



**EDINBURGH TRAM  
Highlight Report to the  
Chief Executive's  
Internal Planning Group  
1 December 2010**

## 1 Background

This 'highlight report' is an update to the Chief Executive's Internal Planning Group (IPG) on the Edinburgh Tram Project to inform on the progress on this project and any decisions required.

The normal format has been suspended to ensure that key decisions are made that allow the Council report for 16 December to be drafted.

## 2 Matters Arising

### 2.1 Matters to Note or for a Decision

The following issues are being brought forward to the IPG for discussion/decision:

- **Project Providence Update,**
- **Update on Legal Issues**
- **Finance Update**
- **Lessons Learnt**
- **Tram Act Powers for Land Acquisition**
- **DRP Update**
- **Council Report**

## 3 Project Providence Update (Presented by Bob McCafferty)

The Project Providence team have continued the activities outlined in the PID.

Meetings have taken place with **tie ltd** in the last week examining the issues highlighted in the key workstreams list included in Appendix 1.

The current Project Team was created to establish the status of a variety of aspects of the project in order to inform the IPG on options for progressing the project following on from a termination of the current Infraco contract.

Informal CEC legal opinion at the moment suggests that imminent termination will not be an option. Although this scenario, if played out, would render much of the work of the Project Team unnecessary, other aspects will remain valid and help in informing other matters moving forward in the absence of a case for termination.

Progress of the infrastructure works has significantly reduced since the late summer. The only significant works ongoing are at the depot where the building is nearing completion.

Detailed analysis of the contractual terms and remedies for dispute continue with particular reference to enforcing progress of the works or termination of the contract with the consortium. In this respect several work streams are underway examining the work packages which would be necessary post-termination in advance of any re-procurement phase and impacts on third parties resulting from delays. Given the current impasse and significant consequences of the lack of progress, in tandem with the contractual approach, a mediation process has also been initiated by the Council in order to explore options for a settlement of the dispute with the consortium.

17 of the 27 trams have now been assembled by CAF and are held in storage in Spain. The contract entitles tie to take ownership of trams once testing has been completed and to date 10 have been satisfactorily tested..

With the exception of the depot, progress on other sections of the route seems unlikely at present. In the meantime, consideration is being given to the execution of remedial works to on-street sections. The details of these works are being finalised with a view to carrying them out in the coming months.

Ongoing security of the construction sites remains the responsibility of the consortium and tie will ensure rigorous adherence by the consortium to meet these obligations.

Given the continuing uncertainty on the timetable for the various options in progressing the project tie is undergoing an assessment of likely resources.

#### **Current Workstreams at 29/11/10**

1. Review legal advice for termination
2. Review options for the project with associated costs.
3. Review Status of design. Assess extent of outstanding design and options following termination and re-procurement.
4. Review options for value engineering with or without termination and re-procurement.
5. Review status of third party agreements in order to inform requirement for interim construction works following on from termination and legal position resulting from suspension of the works.
6. Review position in relation to BSC sub-contracts to establish any step-in options following on from termination.
7. Review of materials on site to establish extent and options for purchase following termination.
8. Review position relating to CDM obligations following on from termination.
9. Review issues which may influence taking ownership and delivery of the trams with or without termination.
10. Review costs for interim construction and remedial works which would follow on from termination.
11. Review causes and quantum of blockage to progressing the works (sample section 2A)
12. Review outcomes of DRP's to date to inform lessons learnt going forward to re-procurement and understand success/failure.
13. Review of status of tram powers and consents given delay or termination of the works.
14. Review of options for public realm works associated with the tram project.
15. Review options for Project management of the tram project.
16. Refresh business case.
17. Prepare format and scope of lessons learnt exercise.
18. Prepare reports for Council.

#### 4 Update on Legal Issues (Presented by Nick Smith/Carol Campbell)

The table below provides an update on the ongoing legal issues and the current status of the various matters.

Issue	Current Status
Ability of TMA/TSA to be novated	<p><b>tie ltd</b> have confirmed that DLA have admitted that CEC's interpretation does have merit. Accordingly it is not certain that the TSA and TMA can be novated or transferred to <b>tie ltd</b> as of right.</p> <p>There is an additional potential difficulty in that the purported right of novation only applies on termination, and <b>tie ltd</b> presently have advice from Richard Keen to the effect that the contract is only terminated when determined in court.</p>
Taking title to the trams	<p><b>tie ltd</b> have the right to take title to some of the trams prior to termination. This is a commercial decision which will be taken by IPG.</p>
What happens re contract if <b>tie ltd</b> fail to prove Infraco default	<p><b>tie ltd's</b> QC as confirmed his view that the contract would remain extant unless and until Infraco serve notice of <b>tie ltd</b> Default.</p>
Timescales for advice	<p><b>tie ltd</b> were asked to provide advice by 25 November. This will mean that McGrigors' advice will be heavily caveated to the extent that it will not be able to be relied upon. We have not yet received this from <b>tie ltd</b>. McGrigors have yet to confirm when they estimate they can provide advice but 3 December is the current estimate. This will likely make 16 December reporting impossible to meet.</p>
At what point can <b>tie ltd</b> enter the sites, etc?	<p>There is a risk that the Infraco would be successful in obtaining an interim interdict preventing <b>tie ltd</b> from securing access to carry on the works. The project would be in limbo pending resolution of the litigation</p>
Adjudications review	<p><b>tie ltd's</b> note is currently being reviewed by Legal.</p>
Procurement issues post termination	<p>With CEC legal for a view. Note that the problems in treating the contract as ended are relevant here.</p>
Phase 2 – LB transfer	<p>With CEC legal to be put out to externals for signoff on process from a TA/State Aid/Competition perspective</p>
Comms protocol	<p>Now agreed with Lynn McMath and <b>tie ltd</b> that CEC Legal will review all <b>tie ltd</b> comms.</p>
SDS transfer	<p>Awaiting <b>tie ltd</b> recommendation – we need to check the position re transfer pre/post termination.</p>
Legal process for recommendation	<p><b>tie ltd</b> board, TPB, TEL board, TMO, Full Council decision</p>

Issue	Current Status
McGrigors' report	Currently awaited
Recovery of sums due	<p><b>tie ltd's</b> Q.C. has advised that they will only be able to recover the additional cost of completing the works with a different contractor if they complete the works from the Airport to Newhaven. They will not be entitled to recover any costs if the scheme is truncated.</p> <p>There is no time limit in the contract for <b>tie ltd</b> to finish the works and claim the additional costs, but other considerations such as expiry of permissions, land agreements, Tram Acts etc would need to be borne in mind, as well as the financial ability and political will to complete the tram works to Newhaven.</p> <p>Any sum recoverable from the Infraco is subject to a liability cap equal to 20 % of the construction works price under the Infraco contract.</p>
Sub-contracts	<b>tie ltd</b> have advised that there are very few fully executed sub-contracts therefore the ability to 'step in' to sub contracts is extremely limited.

**5 Finance Update (Presented by Alan Coyle)**

Work continues to analyse the cost estimates for the project. A workshop has taken place in the last week to seek further certainty and transparency on the assumptions that underpin the project costs. A further meeting will take place with tie's commercial director this week to seek some further assurances on the accuracy of the to-go costs for the project.

