

Edinburgh Trams – council report out today



A report outlining the options for the future of the Tram Project is made public today, ahead of a the full Council meeting scheduled for Thursday 30 June at the City Chambers.

Councillors will debate the project then and will have the opportunity to make decisions on the matters covered in the report prepared by senior officers. The matters to be debated will include future governance arrangements, a revised scope and programme for delivery as well as potential funding options for going forward. All of these elements will be contingent on a decision by the Council about whether or not the project goes ahead, and so the three main options for proceeding are also detailed.

An officer recommendation has been made to complete an initial phase of tram line 1a from Edinburgh Airport to St Andrew Square/York Place subject to funding to deliver what the council describe as a revenue-making service; one which realises the investment to date.

The council propose three options:-

Going forward

To provide councillors with as much information as possible, detailed analysis has been carried out on the main options for the project's future. The available options are as follows:-

1). Retain the status quo and continue with the current contract to completion.

This option would see the contractual issues decided through the dispute process which saw savings of around 50 per cent on submitted claims. However this would be hugely time consuming and would provide no certainty on final costs, programme or a likely completion date. It would also incur substantial additional expenditure in project management and legal costs.

2). Separate from the current contract and either conclude matters through mutual commercial settlement, or through the courts if the contract is terminated by one party.

If the option to mutually separate was taken, then a decision would have to be made on whether to re-procure immediately, mothball the project for a period of time or cancel the project entirely, reinstating parts of the route to their pre-tram status where required.

3). To complete an initial phase as far as St Andrew Square/York Place under the terms agreed with the infrastructure contractor during mediation talks in March.

This option would provide the greatest certainty of delivering the first phase of the tram network and realising some benefit for the investment already made, albeit at a higher cost than previously anticipated. It would also help considerably in unlocking the development potential of West Edinburgh, enable the tram-train interchange at Gogar to go ahead and ensure that the tram runs into the heart of the city centre and can be integrated with Lothian Buses and other services for onward travel.

Completing this phase would generate an annual operating profit of around £2million a year following an initial settling in period and represents a Benefit Cost Ratio of 1.85 in accordance with Transport Scotland guidelines which advise that sunk costs should be disregarded for the purposes of project appraisal. These figures have been independently

verified by external consultants.

Work on a variety of elements is ongoing to secure a price to conclude the 'on-street' section of the route from Haymarket to York Place, with a fixed price already agreed for the 'off-street' section, from the airport to Haymarket.

However the report states that if a decision was taken to commit only to a service running from the airport to Haymarket, then an annual subsidy of up to £4m would be required to cover operating losses, and the contingency capital funding would therefore not be available.

Funding

The Council state that the costs for the separation option remain confidential as there are continuing commercial negotiations underway, as well as a process of legal scrutiny.

However they also admit that it is clear that whichever proposal is agreed by Council, additional funding will be necessary. The Council has previously looked at contingency plans for raising up to £55m of the extra amount required.

Discussions with The Scottish Government, as well as further analysis of the available options, will need to be undertaken, depending on the decision approved by Council next week. This is because certain funding avenues can only be pursued if a capital asset is in place at the end of the project.

Councillor Jenny Dawe, Leader of The City of Edinburgh Council, said:- "This report is crucial for the tram project. The options presented give Elected Members a lot to think about over the next week in deciding the future of integrated transport for the city.

"Nobody would have wished for the problems that have beset the scheme. However, we must find a way forward that sees trams running on our streets in the next couple of years."

Sue Bruce, Chief Executive of The City of Edinburgh Council, said:- “This really is the critical juncture for the project. We will be working closely with The Scottish Government in coming months to look at the various funding options that we may need to progress based on the decisions taken by Councillors next week.

“The officer recommendations are designed to ensure that we secure a return on the substantial investment made to date and, at this time, progressing to St Andrew Square and generating revenue appears the sensible way to ensure this happens. “

The report also details the requirement to ensure the areas of the route which are no longer to be incorporated in the first phase are repaired and reinstated to a suitable standard. This will include removing some temporary traffic management measures between Picardy Place and Newhaven, and undertaking repair works on roads and pavements along this stretch.

The report also provides information on the remedial programme for Princes Street, details about the revised governance arrangements going forward and how these will affect the plans for operations and the operating agreements currently in place between the Council and TEL/ **tie** Ltd.

You can read the report in its entirety here.

[Edinburgh Tram Council Report](#)