

# Get off at Haymarket! Council decides way forward on trams

✘ The City of Edinburgh Council today passed a motion to stop the trams at Haymarket and give up (at least for now) the idea of borrowing around £230m to finish the tram project to St Andrew Square. You can follow the blow by blow [account of proceedings on our Liveblog](#) which has just closed, but the essential fact is that the administration motion to increase the council's borrowing which would have meant repayments in the order of £15m per annum for a considerable period of time, was defeated. The Labour and Conservative Groups combined to defeat the LibDem motion after four rounds of voting, and in the final round the SNP group all abstained.

The vote was carried out by roll call which means that every single councillor had to indicate which way they were voting at each point. Only on the fourth vote did the Labour amendment get sufficient votes to be passed.

The Labour amendment stated that the proposed funding package for the St Andrew Square option had not been sufficiently de-risked, that the proposal with least risk is to build from the Airport to Haymarket as phase one of a longer-term strategic plan and instructs the Chief Executive to go back to the contractors to agree a way to settle matters. It further instructs the council to give Lothian Buses a primary role in preparing for operations as soon as possible to ensure maximum operational income and public transport integration.

Perhaps that means that Lothian Buses will cease running their Airlink coaches and instead we will have to board the tram at Haymarket. Will Scotrail run services between Waverley and Haymarket to help us on our way?

There must be a real question tonight over the future of the

LibDem Council Leader, Jenny Dawe, who was, in her own words, very 'disappointed' that the Labour and Conservative Groups had contributed to put the city in a position of having to find £161m. She was referring to the anticipated cost of cancelling the project which she clearly believes will follow from this decision this afternoon.

Earlier in the day the Council Solicitor, Alistair MacLean, had indicated that he believed the Labour amendment would frustrate the contract between the council and the contractors. This is a legal term meant to indicate that the council will be in breach of their agreement in the mediation process at Mar Hall earlier in the summer.

We interviewed some of the councillors after the meeting....

### [City of Edinburgh Council meeting 25 August 2011 \(mp3\)](#)

Here is the official word from The City of Edinburgh Council with a full copy of the Labour Amendment:-

Labour and Conservatives Councillors on the City of Edinburgh Council have today voted to rescind an earlier decision to build the first phase of the Edinburgh Tram Project to St Andrew Square.

In June it was agreed that, the plans for this phase were contingent on agreement of funding and the approval to borrow to meet the costs, this was not given approval at today's Full meeting of the Council.

After four rounds of voting, the amendment tabled by the Labour Group was passed, with support from the Conservative group, securing a vote of 25 against 19 for the Liberal Democrat Motion, which had the support of the Green Group. There were 13 abstentions.

It gives authority to the Council Chief Executive to negotiate a new settlement agreement with the infrastructure consortium

in consultation with political group leaders. Any new agreement would see the first phase of the project delivered from the airport to Haymarket as phase one of a longer-term strategic plan.

Financial assessments made by senior Council officers would have seen funding for the project generated through prudentially borrowing against a number of revenue streams included in the Council's Long Term Financial Plan.

Following the meeting, Cllr Jenny Dawe, Leader of the City of Edinburgh Council, said "It's heartbreaking that the decision to progress to St Andrew Square has fallen threatening this city's future financial vibrancy.

"I am really angry that Labour and Tory Councillors have rejected the professional advice of our Chief Executive and officers and some of the most highly regarded legal, technical, financial and engineering experts in the country.

"This was the option that was supported by the business community within the city and would have seen a profit realised. An initial line to Haymarket makes no financial sense and will have a bigger negative impact on the finances of Lothian Buses. It will run at a permanent annual £4million loss.

"If the contractor now walks away we will be faced with having to find £161m this financial year. An impossible feat."

Sue Bruce, Chief Executive of the City of Edinburgh Council: said: "There has been a significant amount of time and effort committed to the post mediation work. The recommendations reflected the considered professional advice of officers and advisors. The Council has made its' decision and every effort will now be made to implement it."

As a consequence of today's motion, programmes of work which were scheduled to begin in September will now be subject to the continued contractual negotiations.

The accepted amendment also noted concern about the impact on local businesses and specific issues of rates relief, general business support and potential compensation for loss of earnings as a result of tram works. A report on this will be

brought to the Transport, Infrastructure and Environment Committee on 6 September.

City of Edinburgh Council

Labour Amendment

Full Council Meeting

25 August 2011

Item 8.2 Edinburgh Tram Project

1. Council again notes that this is a project which Audit Scotland gave a clean bill of health in June 2007. Since then it appears to have totally unravelled.

2. Council notes that the earlier decision of 30 June 2011 to pursue the St. Andrew Square/York Place option was subject to funding.

3. Council further notes the report's recommendations but does not agree them, with the exception of 8.1(d) on the project governance arrangements.

4. Council accordingly rejects the proposed funding package for the St. Andrew Square/York Place option and agrees that option has not been sufficiently de-risked.

5. Council notes that, as a result, the earlier decision of 30 June 2011 to pursue the St. Andrew Square/York Place option effectively falls away.

6. Council therefore now agrees that the proposal with least risk is to build from the Airport to Haymarket as phase one of a longer-term, strategic plan.

7. Council therefore:

instructs that a new settlement agreement reflecting paragraph 6 above should be negotiated and finalised by the Chief Executive after consultation with the political group leaders; authorises the Chief Executive to enter into a new settlement agreement substantially on the terms set out in the earlier 'settlement summary', with such amendments as may be necessary to reflect paragraph 6 above, following consultation with political group leaders, all prior to 1 September 2011 or any later date mutually agreed by the main parties; and

instructs that the Council, as shareholder, gives Lothian Buses a primary role in preparing for operations as soon as

possible to ensure maximum operational income and public transport service integration.

8. Council finally notes that there are ongoing and significant concerns within Edinburgh 's business community about the specific issues of: rates relief; general business support; and potential compensation.

9. Council thus finally instructs the Chief Executive to bring a separate report on the issues referred to in paragraph 8 above to the next meeting of the Policy and Strategy Committee on 6 September 2011.