The full range of cost estimates are presented below. These are in relation to the full scope of Phase 1a. The costs to St Andrew Square are still being worked on but it is expected that the cost of the project to St Andrew Square is likely to be in the region of £600m should the job be reprocured. It should be noted that there are elements of the cost estimates that are highly sensitive and will remain uncertain, these are itemised towards the bottom of the table.

It is recommended that once the estimates are more robust a full document including the rationale for each element of cost is provided to the IPG for scrutiny.

## Financial Comparison of Core Possible Outcomes

	COWD	Continue as is		Carlisle		Terminate & Reprocure Now			Terminate & Postpone	
	to P7 9 Oct 10	w/Silver Bullet (P'fork 3C) B	BSC Obstinacy C	Carlisle tie price D	Carlisle BSC price E	Win litigation (Infraco Default) QS View F	Lose litigation (tie Default) QS View G	Settle out of court QS View H	Reprocure after winning Litigation J	Cancel after losing litigation K
	A	B	C	D	E	F	G	H	J	K
<b>Infrastructure ready to operate:</b>										
Airport to Haymarket		Oct-12	Dec-13	Oct-12	Jun-13	Dec-12	Dec-12	Dec-12	Dec-14	n/a
Haymarket to St A Sq		Oct-12	Dec-15	Dec-13	Dec-13	Dec-13	Dec-13	Dec-13	Dec-15	n/a
St A Sq to FOW		Oct-12	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15	Dec-17	n/a
FOW to Newhaven		Oct-12	Dec-15	Dec-17	Dec-17	Dec-17	Dec-17	Dec-17	Dec-19	n/a
<b>BB+S</b>										
Constn Works Price (BB+S)	65.2	233.5	233.5	169.0	333.9	65.2	65.2	65.2	65.2	65.2
Existing Change - Princes St	9.5	9.0	9.0	9.0		9.5	9.5	9.5	9.5	9.5
Existing Change - Other	11.8	35.5	45.3	43.8		11.8	11.8	11.8	11.8	11.8
Existing Prolongation		21.0	21.0	3.5						
Further on-street change and disruption		21.1	21.1							
Further allowance for risks and delay		20.4	150.0	16.5	40.0					
Entitlement for work done (BB+S)	86.5	340.5	479.9	241.8	373.9	86.5	86.5	86.5	86.5	86.5
Certified in advance of work done (BB+S)	31.9			14.0	15.9	31.9	31.9	31.9	31.9	31.9
Certified to Date (BB+S)	118.4	340.5	479.9	241.8	373.9	118.4	118.4	118.4	118.4	118.4
Net Accounting accruals/prepayments	(8.4)									
Bond call (BB+S)						(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Infrastructure (BB+S)	110.0	340.5	479.9	241.8	373.9	93.4	93.4	93.4	93.4	93.4
Vehicles (CAF)	46.4	58.5	58.5	58.5	60.8	58.5	58.5	58.5	58.5	58.5
Design Post Novation (SDS)	5.0	5.0	14.0	14.0	15.9	5.0	5.0	5.0	5.0	5.0
<b>Total BSC</b>	<b>161.4</b>	<b>404.0</b>	<b>552.4</b>	<b>314.3</b>	<b>450.6</b>	<b>156.9</b>	<b>156.9</b>	<b>156.9</b>	<b>156.9</b>	<b>156.9</b>
<b>Interim Works &amp; Reinstatement</b>										
Interim Works during Reprocure						20.0	20.0	20.0		
Reinstatement/remedials during Reprocure						3.0	3.0	3.0	10.0	10.0
Reinstatement following cancellation										40.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>	<b>10.0</b>	<b>50.0</b>
<b>New Procurement Costs</b>										
Infrastructure - to HYM				13.9	22.9	255.0	255.0	255.0	317.0	
Infrastructure - to SAS										
Infrastructure - to FOW				40.0	40.0					
Infrastructure - to NHN				20.0	20.0					
Re-Design						15.0	15.0	15.0	15.0	
Direct Reprocurement Costs										
<b>Total New Procurement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>73.9</b>	<b>82.9</b>	<b>270.0</b>	<b>270.0</b>	<b>270.0</b>	<b>332.0</b>	<b>0.0</b>
<b>Total Infrastructure &amp; vehicles</b>	<b>161.4</b>	<b>404.0</b>	<b>552.4</b>	<b>388.2</b>	<b>533.5</b>	<b>449.9</b>	<b>449.9</b>	<b>449.9</b>	<b>498.9</b>	<b>206.9</b>
<b>Termination Costs</b>										
Securing sites						2.0	2.0	2.0	2.0	2.0
Third party costs						10.0	10.0	10.0	10.0	20.0
<b>Total Termination Costs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>22.0</b>
<b>Other Costs</b>										
Ph1b Payment to BSC	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Design Pre Nov incl Ph1b and Utilities	52.3	28.7	32.3	32.3	32.3	32.3	32.3	32.3	32.2	32.3
Utilities and Other Infrastructure	87.6	78.7	89.9	89.9	89.9	89.9	89.9	89.9	89.9	88.7
Project Costs	70.2	91.5	109.5	95.2	95.2	72.7	72.7	72.7	72.7	72.7
Project Costs - Post Termination						21.5	21.5	21.5	26.5	8.6
Other Costs - Incl Land	32.5	33.8	33.8	33.8	33.8	32.3	32.3	32.3	32.3	32.3
<b>Other Costs</b>	<b>225.8</b>	<b>235.9</b>	<b>268.7</b>	<b>254.4</b>	<b>254.4</b>	<b>251.9</b>	<b>251.9</b>	<b>251.9</b>	<b>256.8</b>	<b>237.8</b>
<b>Gross Outturn Costs</b>	<b>387.2</b>	<b>639.9</b>	<b>821.1</b>	<b>642.6</b>	<b>787.9</b>	<b>713.8</b>	<b>713.8</b>	<b>713.8</b>	<b>767.7</b>	<b>466.7</b>
<b>Highly Sensitive Variable Elements</b>										
BSC - Settlement Premium								35.0		
Vehicles - Lease / Sale recoveries						(10.5)	(10.5)	(10.5)	(13.5)	(46.8)
Risk allowance on new procurement				20.0	30.0	25.0	25.0	25.0	29.0	
tie litigation & professional costs						30.0	30.0		30.0	30.0
BSC Loss of profits							35.0			35.0
BSC Litigation Costs							30.0			30.0
Recovery 75% of Costs from BSC						(88.8)			(88.8)	
Sub-total HS Variable Elements	0.0	0.0	0.0	20.0	30.0	44.5	109.5	49.5	45.5	48.2
<b>Total Phase 1a</b>	<b>387.2</b>	<b>639.9</b>	<b>821.1</b>	<b>662.6</b>	<b>817.9</b>	<b>758.3</b>	<b>823.3</b>	<b>763.3</b>	<b>813.2</b>	<b>514.9</b>
High										
Low										
<b>Incremental Options</b>										
Sub-total - Haymarket										
High										
Low										
Sub-total - St Andrews Square										
High										
Low										
Sub-total - Foot of The Walk										
High										
Low										

## 6 Lessons Learnt (Presented by Dave Anderson)

Audit Scotland recently interviewed Richard Jeffrey and Dave Anderson as part of their Best Value review which is due to be published in December. As part of that review, Audit Scotland suggested that the Council should carry out an internal review in advance of a more intensive audit which they intend to carry out in the New Year.

