

RESTRICTED - POLICY

From: Minister for Transport
January 2007

Deputy First Minister
Minister for Finance and Public Service Reform
Minister for Communities

PRE-DIGEST PROPOSED CABINET MEMORANDUM – EDINBURGH TRAMS: DRAFT FINAL BUSINESS CASE AND START OF UTILITY DIVERSIONS

Purpose

1. I attach for your comments a draft minute on Edinburgh Trams which I propose to issue to Cabinet. The draft minute sets out the case for trams which has been made by tie Ltd in the draft Final Business Case; considers advice which my officials have provided about the business case and about the potential to mitigate project risks; and sets out Transport Scotland's arrangements for project control. The minute seeks Cabinet approval to

- Release £60m funding to undertake utilities diversions and allow tie Ltd to conclude the analysis of bids for tram vehicles and infrastructure.

Priority

2. **Urgent.** The paper is provisionally included in the Cabinet agenda for the meeting on 21 February. I would appreciate any comments you have by **13 February**.

Background

3. Cabinet last considered the Edinburgh Trams Project as part of its discussion of the Transport Infrastructure Investment Plan on 21 December 2005. At that time Cabinet agreed in principle to:

- Support Phase 1a of the tram scheme from Leith Waterfront to Edinburgh Airport;
- Index link Scottish Ministers' contribution of £375m at 2003 prices using the Transport Scotland index for major rail schemes. In return City of Edinburgh Council would contribute £45m and take revenue risk;
- Review the scheme again following production of the draft Final Business Case.

Discussion

4. The Edinburgh Trams project is an opportunity to demonstrate our vision of a competitive Scotland committed to tackling difficult problems such as congestion, though the project needs to be managed robustly. Utilities diversion needs to be undertaken at this stage to avoid both delay in completion of the scheme and increase in the risks facing the scheme. The minute sets out improvements to project controls and other requirements which I expect tie Ltd. and City of Edinburgh Council to implement before a final commitment to the scheme is made in summer 2007.

RESTRICTED - POLICY

TRS00003492_0001

RESTRICTED - POLICY

5. Paragraph 7 of the paper sets out the key points which my officials make about the draft Final Business Case at this stage and notes that ability to proceed is dependent on the initial infrastructure bids, which are expected in January. Once my officials have information about these bids they will review and update their advice, and paragraph 7 will be updated accordingly

6. The paper touches on your portfolio interest in a number of ways:

6.1 **Enterprise and Lifelong Learning:** the Edinburgh Trams project will help to address congestion and has implications for economic growth.

6.2 **Finance and Public Service Reform:** The project is within the Budget previously agreed by Cabinet and funding is manageable within current allocation.

6.3 **Communities:** Edinburgh Trams project has implications for regeneration.

Conclusion

7. I should be grateful to know **by 13 February** that you are content for me to submit the attached paper to Cabinet for approval.

TS
January 2007

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
First Minister					X
Minister for Parliamentary Business					X
Deputy Minister Enterprise and Lifelong Learning			X		
Deputy Minister for Finance and Public Service Reform			X		
Deputy Minister for Parliamentary Business					X
Deputy Minister for Communities			X		

PS/Perm Sec PS/ETLLD PS/FCSD PS/LPS PS/DD PS/Transport Scotland John Ewing, ETLLD: Transport Group Bill Reeve John Howison Frances Duffy Damian Sharp

RESTRICTED - POLICY

RESTRICTED - POLICY

David Reid, Finance
David Dow, Finance
Fiona Spencer
Ainslie McLaughlin
Claire Dunbar-Jubb
Lucy Adamson
Sarah Smith – OPS Head of Ministerial Support Group
Sarah Davidson – OPS Head of Cabinet Secretariat
Rhona Dubery - Cabinet Secretariat
Douglas Campbell – Senior Special Adviser
Sam Ghibaldan - Senior Special Adviser
Adrian Colwell – Special Adviser
Strategy and Delivery Unit
Press Transport

RESTRICTED - POLICY

TRS00003492_0003