
From: Miriam Thorne
Sent: 15 December 2006 13:47
To: Alastair Richards - TEL
Subject: FW: Tram Business Case
Attachments: Alison Bourne questions.doc

So that am not accused of "freeze out" ☺

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For more information on Transport Edinburgh go to:-

www.tramsforedinburgh.com

delivering transport projects

Did you know Trams attract more people out of their cars than any other form of public transport. One in five peak hour tram travellers in the UK used to use their car. At weekends this rises to half of all people travelling.

From: Stewart McGarrity
Sent: 14 December 2006 17:54
To: Willie Gallagher; Renilson, Neil; Graeme Bissett; david_mackay@[REDACTED]
Cc: Miriam Thorne
Subject: RE: Tram Business Case

Dear All,

CEC have asked us to prepare official responses to A Bourne's questions addressed to Cllrs Whyte and Jackson. We've drafted up replies in the attached document. Please could you pass any comments on the draft back to Miriam who will update in my absence tomorrow and submit to CEC (Andrew Holmes, Keith Rimmer and Lex Harrison).

Stewart

Stewart McGarrity
Finance & Performance Director
tie Limited
[REDACTED]

From: Keith Rimmer [mailto:keith.rimmer@edinburgh.gov.uk]
Sent: 06 December 2006 10:09
To: Willie Gallagher; Renilson, Neil; Stewart McGarrity; Graeme Bissett; david_mackay@[REDACTED] Andrew Holmes
Cc: Ewan Kennedy; Duncan Fraser
Subject: Fw: Tram Business Case

All

For info.

Keith

----- Original Message -----

From: [Allan Jackson](#)
To: keith.rimmer@edinburgh.gov.uk
Sent: Tuesday, December 05, 2006 4:43 PM
Subject: Fw: Tram Business Case

Keith

Yet another epistle from a well known activist, for your interest.

Allan

----- Original Message -----

From: [RASM Bourne](#)
To: [iain whyte](#) ; [Allan Jackson](#)
Sent: Tuesday, December 05, 2006 12:30 PM
Subject: Tram Business Case

Dear Iain/Allan

I understand from Councillor Henderson that a series of briefings on the business case are to be held this week.

Given that the business case will not be publicly released until 14 December, thus allowing insufficient time for robust scrutiny by the public, I would be grateful if you could raise the following issues as I feel it important that we all have a very accurate picture of the actual cost of the tram project and, if additional sources of funding are required for any aspect, that those sources be identified prior to taking any decision to proceed.

1. What level of optimism bias has been applied? With no approved detailed design and no traffic management scheme worked out then any assumptions regarding benefits flowing from journey time savings to cars, buses and LGVs/improvement in air quality/reduction in congestion are speculative. DfT Guidance document on Procedures for Dealing with Optimism Bias suggest that, if the Council is prepared to accept a 10% risk that there will be no cost overrun on the scheme, then an uplift of 68% should be applied (if 0% risk, then 80% - 90% is required) on whatever cost is stated in the business account. Again, bearing in mind no final design or details of traffic management scheme, this opens the proposal to risk and I feel that, the level of optimism bias applied should be fairly high. Optimism bias requires to be identified and available upfront prior to any works commencing. Where is it to come from?

2. What is the margin of error on the model used to forecast patronage? Worth bearing in mind Professor Flyvbjerg's recent report on traffic forecasting, where he concludes that the average overestimation of patronage on rail projects studied (of which trams form part) was 106%. That suggests that, worst case would be that Edinburgh achieve only 3/5ths of patronage anticipated. I am not suggesting that it will be as bad as that, but I would request that consideration be given as to the reliability of the model used and the impact of anticipated patronage not being achieved. If the line requires subsidy, how much is required and how will that be met?

3. Has the business case been prepared on the assumption that EARL will proceed? Response Prompt F - Sustainability, submitted by TIE to the EARL committee, suggests that EARL will take, if I remember correctly, around 48% of tram passengers at the airport. This lessens over the years but remains significant.

4. Streetscape improvements, compensation/rates rebate to businesses for loss of trade during construction, the cost of any associated traffic management measures, impact on businesses who may find a decrease in trade as a result of traffic being diverted away from tram corridor onto surrounding streets/loss of loading/loss of parking are all associated costs. Are figures for these elements currently available? How robust are they in the absence of a final design? Which elements are covered by the Scottish Executive grant and which will fall to be funded from elsewhere? How will they be funded?

5. What is the financial impact on Lothian Buses? Are recent changes in services a result of trying to make the impact look less than it actually is? Would the recent changes have happened if the tram scheme were not on the cards? How will these reductions and any increase on journey times as a result of associated traffic management scheme(s) affect the objective of attracting people to public transport/reducing congestion, and thus the business case?

6. Consultants' fees for managing the project (to include legal/technical, etc) - have these been included in the business case? How much are they likely to be and how will they be met? Will TIE be project managing or will they subcontract to other consultants? Is this cost effective?

I am sure there will be other associated costs which I have not thought of but a worst case scenario of the above should be considered. It has been very difficult to ascertain information relating to the business case for some time as the grounds of "commercial sensitivity" have been quoted. Therefore, I am not saying that worst case scenario is what will happen. I do, however, believe that it is crucial that the public and the councillors who will be taking decisions on its behalf, be fully aware of where the risks may lie and that sufficient "safety nets" are in place to protect the local taxpayer.

I look forward to hearing what responses you have obtained to the above points.

Regards.

Alison

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