It is therefore recommend that a formal 'Lessons Learnt' exercise is carried out in the New Year, involving senior officials in both **tie ltd** and the Council, and that direction be given from the IPG to the scope and scale of that. The output of this could then inform any future decisions on the project and further Council reports.

Recent press reports in relation to bonus payments have brought further negative press to the project. In light of the recent information on bonus payments it is recommended that an audit of the framework of bonus payments is undertaken.

Officers working on the project have compiled a short list of key issues that are based upon if there was a further reprocurement process. They are as follows:

- Ensure all consents, approvals and third party agreements are in place.
- Ensure that all preliminary work (public utility diversions, advanced works etc) are completed prior to further tendering.
- Ensure that the design is complete.
- Use a standard and tested Form of Contract.
- Ensure competent legal advice.
- Incremental delivery (to control expenditure)
- Improved superintendence on site (to ensure quality of workmanship is provided first time).
- Audit of bonus arrangements (conducted by CEC Internal Audit)

**The IPG is asked to determine if a formal 'lessons learnt' exercise should be carried out in the New Year and the scope and scale of that.**

## 7 Tram Act Powers for Land Acquisition (Presented by Andy Conway)

The delays experienced in the project have meant that the powers within the Tram Acts to acquire land will need to be extended, if future sections are to be built. The powers to acquire land for the following Phases expire in April/May 2011:

- Phases 1b (Roseburn Corridor)
- Phases 2 (Connecting the loop between Granton and Leith)
- Phase 3 (Ingliston to Newbridge)

Extending the powers to acquire land requires an application to the Scottish Parliament, who would then promote an order in the Scottish Parliament. The extension needs to be applied for before the powers expire, but the order could then be granted after the new Parliament is in session in May 2011. The Tram Acts permit a land acquisition extension until 2016 (for line 1 – St Andrew Square, Granton, Haymarket Loop, and 2021 for line 2 – St Andrew Square west to Newbridge).

The Council took a decision to defer, but not cancel Phase 1b, 2 and 3. Whilst there is no clear timetable for the delivery of these sections, it would be prudent to protect those powers by extending them. This will likely attract media interest, but a significant amount of work went into obtaining those powers and it is recommended that the Council protect that position and the Councillor Solicitor make an application to Parliament.

If no extension is sought, then those phases could not be constructed without seeking new powers through an order under the Transport and Works (Scotland) Act 2007.

**The IPG is asked to determine if the Council should extend its power to acquire land in Phases 1b, 2 and 3 and make an application to Parliament.**

**8    DRP Update (Presented by Nick Smith/Marshall Poulton)**

A review of the DRP decisions is being carried out by Nick Smith and Marshall Poulton. Legal have appointed Shepherd and Wedderburn to review DLA's commentary of the adjudicators decisions and a draft report has now been received. Once the report is reviewed the findings, along with an engineering commentary, will be presented to the IPG.

**9    Council Report (Presented by Alan Coyle)**

A draft report is attached as Appendix 2, and feedback is required from the Group Leaders meeting last week as to the required content of the report.

List of Appendices:

- 1       Key issues that need to be determined
- 2       Draft Council Report – 16 December 2010



## Project Notice

## Decision Making Q&amp;A



	Question	Information Required to inform decision	Answer	Estimated Date	Date decision made	Comments	Responsible Officer(CEC/TIE)
1	Do we want to terminate the Infraco Contract	Legal opinion on termination		7/12/2010 (CEC) 25/11/2010 (tie)		Dependant on Counsel opinion	CC
		Financial Implications of termination options Total Project Cost estimates required for the following scenarios :- (1) Continue with contract (2) Carlisle (tie/BSC) (3) Terminate and continue 'with cause' (4) Terminate and continue 'without cause' (5) Terminate and cancel 'with cause' (6) Terminate and cancel 'without cause'		12/11/2010		All project continue scenarios to consider construction to Haymarket, construction to SAS, construction to FOLW, construction to NH. Each scenario to include tram set costs Work currently being undertaken in conjunction with tie to establish these cost bases	ACo/SMG

		Status of contracts with CAF and Siemens		12/11/2010		Siemens are a direct party to the Infraco Contract. Caf joined the consortium via a MoV. There is an ability to novate the TMA and TSA contracts back to tie upon termination. This means that Caf could be novated back. No such facility exists for Siemens. Risk remains due to CEC legal opinion on contract	AC/SC
		Status of contracts with consortium sub-contractors		12/11/2010		Provided	AC/SC
		Transport Scotland position on termination		12/11/2010		Initial Discussions have taken place regarding the 30 day notification period in the Grant Letter. TS willing to waive this subject to establishment of briefings to the Minister. <b>Do we have this in writing?</b>	ACo
1a	What is the status of the contractor's obligations under CDM if we terminate?	CDM Coordinators Report		05/11/2010		Provided	AC/SC
2	If we terminate the Infraco Contract - do you want to cancel the project	Establish all implications/risks		19/11/2010		Working assumption is that we put a paper to council seeking delegated approval to carry on with interim, re-instatement, remedial works, design and re-procurement and come back to council in mid 2011 with further recommendation	BM/SC

3a	If we terminate the Infraco Contract - do you want to carry on with the project straight away but re-procure	Establish all implications/risks		19/11/2010		Risk Registers being established	BM/SC (Mark Hamill)
3b	What do we carry on with and what do we re-procure	Business Case Implications		19/11/2010			ACo
		Options for re-procurement for Construction and associated timescales		19/11/2010		Workstream set up to look at all options in terms of packaing and contract types. Expect completion by end of year.	BM/SC (Alasdair Sim)
		Status of consents		11/11/2010		Bob to speak to planning about stratgey on consents which will expire. Paper to be produced for IPG on compulsory purchase powers	AC/SC
		Status of PU diversions					AC
		Programming restrictions					AC
		Third Party requirements which will influence decisions		11/11/2010			AC
		Delivery programme for tram sets currently under construction.				Delivery schedule for remaining 10 trams to be provided	SC
3c	How do we rectify any existing defects and what should be re-instated for the interim period	Identify extent of interim work required to secure/complete existing construction and estimate costs		19/11/2010		Propose survey with CEC and joint report produced. <b>When? Surveys complete</b>	AC

3d	If we re-procure what type of contract and delivery method do we use	Subject to workshop		19/11/2010		Workstream set up to look at all options in terms of packaging and contract types. Expect completion by end of year.	BM/SC
3e	What degree of site supervision/governance should be deployed	Subject to workshop		19/11/2010		tie evaluating for interim etc works. Longer terms will depend on re-procurement packaging options.	BM/SC
4	If we terminate the Infraco Contract - do you want to a 6 month break to decision on the future of the project			19/11/2010		Working assumption is that we put a paper to Full council seeking delegated approval to carry on with interim, re-instatement, remedial works, design and re-procurement and come back to council in mid 2011 with further recommendation	
5	Do we want to novate CAF back to tie, in effect still purchase the trams	Pro's/con's & involvement of CAF in bigger role		05/11/2010		DLA advice given to CEC and recommendation is to novate, take title and look at leasing options	
		Financial implications if CEC does not take ownership of the completed tram sets What will financial loss be?		05/11/2010		Paper has been provided to CEC on the pro's and con's of taking title to the assets and the issues around novation of CAF. Further work is required and we should be in a place to make a decision by the 12th November.	AR/ACo
		What is cost and timescale for re-procurement		05/11/2010			AR/ACo

