

### **Revenue outturn variance 2011-12- Tram project**

The construction of a tram line from the airport to York Place with an associated budget of £776m was approved by Council in September 2011. As reported to Audit Committee on 26<sup>th</sup> January 2012 the project remains on course for completion on budget and on time (by summer 2014).

The budget identified for the tram project was exclusively a capital budget but, as the work on the project has progressed, costs of both a capital and revenue nature have been incurred. The overall forecast project spend remains within the identified £776m total but this spend will comprise both capital and revenue expenditure. As the tram project budget cannot be moved from capital to revenue this year's revenue expenditure (£5.155m) shows as an adverse budget variance.

Tram project costs incurred in 2011-12 and categorised as revenue expenditure include:

- tie Ltd voluntary redundancy costs- £2.561m
- program delay costs post mediation (related to the delay in signing the settlement agreement in August/September 2011)- £1.397m
- General project management expenditure- £0.573m
- Costs associated with preparing for tram operations- £0.305m
- Princes Street festive reopening- £0.204m
- Non-core communications costs- £0.115m