the Council meeting on 16th December? It is this document here. Click Full Screen to view

[View this document on Scribd](#)

What are the salient points of the report?

The purpose of the report is to update the council on all aspects of the tram project.

The Council asked for a refreshed business case to be prepared at the meeting in June 2010. This is a kind of reappraisal of the transport situation in the city. It contained certain assumptions which were based on confidential information relating to what Lothian Buses might estimate their fares and passenger numbers to be in the future for example. Part of the problem about this commercially sensitive information was bound up with the possibility of linking the trams to Lothian Buses – something that the existing staff of LB objected to on the basis that their profitable company could be dragged down by the tram operation. (See our earlier report [here](#)) All councillors have now had the opportunity of seeing the full report with all sensitive information still included so that all elected members are fully briefed.

Meetings have been held:- On 3 December council representatives met with some of the BSC consortium. As a result of the meeting it is possible that mediation arrangements will be agreed before Christmas and the process may begin in early January.

The main focus of the council is, according to the report, to find a way forward with the tram project. However there is a

clear statement that they cannot envisage preparing a final report to the council on the integration of Transport Edinburgh Limited, tie and Lothian Buses simply citing "current difficulties" as the excuse, and instead putting forward a time limit of one year.

Finally an extension is required from the Scottish Ministers to allow extra land to be acquired for the tram route.

The report includes a presentation from Edinburgh Trams on the arguments for and against "incremental delivery of Phase 1a". In plain English (although the paper itself is eminently readable) this means whether or not the project should be completed only between St Andrew Square and the airport on the first phase and then extended to Newhaven on the second.

One of the key statements in this part (which runs to 32 pages) is this:-"The integration of bus and tram in Edinburgh under the umbrella of TEL is a unique opportunity to design the service patterns for Lothian Buses' services and trams in a way which best fits demand, makes use of tram on the high demand corridor through the centre of the city and provides effective interchange between bus, rail and tram at key points. An important advantage for TEL is that integration can be planned before the start of services. On the route from the Airport to St Andrew Square, interchange between bus and tram will be effective at Edinburgh Airport, Ingliston Park and Ride, Gyle Shopping Centre, Edinburgh Park Station, Haymarket and St Andrew Square, where the city's main bus and coach station is located."

The tram project must be considered within its historical context. The mere fact that in 2007 the Edinburgh Airport Rail Link (EARL ) was scrapped in favour of the tram option means that any changes to the tram route, or the provision of trams at all, must be given due thought and any decisions due process. Given that the infrastructure for the tram at Gogar is nearly completed, and that the tram should integrate with

Haymarket and Edinburgh Park stations makes it all the more important that some solution to the completion of the tram project in the not too distant future is found.

What should no longer be an option is that there are continued calls by some parts of the local administration for the whole tram project to be scrapped. At this late stage we must be too far along the tracks?