		How do we ensure compatibility of new procurement with the tram systems/track		05/11/2010		This will form part of the overall procurement strategy and design integration process	AR
		Contractual status relating to remaining tram sets.		05/11/2010		???	CC/AR
		Market options for leasing of CEC tram sets		05/11/2010		Propose that PwC appointed to provide specialist advice	AR/ACo
		Details of market research for leasing or resale and costings		05/11/2010		Propose that PwC appointed to provide specialist advice	AR/ACo
		Options for location for interim storage of completed tram sets and costs associated with options		05/11/2010			AR
		Number of sets required for operation to SAS	17	05/11/2010			AR
6	What about Siemens materials off site	In absence of an assured design, do we want to purchase any Siemens material				Paper expected to CEC Meeting on 18/11	
		Extent of materials/equipment already purchased via the project.		24/11/2010		Paper expected to CEC Meeting on 18/12	AC/SC
		Options for retention/disposal		24/11/2010		Paper expected to CEC Meeting on 18/13	AC/SC
		Location for interim storage of retained materials/equipment		24/11/2010		Paper expected to CEC Meeting on 18/14	AC/SC
7a	What do we do about design	Extent of outstanding design		18/11/2010		Paper expected to CEC meeting on 18/11/10	AC/SC
		Liability for all design		18/11/2010		Paper expected to CEC meeting on 18/11/11	AC/SC
7b	How do we complete	Options to complete outstanding design		18/11/2010		Paper expected to CEC meeting on 18/11/12	AC/SC

7c	Who					Paper expected to CEC meeting on 18/11/13	
7d	How long	Programme for completion of outstanding design		18/11/2010		Paper expected to CEC meeting on 18/11/14	AC/SC
7e	How much	Fee to complete outstanding design		18/11/2010		Paper expected to CEC meeting on 18/11/15	AC/SC
8	When can we come up with a reliable revised cost and programme estimate for Airport - at Andrews Sq			Jun-11			
9a	Do CEC still wish <b>tie</b> to administer the project	Pro's and con's of changing project management agencies at this point	tie	05/11/2010	27/10/2010	Richard Jeffrey currently determining the scope and size of the organisation for the procurement period. Budget and programme implications will require to be established. Working assumption that tie carry on in meantime.	BM/ACo
9b	If not, then who?						
10	If the Infraco contract is terminated, what physical works do we need to complete in the short term			12/11/2010		Under discussion between CEC/tie. Need legal view on procurement. Tie/CEC meeting on 10/11 to categorise in 4 ways - public safety, prevent deterioration of asset, mitigates disruption to city of Edinburgh, commercially sensible	BM/CN
11	Who should provide future legal advice on the project			05/11/2010		McGrigor appointed by <b>tie</b> for T. Competition being run for future procurement advice	CC/RJ

## APPENDIX 1

12	What are the funding implications	Cashflow and Funding requirements to be established for next 12 months for various scenarios.		26/11/2010		Cashflow implications currently being worked on by tie. Engagement with Transport Scotland will be required in addition to CEC cash planning	ACo/GR
13	Should there be an enquiry at this stage/Should there be a lessons learned exercise at this stage		No	05/11/2010	27/10/2010	It is felt that an interim enquiry at this time is the wrong thing to do as it would divert valuable resource. The big issues such as completion of the design and the form of contract would in effect be lessons learned for a re-procurement.	BM
14	How will we manage and keep control of the information contained within the report to ensure we are leading any media relations (ie preventing leaks)	IPG to decide on timing of Member briefings and when report will be put into public domain.				LM/IR will produce a Communications Plan on the recommended approach to the release of information and include key messages	LM

Susan Clark (SC)	Carol Campbell (CC)
Tom Aitchison (TA)	Alan Coyle (ACo)
Richard Jeffrey (RJ)	Andy Conway (AC)
Stewart McGarrity (SMG)	Bob McCafferty (BM)
Lynn McMath (LM)	Isabell Reid (IR)
Colin Neil (CN)	



**Note: Confidential internal draft only: not for publication v1.7**

**LEGALLY PRIVILEGED AND CONFIDENTIAL  
Edinburgh Tram Update Report**

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**City of Edinburgh Council**

**16 December 2010**

**1 Purpose of report**

- 1.1 This report provides an update on the tram project and focuses on the business case and the strategic case for tram along with an update on the Council led mediation with the tram infrastructure contractor.
- 1.2 This report also provides the need for TEL and reaffirms the support by the Council for Lothian Buses.

**2 Business Case and the Strategic Case for Tram**

- 2.1 All of the factors set out in this section of the report continue to support the strategic case for tram even taking into account incremental delivery.
- 2.2 By way of further background to the case for tram, it will be helpful to consider the chronology of key events in the tram project to date. These key decisions and events are set out in **Appendix 1** of this report.
- 2.3 The Business Case for project was refreshed as a requirement for the Council meeting of 14 October 2010.
- 2.4 The refresh reported to the Council meeting in October was not thought to provide enough detail to satisfy the Council motion from 24 June 2010.
- 2.5 As a result, this report provides further detail as to the inputs, process and the outputs of the refresh of the Business Case. A redacted version of the refreshed Business Case is included as **Appendix 2** of this report. Briefing sessions for Councillors have been set to ensure that they had access to the complete report.
- 2.6 The economic benefits of introducing tram were assessed and reported for the original Lines 1 and 2 during the Parliamentary process and for the present Phase 1a in the Final Business Case (FBC) of December 2007. The FBC was



underpinned by an assessment of economic costs and benefits in accordance with the Government's Scottish Transport Appraisal Guidance (STAG).

- 2.7 The following narrative updates the examination of the economic benefits of introducing tram both from the STAG perspective and from the broader vision for Edinburgh's long-term economic future. The analysis provides an up-to-date forecast of future economic growth and development and consequent forecast growth in demand for public transport. The analysis focuses on the full scope of Phase 1a, but also highlights the benefits delivered by completing Airport to St Andrew Square as the first stage of incremental delivery.

### **Edinburgh's strategic position and the need for tram**

- 2.8 Edinburgh's growing population is currently 477,660 and is expanding by around 1% per annum and forecast to reach 514,000 by 2020 and 543,000 by 2030. Just as significantly, the volume of commuters coming into the city to work from the surrounding city region and further afield was estimated at 85,000 per day at the 2001 census and is now perhaps around 100,000 per day and growing.
- 2.9 The growth in population and commuters correlates to the concentration of job growth in the city compared to other parts of Scotland. Edinburgh also continues to grow as a tourism and day visitor destination, second only in the UK to London as a destination for overseas visitors.
- 2.10 The city's growth has led to rapidly increasing demand for road use and increasing demand for public transport. Between 2000 and 2006, Lothian Buses experienced an increase in demand of 22.6 %, an average of 3.8 % per annum. Between 2000 and 2009, the growth has been 18.9% in total.
- 2.11 The city's bus services are world class and have continued to deliver the highest quality of service to a rapidly increasing patronage base. However the prospect of further rapidly increasing demand, especially in the high volume corridors already congested at peak times, gives rise to a need to consider a complimentary high capacity, reliable and attractive mode of transport on those corridors.
- 2.12 Between 1999 and 2006, tram was identified and adopted as the preferred option to meet the increased demand and mitigate against the negative economic consequences of future congestion and tram lines 1 and 2 were approved by Parliament. Following affordability challenges presented by the rejection of congestion charging in February 2006, the tram from Airport to Newhaven (Phase 1a) was identified as the first phase of delivery with the addition of a spur from Roseburn to Granton (Phase 1b) should funding permit. This was the scope assessed in the FBC approved in December 2007.

