

Edinburgh Trams moving right along to the next stop



The trams in Edinburgh will be run by Lothian Buses under a new operating agreement to be entered into with the council.

The council will hear later this week that the tram project remains firmly on the revised budget and the revised timetable, and that the operator is now preparing for actual operations. It is fairly clear that the overhead cabling works are proceeding apace even if there are a couple of hiccups in York Place and Shandwick Place which has meant relaying some of the surface (which the contractors are doing at their expense).

It is now looking possible that the trams will be running around Edinburgh before Christmas 2013 although the council leader, Andrew Burns resisted any temptation to be drawn on this during the press briefing last week. The plans for the running of the integrated transport business now have to be ironed out and it is the detail of this which will come before the council meeting on Thursday of this week for approval.

In January this year proposals were set out for a group of transport companies with very interesting names including Tramco, Lothian Buses plc or Busco, and a new company called Topco to hold the council's 91% stake in Lothian Buses and the entire shareholding in Tramco under one new holding company. So what does this mean?

It means that the trams will be run in the same way as the buses are at present by an arms-length company outwith the council itself. It also means that the actual projected figures are at present hidden from public gaze under a cloak of commercial sensitivity, although there seems to be a chance

of some concrete figures being discussed at the August council meeting. There will be a further report compiled by Atkins by then about the trams operating agreement and this will cover the way trams are run, and will perhaps provide the financial detail which is promised. Councillors at least will have access to the detail in a confidential data room to be set up ahead of the August council meeting. Whether or not the public or press get such a level of detail remains to be seen.

The tram operating company will receive a £3m loan from the council to cover start-up costs, and we are told it will return a profit in the third year of operation, which is earlier than the council previously estimated. It is naturally very important that trams do return a profit since the council carry all of the financial risk for the project and its operation.

The council will keep control over the fares charged by the tram company so that all possible revenue is maximised, and they propose initiatives such as engaging with large employers along the tram route to ensure as much traffic as possible is diverted to the new mode of transport.

Lothian Buses will also team up with Edinburgh Airport Limited in an exclusive agreement which is designed to ensure that trams, buses and planes all integrate well together.



The tram operating agreement has been drafted with a 15 year

lifespan and over that time it is estimated that £36m will be paid in dividend payments to the council for maintenance and refurbishment costs. The council is bound by earlier contracts to maintain the infrastructure and the trams for the first three years of operation. In addition there is a £48m surplus forecast which can be paid by Tramco into a fund to cover the maintenance costs, and the bus operating company is forecast to make a surplus of £33m which will be paid to the council-owned Topco.

Whether or not these estimates prove correct will of course only be determined when operations begin, whenever that is.

According to the unaudited financial statements also provided for councillors information this Thursday the financial position with regard to trams is as follows:-

“The project remains on course to be delivered in line with the revised programme and budget. The total revised project cost is forecast at £776m, with the additional £231m being funded by the Council, as approved on 2 September 2011.

As at 27 April 2013, the cost of work undertaken on the project was £736m. A number of areas of the project are now complete from a construction perspective:

- ● Utilities have been diverted with the track slab complete in all key areas;
- ● Section B from the Airport to the depot was completed on programme and handed over to the Council on 8 March 2013;
- ● St Andrew Square civil works were completed and handed over to the Council on 26 April 2013;
- ● All 27 tram vehicles have been delivered to the depot, and routine testing has been completed on 26 of the 27 vehicles. “

