

## **News Release**

### **TRANSPORT SCOTLAND TO FORM PART OF NEW TRAMS MANAGEMENT TEAM**

The Scottish Government has confirmed that its transport agency, Transport Scotland, is to form part of a new management team with City of Edinburgh Council for the delivery of Edinburgh Trams. It was also announced that the remaining £72 million Scottish Government grant will be reinstated to the project.

Cabinet Secretary for Infrastructure and Capital Investment Alex Neil said a team of experienced project managers from Transport Scotland will fill key senior roles in the new governance structure and will bring the professional approach that has seen major projects such as the M74, completed ahead of schedule and under budget.

Working alongside managers from the City of Edinburgh Council, the agency team will work closely with the Council's own team to provide strong managerial and technical assistance to ensure the delivery of a viable tram service between St Andrews Square and Edinburgh Airport for Scotland's capital city.

Alex Neil said:

"The Scottish Government is committed to working with Edinburgh Council on the delivery of the tram project. Even though we did not vote for the project and accept that there are still risks, we now need to protect our public investment and help ensure that the latest £776 million estimate will be enough to complete the project to St Andrew's Square.

"The Scottish Government has a strong track record, through Transport Scotland, of delivering major projects like the M74 early and under budget and secured significant savings on the three contracts to deliver the new Forth Replacement Crossing.

"However, it is important to understand this move is not a magic wand. Significant challenges remain in completing the crucial Haymarket to St Andrew's Square section and we remain concerned about the risk still posed by more than 700 separate instances where utilities may remain in conflict with the project design – some even after they were diverted as part of the earlier utilities diversion works contract.

"All remaining risks to the public purse must now be fully understood and mitigated and officials in Transport Scotland will be focused on helping the Council work with its contractor and the utilities companies to mitigate these as far as possible."

The Cabinet Secretary acknowledged the disruption many in the city had endured.

"We share the frustration of many people in Edinburgh over this project. We must make sure that we work as closely as possible with those who will be affected and

make sure that the impact of the work is minimised for Edinburgh businesses and communities.”

The move follows on from the agency’s involvement with the Council in mediation discussions which have been ongoing since earlier this year and which have resulted in an expected settlement being reached later today between CEC and its contractors Bilfinger Berger/Siemens. .

CEC has calculated that the overall budget for the project is now £776m, comprising of a base budget of £742m and a risk allowance of £34m. This increase of £231m above the original project budget of £545m will be funded through the Council’s prudential funding facility.

**\*\*CEC QUOTE (tbc)\*\***

**\*\*BILFINGER BERGER QUOTE (tbc)\*\***

### **Notes To Editors**

1. Transport Scotland’s new role will involve a team of around 4 or 5. TS Director MTRIPS Ainslie McLaughlin will be on the new project Board and TS staff will work alongside CEC staff in key senior roles. TS staff will be based in the same offices as CEC and the contractor and working in partnership to ensure that problems are identified quickly and solutions found to avoid the approach under previous TIE regime that saw the contract blighted by disputes.

2. Transport Scotland is the Scottish Government’s national transport agency responsible for; aviation, bus, freight and taxi policy; coordinating the National Transport Strategy for Scotland; ferries, ports and harbours; impartial travel services; liaising with regional transport partnerships, including monitoring of funding; local roads policy; major public transport projects; national concessionary travel schemes; rail and trunk road networks; sustainable transport, road safety and accessibility; the Blue Badge Scheme. Transport Scotland is an Executive agency accountable to Scottish Ministers. Our website is [www.transportscotland.gov.uk](http://www.transportscotland.gov.uk)

3. For further information please call Transport Scotland Communications on [REDACTED].

## **Media Briefing Sheet**

### **Why is this happening?**

- Ministers are taking this unique and unprecedented step because CEC is still not in a position to guarantee that even the latest £776 million estimate will be enough to complete the project to St Andrew's Square.
- While the contractual difficulties appear to have been resolved and a clear way forward for the project established, there is still no fixed price for the whole project and significant risks remain in completing the crucial Haymarket to St Andrew's Square section because of previous failures to clear the path of the utilities.
- Tight robust project management is now essential to ensure as far as possible these risks are properly managed and controlled to prevent further cost overruns.
- Ministers and CEC agree that Transport Scotland's expertise in successful delivery of major transport infrastructure is now essential to assist in completion of Edinburgh Trams.
- TS has already played a key supporting role in the mediations that have been ongoing since March which have resulted in the resolution of the long running contractual disputes that have dogged the project for so long.
- This move builds on that partnership approach to finding the best possible outcome for the public purse.
- Audit Scotland suggested in February that TS' expertise could assist with delivering the project.
- TS has a strong record of successful, efficient transport infrastructure delivery, including the M74 Completion, M80 Stepps to Haggs, Clackmannanshire Bridge, Airdrie-Bathgate Rail Link among others. It is currently delivering the Forth Replacement Crossing project and a number of other projects.

### **Is TS taking the project over?**

- No. Edinburgh Trams remains a City of Edinburgh Council project and they will remain the client under the contract.
- This is not a magic wand and significant challenges and uncertainty still remain for the project. The Scottish Government is clear that all remaining risks to the public purse must now be fully understood and mitigated.
- The risk to the public purse represented by the sheer amount of utilities that still require to be moved or indeed moved *again*, despite the MUDFA works which began four years ago, is simply unacceptable (estimated at up to 700 separate utilities conflicts) and a clear failure of the previous management of the project under TIE.
- This situation is clearly one of the main factors in the perilous situation the project reached and we must be clear on the extent of the challenge facing us in order to protect the public purse.
- TS' immediate focus will be helping CEC work with its contractor and the utilities companies to mitigate these risks as far as possible.

- Ministers reluctantly accepted the decision of the Parliament on 27 June 2007 to proceed with the Edinburgh trams project but to cap the funding available to £500m.
- An Audit Scotland report, which reported in June 2007, said the project was well-managed and had good governance in place. At that stage there was no evidence to suggest concerns that CEC and its professional delivery body TIE would be unable to deliver the project, so it was right for the us to step back from our advisory role on the board but continue the grant payments as instructed by Parliament.
- TS is therefore taking a direct role in Trams for the first time to assist in direct operational delivery to ensure - between CEC and TS - we have the best possible expertise available to finally make good on the public money spent on this project.

### **Why Now?**

- The previous governance structures were given a clean bill of health by Audit Scotland in 2007.
- CEC put TIE in place to manage the contract and it is recognised good practice that projects need a clear line of management control and responsibility
- When it became clear that TIE was no longer in control of the project and was not able to resolve the long running disputes that brought the project to a halt late last year, Ministers encouraged the parties to seek a resolution through mediation and agreed to Transport Scotland playing a key role in assisting CEC in finding a way forward
- Given the clear failures of the previous management under TIE, Ministers are committed to working with CEC as part of a new management team that will bring in Transport Scotland's experience and expertise in a direct hands on role.

### **What about a public inquiry?**

- A public inquiry is inevitable - and to be welcomed - into the circumstances around the severe difficulties the Edinburgh Trams project has faced.
- However, it is vital for the public purse and the worldwide reputation of Scotland and its capital city that a line is now drawn and the project proceeds to deliver a viable tram scheme, as smoothly and efficiently as possible.