### **Economic Regeneration and New Development**

- 2.13 The tram from the Airport to Newhaven is considered to be a key stimulant to development and regeneration in the West and North of Edinburgh. The extent of new development forecast to be completed between the base year in 2006 and the commencement of tram operations is lower than was anticipated when the FBC was prepared in 2007 as a result of prevailing economic conditions.

- 2.14 With the assistance of Council Planning officials, an update of the likely timing of committed new development has been carried and is presented in the following table and compared to the original FBC profile.

	2012		2020		2031	
	Residential Units Sq M	Commercial Sq M	Residential Units Sq M	Commercial Sq M	Residential Units Sq M	Commercial Sq M
<b>FBC</b>						
West	0	65,000	0	231,640	0	304,405
City Centre	960	132,070	3,695	290,135	4,245	335,885
North	4,000	41,480	11,800	299,600	26,000	337,000
<b>Total</b>	<b>4,960</b>	<b>238,550</b>	<b>15,495</b>	<b>821,375</b>	<b>30,245</b>	<b>977,290</b>
<b>2010 Update</b>						
West	0	33,460	0	276,055	0	474,905
City Centre	480	57,100	2,945	264,135	4,595	358,385
North	1,290	6,905	9,390	99,800	26,000	258,000
<b>Total</b>	<b>1,770</b>	<b>97,465</b>	<b>12,335</b>	<b>639,990</b>	<b>30,595</b>	<b>1,091,290</b>

- 2.15 Whilst the actual residential development in the North of the city and in Leith completed at commencement of tram operations is projected to be significantly lower than was originally anticipated, the Council is forecasting a recovery such that by 2012 30% of the original forecast will be completed, 80 % of the original forecast will be completed by 2020 , and by 2031 the residential development in North Edinburgh will have recovered and it is anticipated that the original development forecast will apply.
- 2.16 The latest TEL patronage projections for combined tram and bus operations have been modelled using the 2010 Update profile in the above table.
- 2.17 A first stage of tram services operating from the Airport to St Andrew Square would stimulate, and serve the demand arising from, new development in the West and City Centre categories above, including new commercial space at Edinburgh Park.
- 2.18 The future completion of the project to Newhaven remains critical to support and catalyse the proposed redevelopment at Leith Docks by minimising dependence on private car for access to employment and retail areas, reducing congestion and underpinning the economic viability of North Edinburgh. Notwithstanding the current pause in development, the Council continue to work in partnership towards the realisation of the full master plan. This is unlikely to proceed to the same extent without a commitment to complete the tram system to Newhaven as and when funding sources are identified and economic conditions allow the re-commencement of the new development.
- 2.19 The new development included in the above table comprises only that which has been committed or has achieved outline planning consent. It does not take account of the broader vision for West Edinburgh reflected in the Scottish Government's West Edinburgh Planning Framework 2008 (WEPF) which categorises the areas to the south and east of the airport as being of national importance and envisages more extensive new development including an 'International Business Gateway' (IBG) to the north of the A8 at Gogar together

with expansion of the airport and associated commercial development, and relocation and expansion of the National Showground.

- 2.20 As a required action arising from the WEPF, the Council has completed a West Edinburgh Transport Appraisal (WETA) to examine the sustainable transport options infrastructure which may be required to realise the WEPF vision. The WETA was based upon 175,000 sq m of new development at the IBG by 2021, increasing to 225,000 sq m by 2031 (87% comprising offices) which the appraisal assumes will be served by a new tram stop between the Gogar depot and Ingliston Park and Ride. This new tram stop would be safeguarded on the route secured by a first phase of tram delivery from the Airport to St Andrew Square.
- 2.21 Development and passenger growth at Edinburgh Airport is a cornerstone of the WEPF. The airport currently handles 9.1 million passengers per annum and is forecast to rise to 13 million by 2018. The Aviation White Paper published by the UK Government in 2003 forecasts 26 million passengers per annum by 2031 following introduction of a second runway. The WETA identifies a number of road and bus priority improvements which would be required to meet the additional demand for public transport and other road users. The tram remains a key element to realising this vision.
- 2.22 There are rational grounds for concluding that the stimulating impact of investment in the tram on new development which has been experienced in many other cities in the UK and Europe would also be experienced in Edinburgh, thereby contributing to Edinburgh's future economic growth and prosperity.

### **Environment**

- 2.23 The imperative of reducing the carbon impact of travel in the city by achieving a shift from private vehicles to sustainable public transport has become ever greater in the past two years and is a key element of both National Transport policy and the Council's own Vision 2030 for transport.
- 2.24 The FBC identified the tram as a major contributor to a reduction in on-street emissions throughout the route and in particular through the heart of the city centre. The Council is addressing the issue of emissions through an Air Quality Action Plan (AQAP) in this area. Trams will contribute to the objectives of the AQAP by providing a large number of journeys through the city centre without adding to current levels of nitrogen dioxide.
- 2.25 Since the FBC, the potential, in future, to power the tram from renewable energy sources has been brought into focus. The economic viability of procuring sustainable electricity for operations is already under discussion

### **Modal Shift**

- 2.26 Mode shift from cars to public transport remains a key element of both local and national transport policy. Tram services along the route from the Airport to the City Centre is a significant factor influencing the predicted mode shift in the FBC from cars to public transport and connects to the existing Park & Ride sites at Ingliston and prospective new site at Hermiston Gait.

- 2.27 The evidence from other tram schemes in the UK and elsewhere is that there is greater potential for modal shift from car to tram than to buses (or guided buses) alone, especially if the tram is in operation before new development is constructed and travel patterns have been established.
- 2.28 Modal shift is also influenced by policy and aspirations. One of the major criticisms of efforts to improve modal share is that the alternative to car travel, better and more reliable public transport, is not provided in advance. The investment in tram helps provide that viable alternative to cars and the basis upon which the city can raise its expectations for further modal shift to public transport.

### **Wider future vision for Public Transport in the City**

- 2.29 The demand for private vehicle travel is growing beyond any capacity increases that are planned and this constraint, along with the vision to significantly improve public transport between now and 2030 as set out in the Transport 2030 Vision, is likely to result in a significant increase in the number and percentage share of public transport journeys. This pressure on road capacity and the resultant increase in car journey times and journey time unreliability along with the plans to base parking permit charges on vehicle emissions and more vigorous enforcement of public transport priority e.g. bus lanes, are likely to lead the car to become an increasingly less attractive form of transport. This coupled with the vision to improve public transport accessibility and interchange, increase park and ride provision, improve and extend the availability of public transport information, increase public transport priority including dedicated road space and priority at traffic signals will at the same time make public transport more attractive. It is likely that a shift away from private vehicles to bus / tram will be observed, while the improvements in the walking and cycling environment will also attract trips from both private vehicles and public transport.
- 2.30 Aspirations for increased public transport and walking and cycling mode share in new developments coupled with tighter parking restrictions is also likely to encourage mode shift away from private vehicles. Future extensions to the tram system, also mentioned in the Transport 2030 Vision, are likely to significantly increase demand right across the tram network, rather than solely on any extension that is built.
- 2.31 Factors beyond the 2030 Vision that could also see the demand for public transport increase include increases in oil and petrol prices, increases in car duty e.g. a mileage driven scheme, the impact of potentially reaching peak oil production in the near future, tighter development controls, parking restrictions and costs, increased environmental awareness, better provision and access to public transport information and improvements in the perception of safety and quality of public transport services. All of these factors are likely to produce upsides in the forecasts for public transport usage in the future, although due to the uncertainty around each of the individual influences, they have not been included in the central forecasts for public transport demand.

