

City of Edinburgh Council

LIBERAL DEMOCRAT MOTION COUNCIL MEETING : 25 AUGUST 2011

8.2 Edinburgh Tram Project

1. Scope and Funding

- (i) Council agrees to delete recommendation a) and replace with:

"Council agrees that the comparison of Haymarket and St Andrew Square demonstrates that the option which provides the lowest net cost to the Council taxpayer is to complete the first phase of the Tram to St Andrew Square and that this option also provides the greatest benefit in terms of sustainable economic prosperity.

Council notes that the funding position outlined in the report in Table 2 is for illustrative purposes. Council agrees it will fund the borrowing required out of current and future resources but that this decision does not bind the Council to raise or allocate the amounts from the sources as specified. In particular Council agrees that the decision on how to fund the borrowing required should be taken in consultation with Lothian Buses to ensure that it is consistent with commitments previously given in respect of service provision and fares."

- (ii) Council agrees recommendations b) and f) and delegates to the Chief Executive, in consultation with the Council Group Leaders, authority to finalise the terms of the Settlement Agreement for the St Andrew Square option.

- (iii) Council deletes c) and replaces with, "Council notes the risks highlighted in the report and instructs the Chief Executive to continue to pursue further mitigation of risk prior to settlement and beyond."

2. Governance

Council agrees recommendation d) with the exception of the political scrutiny requirements described at para 3.64. Council instead agrees to revert to the proposal outlined in paragraph 3.63. Council agrees that environmental and TRO matters relating to the Tram will remain within the remit of the Transport, Infrastructure and Environment Committee.

3. Project Management

Council notes that the Audit Scotland report in 2007 highlighted the major risk to the project associated with the utilities works and that the contract for those works was signed off under the previous Labour Administration.

Council agrees that planning and preparation for that utilities contract under the previous Labour Administration has been shown to be woefully inadequate, that the

contract substantially underestimated the scale of works required, that recent surveys have identified over 550 further utilities conflicts and that works associated with utilities remains the biggest risk for the project.

Council agrees that the project management arrangements put in place by the previous Labour Administration have failed and therefore agrees recommendation e) that external project managers, Turner & Townsend, be brought in.

4. Support For Business

Council welcomes the refresh and review of 'Open for Business', resulting from the Liberal Democrat motion agreed by Council on 30th June, notes that there have subsequently been meetings between officers, elected members and business leaders as part of the preparation of this report. Council agrees recommendation g) and adds:

“(h) Council agrees to continue to work with the Tram Business Forum and other stakeholders on mitigation schemes to support businesses through 'Open for Business', including support to individual businesses and the use of new media and marketing initiatives.

Signature of proposer

Councillor Gordon Mackenzie

Date

25 August 2011

Signature of seconder

Councillor Jenny Dawe

Date

25 August 2011

City of Edinburgh Council Labour Amendment

Full Council Meeting
25 August 2011

Item 8.2 Edinburgh Tram Project

1. **Council again notes** that this is a project which Audit Scotland gave a clean bill of health in June 2007. Since then it appears to have totally unravelled.
2. **Council notes** that the earlier decision of 30 June 2011 to pursue the St. Andrew Square/York Place option was subject to funding.
3. **Council further notes** the report's recommendations but does not agree them, with the exception of 8.1(d) on the project governance arrangements.
4. **Council accordingly rejects** the proposed funding package for the St. Andrew Square/York Place option and agrees that option has not been sufficiently de-risked.
5. **Council notes** that, as a result, the earlier decision of 30 June 2011 to pursue the St. Andrew Square/York Place option effectively falls away.
6. **Council therefore now agrees** that the proposal with least risk is to build from the Airport to Haymarket as phase one of a longer-term, strategic plan.
7. **Council therefore:**
 - instructs that a new settlement agreement reflecting paragraph 6 above should be negotiated and finalised by the Chief Executive after consultation with the political group leaders;
 - authorises the Chief Executive to enter into a new settlement agreement substantially on the terms set out in the earlier 'settlement summary', with such amendments as may be necessary to reflect paragraph 6 above, following consultation with political group leaders, all prior to 1 September 2011 or any later date mutually agreed by the main parties; and
 - instructs that the Council, as shareholder, gives Lothian Buses a primary role in preparing for operations as soon as possible to ensure maximum operational income and public transport service integration.
8. **Council finally notes** that there are ongoing and significant concerns within Edinburgh's business community about the specific issues of: rates relief; general business support; and potential compensation.
9. **Council thus finally instructs** the Chief Executive to bring a separate report on the issues referred to in paragraph 8 above to the next meeting of the Policy and Strategy Committee on 6 September 2011.

