

Council to decide on tram extension next month

The City of Edinburgh Council will decide on extending the tramline to Newhaven at their meeting in March. In the [first place](#) the cost was quoted as £165million, but now after further work on the project the overall cost (including what is called an Optimism Bias of 6%) has risen to £207million.

Today's news is that the FINAL BUSINESS CASE FOR TAKING TRAMS TO NEWHAVEN is now READY FOR COUNCILLOR SCRUTINY AHEAD OF MARCH DECISION.

This means that a data room has been opened today at the City Chambers where councillors can begin examining the details of the project. The council already took the decision to investigate the business case for taking trams to Newhaven, they have held public consultation on the route and stops, and now it is time for councillors to get the chance to ask questions and pore over the plans.

The details set out what the council say is a 'robust strategic, economic, financial, commercial and management case' for extending the line to Newhaven.

The project cost and timescales are also included in the information which councillors will use to make their final decision when the proposal goes to Council [on 14 March](#). And crucially as the Transport Convener explained in a [comment article](#) for us some time ago, no other council services will

be affected by the council paying for this project.

We are informed that the project team has followed best practice for major capital projects from both HM Treasury (Green Book) and Scottish Government (STAG) and, after a thorough tendering process, the FBC outlines that the project can be delivered within a budget of £196m – more than the initial figure of £165m quoted some time ago.

This figure includes what is described as a significant additional risk allocation as well as funding to support local business through the construction process.

Even when the recommended 6% level of 'optimism bias' is added, which would take the project total to £207.3m, the project remains affordable and self-financing and would not divert funds from other Council services.



Edinburgh council will vote on extending the trams next month. The council say that the project would be funded through future tram fare revenues, along with a special dividend from Lothian Buses.

The number of passengers projected to use the system in year one is close to 16 million, almost double the patronage forecast for the existing Airport to York Place line in the same year.

The cost reflects the outcome of a comprehensive procurement exercise and the inclusion of a six-month 'Early Contractor Involvement' (ECI) period to allow the project team and the appointed contractor to refine the construction programme and approach.

To provide further assurance, the project team also tested the FBC against the risk of similar, past, completed tram projects – an approach developed by academics from the University of Oxford's Saïd Business School.

The data showed that the project is more likely than not to be delivered within budget, but they also recommended that the Council considers providing an additional risk allocation of up to £50m for all eventualities.

Even in this unlikely scenario, the project would still be delivered without putting additional pressure on Council budgets and would represent value for money for the tax payer, deliver significant economic, social and environmental benefits and would be affordable within the overall financial model.

This whole approach has been subject to significant scrutiny from professional experts, as well as following the Council's audit processes.

Council Leader Adam McVey said: "We need to invest in our Capital city's continued success and deal with the growth of our population in a sustainable way. Edinburgh has a fantastic public transport network but we need to extend tram to build on our first-class, fully-integrated transport system. As Scotland's fastest growing city, things simply cannot continue as they are – the transport system must evolve to cater to a rapidly growing population.

"The Final Business Case before us now is the result of a huge amount of work by the project team to produce a strong business case for taking trams to Newhaven which – crucially –

does not divert funding from other Council services.

“Having developed the case further and gone through the tender process, we now have much greater certainty of the total project cost – following industry guidance, learning the lessons from the previous project and taking a thorough, diligent and prudent approach to risk management. We will work to make sure the timelines and costs in the final business case are met.

“All successful major infrastructure projects depend on extensive scrutiny and this major project is no different. All Councillors will be taking the opportunity to examine in detail the FBC and associated documents in detail so that we can collectively make as informed a decision as possible come [14 March](#). If Council moves ahead with this project, we’ll be working hard to make sure we deliver this project on time, on budget.

Depute Council Leader Cammy Day said: “A tram to Newhaven would not only provide a direct link for the people of Newhaven and Leith to the city centre and out to the airport, but would connect residents and visitors to major employment and travel hubs along the route. Completing the original vision for the first phase of the Edinburgh Trams network would unlock a large area of the city for housing development and employment opportunities.

“From the very start of this process when the updated Outline Business Case was approved, we pledged to do everything we could to make sure these plans are truly community-based – and I think we’ve achieved that.

“Through tireless public consultation to hone the designs, respond to concerns, explore solutions and develop measures to ensure a lasting positive legacy for the whole area, we’ve managed to arrive at a final set of plans that – if given the final go-ahead – will deliver real benefits for the people of

Leith, north Edinburgh, and the city as a whole.”

Since councillors approved the updated Outline Business Case in September 2017, the Trams to Newhaven project team has undertaken a huge programme of work to refine the plans in response to community and stakeholder needs and views, with more than 8,000 pieces of feedback received during extensive public consultation in 2018.

The opening of the data room marks the beginning of the final decision-making process on the Edinburgh Tram York Place to Newhaven project, which completes the originally envisaged Phase 1a of the Edinburgh tram network.

The full Final Business Case will be made public later this month as part of the agenda for the Transport and Environment Committee’s [28 February](#) meeting.

A further report on the award of the ‘swept path’ and infrastructure and systems contracts will go to Finance and Resources Committee [on 7 March 2019](#), followed by the final decision on taking trams to Newhaven by the City of Edinburgh Council [on 14 March](#).

If the project is given councillors’ approval to proceed, passenger journeys to and from Newhaven are projected to commence in early (Q1) 2023 following a six-month period of testing and commissioning on the new route between York Place and Newhaven.

Construction is planned using a ‘one-dig’ approach, closing each work site only once and opening them again only when all works (archaeology, pre-infrastructure works and construction of the tram route itself) are complete. This approach reflects lessons learned from the previous tram project.