### 3 Infraco Contract and the Strategic Options

- 3.1 **tie ltd** continue to administer the infrastructure contract robustly whilst carrying out a detailed analysis of the contractual terms and the potential termination of that contract remains a possibility.
- 3.2 As a result of the lack of progress, and in tandem with the contractual approach, the Council instructed the Chief Executive on 18 November to make preparations for mediation with the tram infrastructure contractor BSC. The Chief Executive wrote to BSC and an initial mediation meeting took place on 3 December 2010.
- 3.3 **NEED TO EXPAND ON PROGRESS OF MEDIATION – timescale etc.**

### 4 Tram Acts

- 4.1 The delays experienced in the project have meant that the powers within the Tram Acts to acquire land will need to be extended, if future sections are to be built. The powers to acquire land for the following Phases expire in April/May 2011:
- Phases 1b (Roseburn Corridor)
  - Phases 2 (Connecting the loop between Granton and Leith)
  - Phase 3 (Ingliston to Newbridge)
- 4.2 Extending the powers to acquire land requires an application to the Scottish Parliament, who would then promote an order in the Scottish Parliament. The extension needs to be applied for before the powers expire, but the order could then be granted after the new Parliament is in session in May 2011. The Tram Acts permit a land acquisition extension until 2016 (for line 1 – St Andrew Square, Granton, Haymarket Loop, and 2021 for line 2 – St Andrew Square west to Newbridge).
- 4.3 The Council took a decision to defer, but not cancel Phases 1b, 2 and 3. Whilst there is no defined timetable for the delivery of these sections, it would be prudent to protect those powers by extending them. If no extension is sought, then those phases could not be constructed without seeking new powers through an order under the Transport and Works (Scotland) Act 2007.
- 4.4 It is therefore recommended that the Council write to the Parliament to request an extension to the land acquisition powers in accordance with the Tram Acts.

### 5 Lothian Buses

- 5.1 The Council have always emphatically supported the role of Lothian Buses and have always ensured that Lothian Buses remain in public ownership. This commitment remains absolute. Integration with tram was a key plank of the Final Business Case (FBC) for tram and this continues to be the case in the refresh of the Business Case. Lothian Buses continues to be key in delivering a modern transport system for Edinburgh.

### 6 TEL

#### 6.1 Rationale for TEL

- 6.2 Experience gained from a wide range of tram schemes has shown that integration with other modes of public transport, particularly bus, will greatly contribute to the success of trams and buses both as part of an integrated transport network.
- 6.3 The Council has charged TEL with the delivery and management of an integrated bus / tram network that optimises service provision while maximising operational synergies. With the establishment of TEL, the Council are implementing their commitment to continuing to provide first class public transport in Edinburgh.
- 6.4 The approach to integration of the key local public transport modes, bus and tram, sets Edinburgh apart from other UK tram schemes. The integration of high quality bus and tram services will improve the attractiveness of the combined network to something greater than the sum of its constituent parts.
- 6.5 This places TEL in a unique position of strength to capture and provide for the predicted overall growth in the travel market.
- 6.6 The rationale for TEL has been well documented since the inception of the tram project. The Final Business Case for the project was built around the opportunity Edinburgh has to integrate the extremely successful bus company with the trams. In addition, integration of the buses and trams was a key condition of the grant funding awarded by Transport Scotland for the project.
- 6.7 Integration of public transport modes remains a key objective of transport planning for national and local government in Scotland. Effective integration providing the public with a seamless multi-mode journey, with minimised connection times, is a key factor in improving satisfaction and building patronage on sustainable public transport. The objective is to create patronage growth not just on the routes covered by the tram but also demand for current and additional feeder services to the overall network.
- 6.8 The integration of bus and tram in Edinburgh under the umbrella of TEL is a unique opportunity to design the service patterns for Lothian Buses' services and trams in a way which best fits demand, makes use of tram on the high demand corridor through the centre of the city and provides effective interchange between bus, rail and tram at key points. An important advantage for TEL is that integration can be planned before the start of services.
- 6.9 In addition to the conceptual rationale for TEL, there is a very real practical requirement to bring together the organisations running the buses and building the tram to prepare for operational readiness, to ensure that through the design and construction process that the organisation that will be charged with running the trams is involved in the detailed planning and to achieve synergies between the various organisations by making best use of the resources available and that there is no resource duplication within the separate organisations.

- 6.10 An important aspect of planning for operations is to ensure that issues such as ICT and integrated ticketing solutions are pursued, to ensure that the best possible service can be provided for the customer.
- 6.11 The Council are fully committed to ensuring that TEL are in the best possible place to plan for operations and to ensure that route and profit maximisation can be achieved. The only way that this can be achieved is by committing to TEL and ensuring that proper planning is in place to allow the seamless transition between tram construction and operations.

6.12 **Validity of assumptions and strategic need for TEL needs set out.**

6.13 **Declaration of support for TEL**

## 7 Financial Implications

7.1 [Alan Coyle to add this section]

## 8 Environmental Impact

8.1 [Alan Coyle to add this section]

## 9 Conclusions

9.1 [Carol Campbell, Nick Smith, Alan Coyle to add this section]

## 10 Recommendations

10.1 [Carol Campbell, Nick Smith, Alan Coyle to add this section]

~~10.2 It is recommended that the Council authorise tie to proceed with the termination of the Infracore contract.~~

~~10.3 It is recommended that the Council endorse the approach in paragraph [x] that sets out the scope, programme and budget for tie's activity in the next [9/12] months. In this time there will be a review of the project governance that will provide best value delivery mechanisms.~~

~~10.4 It is recommended that a report be prepared for Council in [x] months seeking authority to proceed with the construction of the project, detailing the revised cost and construction programme for the project following completion of design and a suitable procurement strategy.~~

10.5 That the Council make an application to Parliament to extend the land acquisition powers for tram line 1 to 2016 and for tram line 2 to 2021 in accordance with the Tram Acts.

