

From: John Ramsay
Rail Delivery,
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17 June 2010

**Cabinet Secretary for Finance and Sustainable Development
Minister for Transport, Infrastructure and Climate Change**

EDINBURGH TRAM: DEVELOPMENTS

Purpose

1. To advise of developments ahead of the meeting scheduled for 21 June.

Priority


2. **Urgent.** Papers concerning the tram project are to be issued to CEC Councillors and placed on the Council's public website during 18 June in advance of the Council meeting on 24 June.

Background

3. On 10 March 2010, the Cabinet Secretary and Minister met senior officials from Transport Scotland together with David MacKay and Richard Jeffrey of Edinburgh Trams / tie.Ltd to discuss the current state of the Edinburgh Tram Project. The Cabinet Secretary made clear that the current position was unsatisfactory.
4. It was clear that significant differences in understanding of the operation of the main tram project contract persist between tie and BBS (Bilfinger Berger – Siemens) element of the overall BSC consortium. Consequently there is sustained, severe delay to the construction of the infrastructure with no agreed completion date.
5. Tie also said that it is "unlikely that the full scope of Phase 1a will be completed within the available funding envelope of £545m". Costs are likely to be significantly in excess of £600m but at this stage cannot be determined and a final cost in excess of £100m more than the previous £545m target is possible.

Issue:

6. Formal advice has now been received from CEC and tie confirming that "it now considers that the full scope of Phase 1a of the project cannot be delivered within the budget of £545m and by October 2012".



8. However, by advising Transport Scotland, CEC has effectively served its own Cure Notice. CEC has also advised that it intends to submit a full report to their full Council on 24 June 2010; this report will effectively be their “remedy” to the default position.

9. The report to the Council will be issued in the course of 18 June. It is likely that the report to Council on 24 June will comprise proposals to continue to pursue a commercial plan which will recommend potential options for delivery of Phase 1a of the Trams project, including the possibility of incremental delivery, recognising the need for increased funding in excess of £545m.

Recommendation

10. That Ministers note the contents of this briefing.

John Ramsay
Rail Delivery
Transport Scotland

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Cabinet Secretary for Finance and Sustainable Growth		X			
Minister, for Transport, Infrastructure and Climate Change		X			

Comment [A1]: Annex D of the Guidance on Preparation of Minutes to Ministers provides advice on the construction of copy lists – including a flow chart which provides an easy-to-use mechanism for applying the guidance. For Ministers, mark the relevant box (or boxes) with an ‘X’ to indicate why the Minister is being copied in. Where a paper contains details of Financial Implications, the Minister for Finance and Public Services must be included on the copy list – and the Portfolio Interest box should be marked with an ‘X’. Delete any unused rows or insert additional rows if required. For officials, include details of their Department and Division. Only use group names in copy lists if there is a relevant e-mail distribution list.

Comment [A2]: Click in the field below and then click on Option(s) from the toolbar to select a pre-set copy list. Note that you may choose any combination of Options. However, since Options 2 and 3 are subsets of Option 1 you should NOT select Options 2 or 3 if you have already selected Option 1. **OPTION 1 - Ministers:** Select this option if the minute relates to a matter which is, or may become, the subject of significant media interest. **OPTION 2 - Ministers:** Select this option if the minute conveys advice on a significant or sensitive policy issue and you have not already selected Option 1. **OPTION 3:** Select this option if there are significant or sensitive presentational issues and you have not already selected Option 1. **OPTION 4:** Select this option if there are significant financial implications. Once you have selected the relevant options, you will need to complete any variable fields within the pre-set lists (eg ‘Relevant Press Office Desk’). If you select more than one option, please re-order the names appropriately and check for duplicates. Remember that ALL minutes to Ministers should ALSO be copied to other Ministers with an interest, PS/Relevant Departments, Relevant Group Heads, Relevant officials in other areas and relevant Special Advisers. More detailed guidance on the construction of copy lists is set out in Section 5 of the Guidance on Preparation of Minutes to Ministers.

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