Proposed _____

Seconded _____



City of Edinburgh Council

SNP GROUP MOTION COUNCIL MEETING : 25 August 2011

8.2 Edinburgh Tram Project

Council notes that the Edinburgh Tram Draft Final Business Case was presented to Council on 21 December 2006 and the motion "to approve the Draft Business Case" was moved by the Labour Group.

On a roll call vote 56 Councillors from the Labour, Conservative and Liberal Democrat Groups voted in favour of the motion.

An alternative motion tabled by the SNP Group "to agree that the Business Case for the Edinburgh Tram Network had not been made" only secured one vote, the mover of the motion.

Council notes that this Draft Final Business Case approved by the above parties contained the following paragraph:

- 4.42 It also should be noted that current modelling assumes that the Edinburgh Tram Project will be covered by the Scottish Executive's Transport Scotland's national concessionary ticketing scheme. The relevant agreement has not yet been finalised although Transport Scotland have given support for this assumption in the preparation of the TEL Business Plan. As concessionary travellers make up roughly a quarter of all passengers, failure to include the trams in the national scheme could threaten TEL's financial viability.

Despite this risk all of the above parties approved the Draft Final Business case.

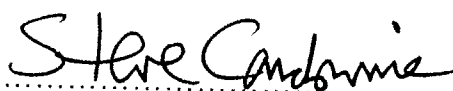
Council also notes that the SNP has tabled several motions demanding that the project be scrapped and one calling for a referendum, all of which were rejected by the other political groups on the Council.

The SNP Group on the Council notes the current alternatives presented regarding the Tram Project and recognises that this situation has materialised because of the failure of the Labour, Conservative and Liberal Democrat Groups to vote against the Draft Business case on 21 December 2006 and the failure of the above Groups plus the Greens to vote in favour of tabled SNP motions to terminate this project.

It is noted that the Labour, Conservative and Liberal Democrat Groups have had representation on the board of TIE which was formed to administer the project and that such Council appointed Directors have singularly failed to protect the public purse and to influence the policy direction of TIE which has now been totally discredited.

The SNP Group calls for a full Public Inquiry to be instigated at the earliest appropriate moment and that all aspects of this matter be scrutinised from the period prior to the publication of the Draft Business Case to the conclusion and consequences of this ill-conceived project.