**Dave Anderson**  
Director of City Development

**Donald McGougan**  
Director of Finance

- 
- Appendices      1 Chronology of key events  
                     2 Redacted TEL Business Case

Contact/tel/Email

Wards affected

Single Outcome  
Agreement

Background  
Papers



## Edinburgh Tram – Chronology of key events

## Appendix 1

Date	Committee	Report Title	Decision
18/11/2010	The City of Edinburgh Council	Emergency Motion	Agreed to instruct the Council Chief Executive to make preparations for mediation with BSC.
14/10/2010	The City of Edinburgh Council	Edinburgh Tram Update Report	Outlined the refreshed Business Case.
23/11/2010	Transport, Infrastructure and Environment	Edinburgh Tram - Traffic Regulation Orders	TRO1 and TRO1 Review reports were approved.
21/09/2010		Edinburgh Tram - Traffic Regulation Order: TRO1 Review	TRO1 Review was deferred until 23 November 2010.
24/06/2010	The City of Edinburgh Council	Edinburgh Tram Project - Update Report	To note the current position of the tram project in light of the contractual differences. Request to provide a refreshed Business Case.
17/12/2009	The City of Edinburgh Council	Integration of Public Transport: Company Structures	Noted the substantial progress made in designing the company governance arrangements need to facilitate the development of an integrated high-quality public transport service, and Approval of the recommendations contained in the report dated 1 December 2009 by the Director of Corporate Services; and Notes that, where appropriate, further reports will be submitted to Council and/or Committee in the run up to the submission of a comprehensive report in the Autumn of 2010.
17/12/2009	The City of Edinburgh Council	Integration of Public Transport: Composition of the Board of Transport Edinburgh Limited (TEL)	Referral from Policy and Strategy on 1 December 2009 regarding tram governance.
17/12/2009	The City of Edinburgh Council	Integration of Public Transport: Overview of Governance Issues	The Council is asked to approve the transfer of the ownership of Edinburgh Trams Limited from Lothian Buses to TEL and note that Edinburgh Trams Limited will undertake certain aspects of operational planning work in relation to the Trams Project under the guidance and oversight of TEL. The Council delegate authority to me to agree appropriate terms and conditions with TEL and Edinburgh Trams Limited in relation to the preparations for integrated operations and report back to Council on the implementation of such transfer and the terms of the agreement in Spring 2010. Council notes that such terms will be similar to those recently agreed by the Council in relation to TEL and <b>tie ltd</b> . The Council agreed that the Articles of Association for TEL Limited be altered to allow up to 16 Directors to be appointed to the Board.

Date	Committee	Report Title	Decision
01/12/2009	Policy & Strategy	Composition of the Board of Transport Edinburgh Limited (TEL)	Approval of the Transport Edinburgh Limited (TEL) Board
29/09/2009	Policy & Strategy	Edinburgh Tram - Governance Arrangements	Approval of the governance arrangements of Transport Edinburgh Limited (TEL) and <b>tie ltd</b> which include the Operating Agreement and Memorandum of Understanding
20/08/2009	The City of Edinburgh Council	Edinburgh Tram Project - Status Report	To note the updated position and endorses the contractual processes <b>tie ltd</b> has entered into with the BSC consortium to produce greater cost and programme certainty. Approved the additional costs associated with the utility works subject to the necessary detail being provided to the Tram Monitoring Officer by <b>tie ltd</b> . To note the position on the external evaluation of the Council's funding strategy and the intention to undertake continual review of the position in light of wider economic uncertainty. To note the updated position of the TEL Business Plan and the continuance of the robust case it puts forward for public transport in Edinburgh. Approved the <b>tie ltd</b> Business Plan for 2009/10.
20/08/2009	The City of Edinburgh Council	Edinburgh Tram Project - Governance Arrangements	Approved they key changes to corporate governance and delegated authority to the Chief Executive the authority to sign the revised Operating Agreement between the Council and TEL, including the Memorandum of Understanding; and other Governance related matters including the appointment of Richard Jeffrey to the Board of <b>tie ltd</b> .
30/04/2009	The City of Edinburgh Council	Edinburgh Tram Network - Update Report	To note the updated position in relation to progress, programme and cost of Phase 1a. Approved the settlement negotiated by <b>tie ltd</b> under the MUDFA contract for Phase 1a. To note the pedestrian footfall and car parking utilisation monitoring, including the major media and marketing campaign undertaken. To note the position with the city events and that a final decision on the August roadworks embargo will be taken at the Policy and Strategy Committee on 12 May 2009 Agreed the proposal to postpone the development of Phase 1b due to current economic and funding constraints. Agreed to discussions being taken forward for the feasibility study in relation to the South East Tramline, formerly known as Tramline 3. Noted the appointment of the Chief Executive of <b>tie ltd</b> . Noted the pedestrian footfall and car parking utilisation monitoring. Noted the major media and marketing campaign undertaken. Noted the position with the city events and recommends that dialogue continues with stakeholders on the August embargo and the Festival Cavalcade route. Refers this report to the Policy and Strategy Committee on 12 May 2009 for a final decision to be taken on the Festival events.

Date	Committee	Report Title	Decision
12/03/2009	The City of Edinburgh Council	Edinburgh Tram Project: Status Report	To note the current position of the tram project in light of the contractual differences.
18/12/2008	The City of Edinburgh Council	Edinburgh Tram Network - Phase 1(b) Update	Notes the work that has been done to bring the TEL Business Plan and Phase 1b Business Case up to date; and notes that a further report will be submitted in the spring of 2009 on Phase1b, and on the approach being taken for the feasibility study in relation to the South East Tramline, formerly known as Tramline 3.
18/12/2008	The City of Edinburgh Council	Edinburgh Transport: Staffing and Governance Issues	To note the steps taken to ensure business continuity since the resignation of the Executive Chairman of <b>tie ltd</b> and the appointment of an interim Chairman; Notes that the current interim arrangements under the <b>tie ltd</b> /TEL executive team are working well; delegates to the Chief Executive authority to secure any further, interim working arrangements and, in consultation with the interim Chairman of <b>tie ltd</b> to progress arrangements for an appointment to the post of Chief Executive of <b>tie ltd</b> ; and Notes that a further report will be submitted in March 2009 setting out the options for a revised company structure, dealing with the delivery and operational aspects of integrated public transport in the city.
16/06/2008	Tram Sub Committee	Edinburgh Tram - Update on Financial Close	To note Financial Close was reached on 14 May 2008 and the updated position with the suite of contracts for the tram network.
29/05/2008	The City of Edinburgh Council	Tram Construction Project – Discretionary Rating Relief/Other Possible Assistance	Approval for additional relief for retail properties affected by the tram construction project.
13/05/2008	Policy & Strategy (B Agenda)	Financial Close and Notification of Contract Award	Approval of the final estimated cost for phase 1a of the Edinburgh Tram Network of £512m, with a further contingent payment of £3.2m due, if phase 1b is not built, all of which is within the funding envelope of £545m; Authorised the Chief Executive to instruct <b>tie ltd</b> to enter into contracts with the Infraco and Tramco bidders, in the context of the recent changes noted in this report; Refreshed delegated authority to make any final, minor amendments in respect of the contracts; Noted that the Final Business Case v2, which was modified by the Council on 20 December 2007, be further modified to reflect the above position; and Noted that, following contract close, a report will be submitted to the Tram Sub-Committee.
01/05/2008	The City of Edinburgh Council	Edinburgh Tram - Financial Close and Notification of Contract Award	To note the imminent award of the contracts with a final price of the Edinburgh Tram Network (ETN) of £508m which is within the funding envelope of £545m; Approval of delegated power for the Chief Exec to enter in the contracts; Approval of the Final Business Case (V2) and TEL operating agreements.

