

Tram contractors to be appointed for Newhaven line

Councillors will be asked to award £128 million tram extension contracts to two companies ahead of the full council meeting on 14 March 2019 when councillors will decide whether to proceed or not.

The council's business case for extending the tram line to Newhaven totals £207.3m including £31.9m of risk and another £11.3m of what is called 'optimism bias'.

A swept path contractor will clear any utilities in the way with a possible 1,200 conflicts, before the systems and infrastructure contractor builds the tram line.

There is a possibility that costs could rise due to contractors being unsure what lies beneath the proposed route.

The Finance and Resources committee will be asked to approve the award of a £22m swept path contract to Morrison Utility Services Ltd and the separate £106m infrastructure and systems contract to Sacyr Farrans Neopul Joint Venture (SFNJV) when councillors meet this Thursday.

The cost of the tram extension is now estimated at £207.3m, funded by a £20m dividend from Lothian Buses and borrowing paid from future tram fares.

In common with other contracts like this, if the committee votes to award the contracts on Thursday, it will be subject to the final business case to be decided by the full council on 14 March 2019. The Transport and Environment committee last week recommended the tram extension for approval.

Finance Convener, Cllr Alasdair Rankin, said: “The trams to Newhaven project team has completed a comprehensive and rigorous procurement exercise to select preferred contractors for both elements of the project.

“This process has been exhaustive in its approach, taking on board substantial lessons learned from the previous projects and following best industry practice. The finance and resources committee will carefully assess and scrutinise the outcome of this procurement process before arriving at a decision. Awarding the contracts will be subject to a final vote on the project by Council on 14 March.”

During the tender phase of the infrastructure and systems contract, two of the four interested companies pulled out citing “difficulties with getting their internal governance approval for the responsibilities and liabilities” while the swept path contract attracted two bidders.

In a report to councillors, officers admit that “the actual costs will vary” in the £22m swept path contract, “depending on the extent of works required to clear the tram route of all below ground utilities and other obstructions.”

In a separate report on the £160m infrastructure and systems project, there is also a warning that “the target cost may vary, depending on the level of agreed compensation events”. Conservative councillors who oppose the tram extension have raised concerns that the project will not be completed within budget.



Cllr Andrew Johnston represents Fountainbridge/Craiglockhart Ward

Cllr Andrew Johnston said: “It’s a further risk to the taxpayer that the bill could go up and up. In the business case there are a number of unknowns. I don’t regard that as a cautious approach – who knows what they will find.

“I’m just struck by the huge costs that are involved here. Why are we doing this now when we have a crisis in health and social care? It really brings it home how much the administrations wants to push ahead with it.”

The council has said that the tram contract is affordable without any impact on other services. They have also explained that the contractors will sit down together in what is called Early Contractor Involvement. This is a six month period for planning ahead of any physical work beginning.



Cllr Lesley Macinnes Convener of Transport and Environment
Transport Convener, Cllr Lesley Macinnes, said: “This project is one of the most important things that we can do for this great city so that current and future generations can share in Edinburgh’s success.

“While there are a small number of issues which remain unresolved, I’m confident that the project team will work closely with the contractor to address these during the six-month ‘early contractor involvement’ period.”

