

Councillor Donald Anderson
Leader – The City of Edinburgh Council

19th January 2006

OUR REF: STAKEHOLDERS TRAM

Dear

As you may already be aware, the City of Edinburgh Council is recommending a report to its Full Council next week (26 January) proposing a financial contribution of £45m to the first phase of the tram network.

If this report is approved, and pending Parliamentary approval, a proposed first phase of the tram will go ahead within budget. This will see a tram line from Leith Waterfront to Edinburgh Airport via Haymarket and Princes St.

The Council's commitment to trams funding, together with the Scottish Executive's willingness to take account of inflation by indexing its existing capital commitment of £375m, gives a total funding of £535m. This commitment is, however, subject to a final decision of Scottish Ministers on receipt of a confirmed scheme and a business case.

I can assure you that the Council's business case will be rock solid and we are planning the best tram scheme in the UK and Ireland. Having drawn on the experience of trams in other cities, our robust business case will give Edinburgh a tram that can be delivered on budget and without any addition to Council Tax and by prudently reviewing the full route being built in phases.

Pending parliamentary approval the first phase will see the tram being built between Edinburgh Airport to Leith Waterfront via Haymarket and Princes St. The projected cost of construction for this would be £484m, including a contingency figure of £55m. This section is a priority for the Council as it directly links Edinburgh's major growth areas. Major housing and commercial developments are either underway or planned at the airport/Gogarburn/West Edinburgh and Leith Waterfront and a world-class transport system is needed to support these and to link them to the city centre.

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The final cost of the scheme will be confirmed once the tender process has been completed this summer; however, it is unlikely that the outlined cost will rise above the stated levels. When the cost is known then we will be able to assess funding to extend the first phase to include Haymarket to Granton Square via Roseburn. This is estimated to cost an additional £75m and could be accommodated within the current funding estimates if prudent levels of contingency, as above, prove not to be required.

The Council remains committed to seeking funding for subsequent phases of development: the Granton to Leith section along the Waterfront and Ingliston to Newbridge. The associated land is safeguarded for this later development.

This approach has been discussed and agreed by all the major partners in the Edinburgh tram project: the City of Edinburgh Council, Scottish Executive, tie Limited, Transport Edinburgh Limited, Lothian Buses plc and Transdev Edinburgh Tram Limited, the proposed operator of the tram network.

Edinburgh is growing and we need to develop a world-class transport system to accommodate this growth. Our goal is to be the most sustainable, successful city in Western Europe by 2020 and investment in trams is key to achieving this.

I trust I have your support in trying to achieve Britain's best city becoming even better.

Yours sincerely



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