Date	Committee	Report Title	Decision
20/12/2007	The City of Edinburgh Council	Edinburgh Tram Contracts Acceptance	<p>Approval of the Final Business Case (V2)</p> <p>To authorise the Chief Executive to instruct <b>tie ltd</b> to enter into contracts with the Infraco bidder (BBS) and Tramco bidder CAF, providing the remaining issues are resolved to the satisfaction of the Chief Executive as detailed in this report.</p> <p>To delegate to the Chief Executive authority to exercise the role in terms of 10.2 above.</p> <p>To authorise the Director of City Development to grant leases or licences, as required, to facilitate the construction and operation of the tram.</p> <p>To note that the formal award of these contracts programmed to take place in January 2008 and will be notified to Council on 7 February 2008.</p> <p>Approve the issue of the Guarantee and to delegate authority to the Council Solicitor to conclude and execute this on behalf of the Council for the benefit of BBS.</p>
20/12/2007	The City of Edinburgh Council	Independent Review of Tram Funding Strategy - Council Contribution	Approved the independent review of the Councils strategy for funding the £45m.
25/10/2007	The City of Edinburgh Council	Edinburgh Tram Final Business Case	<p>To approve the Final Business Case (V1).</p> <p>To note that the Auditor General for Scotland reported that procedures were in place to actively manage risks associated with the Tram Project; and that <b>tie ltd</b> had implemented a clear procurement strategy aimed at minimising risk and delivering successful project outcomes. As previously stated this has been endorsed by the OGC Reviews.</p> <p>To note that final Council approval for the award of the Infraco and Tramco contracts will be sought in December 2007 with the formal award of these contracts in January 2008.</p> <p>To note the schedule of milestones presented at Section 4.34 above.</p> <p>To note that the Directors of City Development and Finance will continue discussions with the Scottish Government with regard to including Edinburgh Tram in the national concessionary travel scheme.</p>
25/10/2007	The City of Edinburgh Council	Edinburgh Tram Procurement of Tramco and Infraco	<p>To endorse <b>tie ltd's</b> selection of preferred bidder of CAF for Tramco.</p> <p>To endorse <b>tie ltd's</b> selection of preferred bidder of Bilfinger Berger for Infraco.</p>
20/09/2007	The City of Edinburgh Council	Edinburgh Tram: Further Update	<p>To note the contents of this report with respect to the revised governance structure for the project and for the relationships between the various companies and agencies promoting it;</p> <p>Note that the Council Solicitor is finalising and will shortly conclude Operating Agreements with <b>tie ltd</b> and TEL;</p> <p>Note that the role of Executive Chairman of <b>tie ltd</b> is being reviewed by the <b>tie ltd</b> Board and its remuneration committee and that the contract and responsibilities of the post are being revised</p> <p>Agree the proposed remit for the Tram subcommittee, a subcommittee of the Transport, Infrastructure and Environment Committee;</p> <p>Note that work on reviewing the relationship between TEL and Lothian Buses and the role of the TEL Chief Executive, continues and agree to receive a further report on these areas at a future meeting.</p>

Date	Committee	Report Title	Decision
21/12/2006	The City of Edinburgh Council	Edinburgh Tram Draft Final Business Case	<p>To approve the Draft Final Business Case.</p> <p>To note that the Council gave, in January 2006, approval, in principle, to a Council contribution of £45m toward funding Tram; subject to a satisfactory final business case.</p> <p>To approve the continuation of contract negotiation for Infraco and Tramco, subject to there being no significant adverse changes to the figures upon which the business case is based.</p> <p>To note that final Council approval for the award of the Infraco and Tramco contracts will be sought in September 2007.</p> <p>To note that the contractual right is maintained to defer the construction or restrict the construction of components of (of the Roseburn/ Granton corridor line or to restrict construction to the Airport to Leith line) the Tram in the event that capital costs do not lie within a comfortable funding headroom.</p> <p>To note the schedule of milestones presented at Section 4.43 above.</p> <p>To approve progress towards the commencement of utility diversions in April 2007 subject to the tender evaluations for Tramco and Infraco confirming the affordability of an appropriately phased Tram network.</p> <p>To instruct the Directors of City Development and Finance to apply for grant support for the commencement of advance utility diversions under MUDFA.</p> <p>To note that the Directors of City Development and Finance will continue discussions with the Scottish Executive with regard to extending the national concessionary travel scheme to include Edinburgh Tram.</p> <p>To instruct the Directors of City Development and Finance to continue discussions with Transport Scotland in respect of additional funding for Phase 1b, should such funding be required.</p> <p>To note that agreement with Transport Scotland is required before approval to commence MUDFA works can be issued.</p> <p>To approve the budget for interim funding of £61m up to final closure of the Infraco and Tramco contracts in October 2007, pending receipt of a full <b>tie ltd</b> business plan for 2007/8 and note that approval of Transport Scotland is also required for this sum.</p>
21/09/2006	The City of Edinburgh Council	Edinburgh Tram - Appointment of Contractor for the Multi-Utilities Diversion Framework Agreement (MUDFA)	<p>Grants approval to <b>tie ltd</b> to appoint the contractor known as Lewis to undertake the MUDFA contract, subject to Scottish Executive approval;</p> <p>Notes that the contract award complies with the Edinburgh Tram Network programme;</p> <p>Notes that the information from the pre-construction stage will be required for the business case, which will be submitted to the Council for approval and that the MUDFA contract can be terminated during the preconstruction stage without penalty. Although it should be noted that the Mudfa contractors pre-construction costs would be required to be paid until the date of termination.</p>

Date	Committee	Report Title	Decision
26/01/2006	The City of Edinburgh Council	Edinburgh Tram	<p>Approved the development of the Airport to Leith Waterfront sections of Lines 1 and 2 as the first phase of the Edinburgh Tram Network, with the optional extension of Line 1 from Haymarket to Granton Square, provided that funding and works costs permit;</p> <p>(ii) notes that further recommendations will be reported in late summer 2006 in respect of the: Roseburn to Granton (if not included in phase 1); Granton to Leith; and Ingliston to Newbridge sections;</p> <p>(iii) notes the benefits of the Edinburgh Tram and Lothian Buses plc working as a single economic entity under Transport Edinburgh Ltd;</p> <p>(iv) approves, in principle, a Council contribution of f45m, as detailed above and subject to a satisfactory final business case; and;</p> <p>(v) notes that the Scottish Executive has indicated its willingness to take account of construction price inflation by indexing its existing, in principle, commitment of f375m for the Edinburgh Tram Network.</p>
15/03/2005	Executive of the Council	Update on Edinburgh Tram Project	<p>To note the successful completion of the Private Bills Preliminary Stage for both Tram Lines 1 &amp; 2. These are major and significant milestones toward achieving Royal Assent.</p> <p>To note that both Private Bills are on target to get Royal Assent by the end of this year.</p> <p>To note the position in respect of Tram Line 3.</p>
29/04/2004	The City of Edinburgh Council	Edinburgh Tram Project - Appointment of Tram Operator	<p>To note that <b>tie ltd</b> have undertaken a robust procurement process to select an experienced tram operator to engage in Design, Partnering, and Operating Franchise Agreement for the Edinburgh Tram Project.</p> <p>To note that on 20 April 2004 the <b>tie ltd</b> Board recommended that Transdev should be appointed as the tram operator for the Edinburgh Tram Project.</p> <p>To approve the recommendation of the <b>tie ltd</b> Board and agree that <b>tie ltd</b> should appoint Transdev subject to funding approval being granted from the Scottish Executive.</p> <p>To note that there will be future reports to the Council during the development phase of the DPOF agreement.</p>
29/04/2004	The City of Edinburgh Council	Edinburgh Tram Project - Integration of Tram and Bus Operations in Edinburgh	<p>To note the integration of tram and bus operations in Edinburgh.</p>
22/12/2003	The City of Edinburgh Council	Edinburgh Tram Project - Tram Lines 1 and 2: Section 82 Resolutions	<p>Approval for lodging the Tram Bills in the Scottish Parliament</p>