

Controversial tram firm was 'kicked off' earlier rail project

Papers expose TIE's record of delays and cost hikes

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THE company behind the Edinburgh trams fiasco was kicked off another major rail project because of unacceptable delays and spiralling costs, official papers have revealed.

Transport Initiatives Edinburgh (TIE) was removed from the managing role on the Stirling-Alloa-Kincardine railway in 2007 after alarm bells began ringing in the national transport agency, Transport Scotland.

The agency was so concerned it took over the running of the railway itself.

Yet at the same time, Edinburgh City Council, which set up TIE, allowed the firm to start work on the city's trams, a project that is now a byword for delay and incompetence.

The high-level concern about TIE's ability to handle a major project is disclosed in minutes of Transport Scotland's board, released to the Sunday Herald. The 13-mile single-track line between Stirling and Kincardine, known as SAK for short, finally opened last May three years behind schedule and cost £85million, more than double the original budget of £37m.

The capital's 10-mile tram line, which has been beset by delays, contract disputes and traffic chaos, is so far £33m over its £512m budget and its planned opening date of January 2011 has been shelved. The board minutes identify "governance confusion" and cost problems on SAK as early as January 2007.

Transport Scotland said "answers need to be sought that TIE would handle [other] projects differently" and admitted it "had to intervene more than was desirable and highlight the cost over-run".

Two months later, Transport Scotland

discussed replacing TIE altogether.

"Whilst TIE was a more effective organisation than it had been previously, there were still issues around its ability to manage other major rail projects.

"If TIE was to be replaced, the decision would need to be taken very carefully as Transport Scotland did not currently have the capability or capacity to manage major rail projects directly."

In June 2007, the Scottish parliament voted to press ahead with the trams, capping the government's contribution at £500m.

The SNP opposed the project, but were out-voted by Labour, LibDems and Tories.

Transport Scotland took over SAK in August 2007, but TIE carried on with the trams. TIE has been criticised as roadworks play havoc with the traffic system.

In December, TIE chief executive Willie Gallagher resigned amid rising costs.

In February this year, critical work on the project halted after a dispute with the consortium installing the tracks.

And in April, it emerged TIE executives had been awarded £1m in bonuses before a single piece of track was laid.

Shirley-Anne Somerville, SNP MSP, said: "I find it astonishing that TIE were allowed to be involved in another project."

A Transport Scotland spokesman said the agency had been "concerned" that SAK had "run late and over budget" under TIE's management.

"As Transport Scotland has an obligation to provide value for money for the taxpayer, we considered it essential to adopt a direct project management role, which simplified the project governance and provided authority to efficiently control and manage risk.

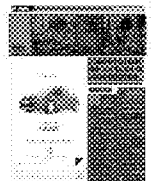
"All decisions on how the [trams]

project is managed are entirely a matter for Edinburgh City Council."

Steven Bell, TIE's Tram Project Director, said: "TIE Ltd's involvement was limited on [the SAK] contract, joining the project once the governance and delivery arrangements were set.

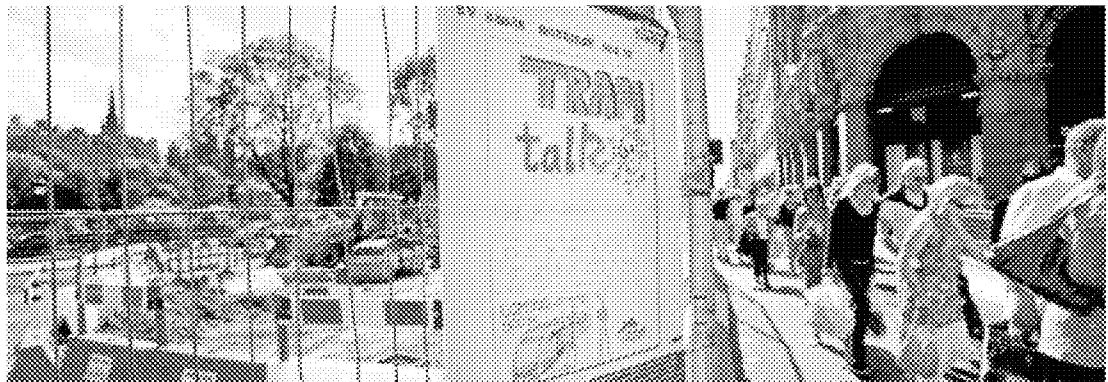
"Following TIE's appointment by Clackmannanshire Council as project manager, we reported a number of additional risks and costs to Transport Scotland that had not been previously identified. Clearly, TIE's main focus is the Edinburgh Tram project, which it was set up to deliver."

Edinburgh's transport Convener, Councillor Gordon Mackenzie, said: "TIE was formed with on the basis that they would deliver trams for Edinburgh and we have every confidence that they will see the project through to a successful conclusion."

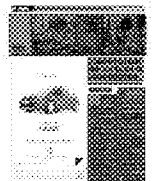


Roadworks for Edinburgh's tram system have caused chaos on the streets

Photograph: Steve Cox



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