Signature of proposer

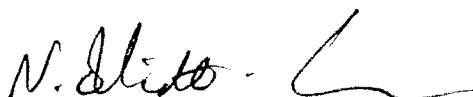


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Councillor Steve Cardownie

25 August 2011

Date

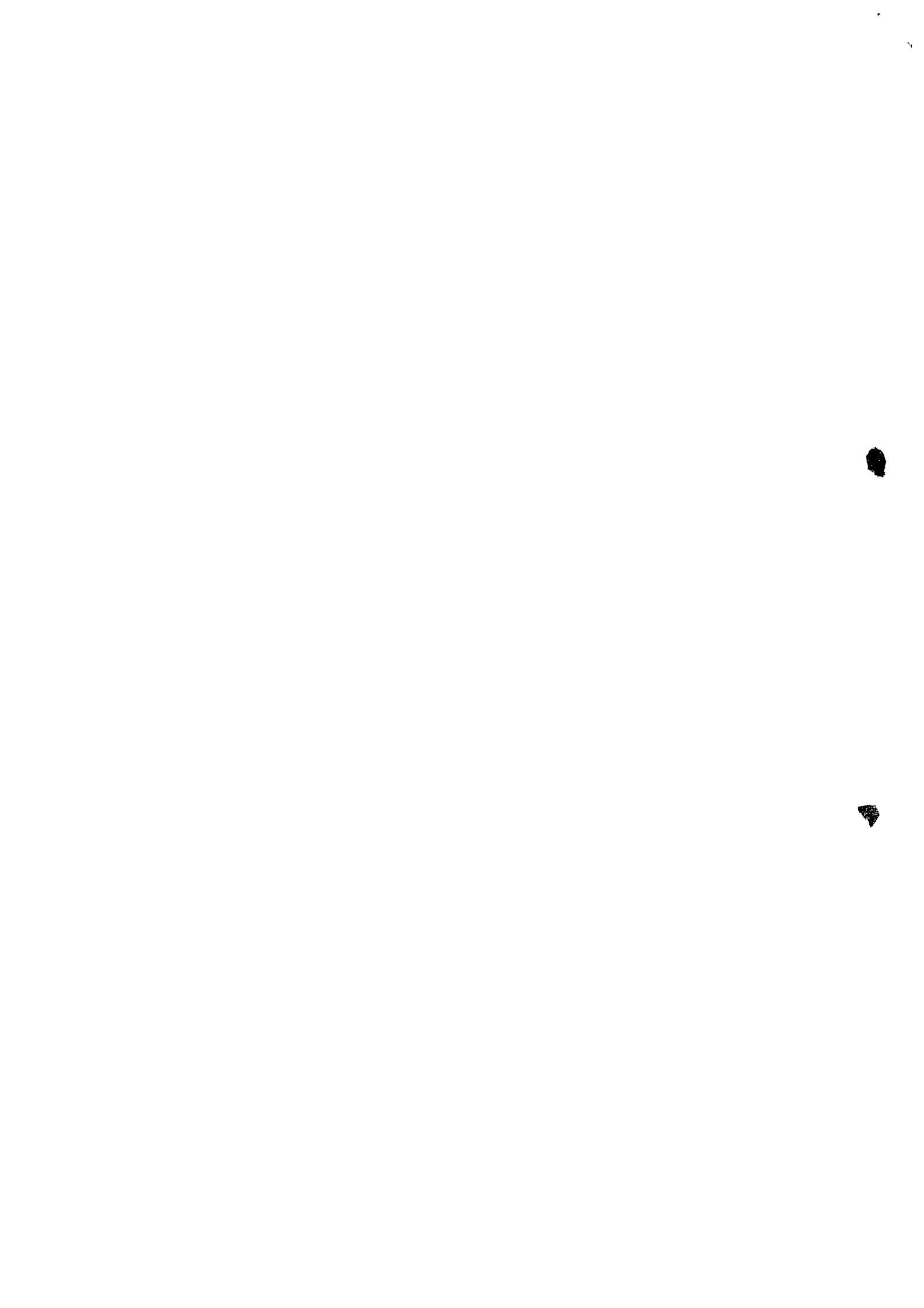
Signature of seconder



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Councillor Nick Elliott-Cannon

25 August 2011

Date



THE CITY OF EDINBURGH COUNCIL

25 August 2011

Conservative Amendment: Item 8.2 – Edinburgh Tram Project

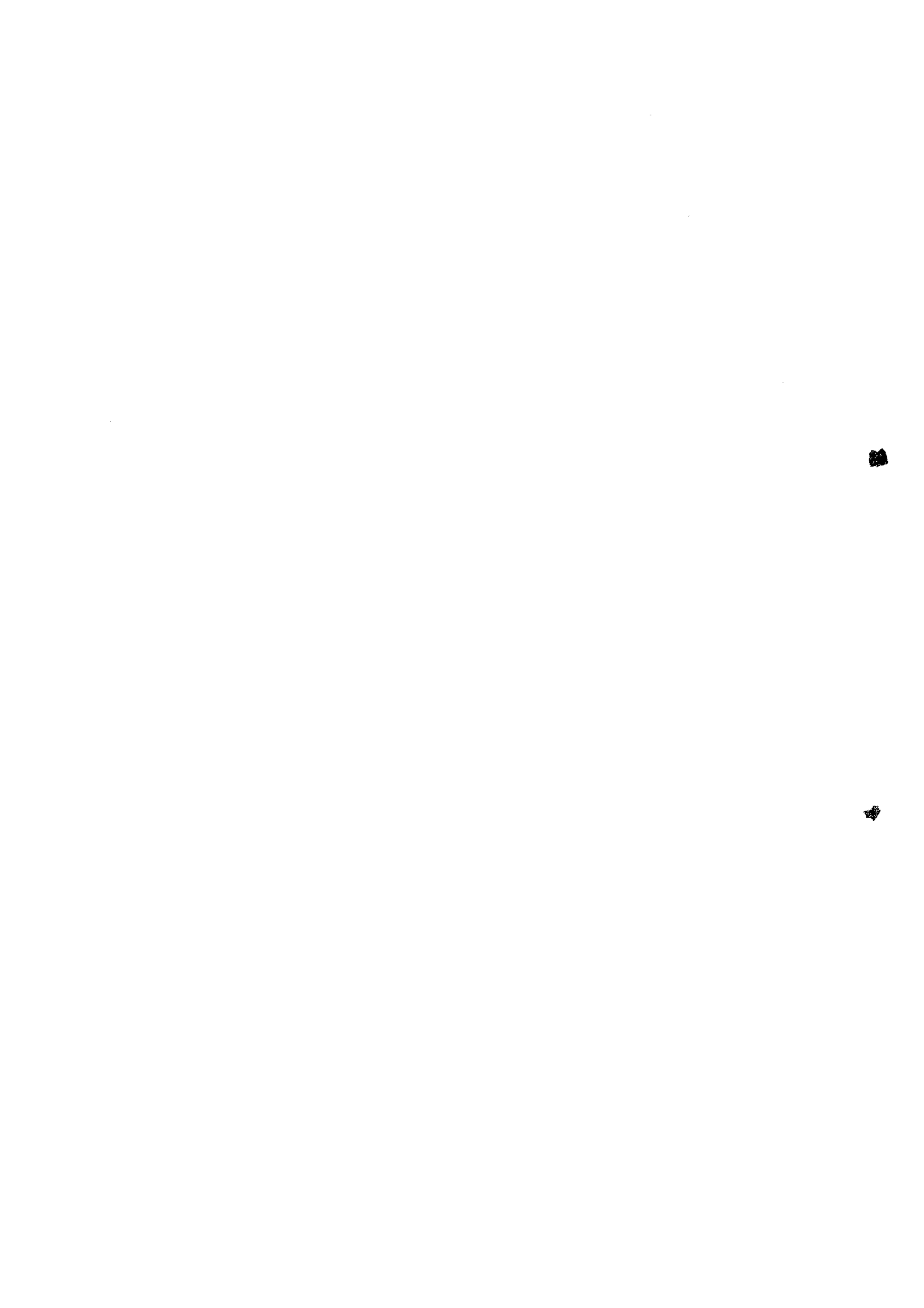
Council:

- i. notes as a matter of public record that the Conservative Group has always sought to ensure best value for the taxpayer;
- ii. notes the figures in the report;
- iii. notes with concern the increased contribution anticipated from the Tram operator and its implication for Lothian Buses' future viability;
- iv. notes that the many uncertainties identified in the report include the Scottish Government's position on the extension of concessionary travel to the Edinburgh Tram Project;
- v. accordingly, rejects the proposed financial package and instructs the Chief Executive:
 - a) to negotiate a binding cost for termination of the existing contractual arrangements;
 - b) to conclude negotiations with the Scottish Government over application of the concessionary travel scheme and other government related funding mechanisms referenced in the report;
 - c) to develop an alternative funding package for future tram line construction following termination of the current contractual arrangements;
- vi. notes that the roles within the proposed new governance structure are not described in detail and agrees neither the new structure nor the appointment of Turner & Townsend until that detail has been reported and agreed;
- vii. considers the works proposed within the refreshed 'Open for Business' programme to be inadequate and instructs the Chief Executive and the Director of City Development to develop an improved package of support both in the short-term and for any future period of tram construction to be reported to Policy and Strategy Committee within two cycles.

Proposed: Councillor Jeremy Balfour



Seconded: Councillor Allan Jackson



THE CITY OF EDINBURGH COUNCIL

25 August 2011

Green Group Amendment

Item 8.2 Edinburgh Tram Project

Reaffirms support for a fully integrated, publicly owned public transport system for the capital city of Scotland

Notes the report and that the cancellation of the tram project is likely to cost £161m in a single year which would be beyond Council means to finance

However also notes the current estimated opportunity cost to the Council budget of financing the line to St Andrew Square through prudential borrowing and therefore a possible impact on delivery of other Council services in future

Notes that previous utility diversions have been a main cause of escalating costs and that this report states there is further work ongoing to assess the cost of further utility diversions from Haymarket to St. Andrew Square/York Place

Notes the proposed Green Group amendment on 30 June calling for greater certainty about risks and costs and that the current report goes some way to meeting this request

Is concerned that there is still no fixed or maximum cost for the line to St. Andrew Square and furthermore a lack of contingency should the project going even further over budget than current risk estimates allow

Understands it would be entirely possible to negotiate further with contractors regarding the sign-off of the Settlement Agreement

Therefore does not agree recommendations a) or b) at this time but instead calls for ongoing work to continue in order to further reduce risks and fix costs for the line to St. Andrew Square, and that these costs are presented at the earliest opportunity, but certainly by 22nd September 2011

Notes the revised governance proposals and agrees recommendation d)

Notes recommendations f) and g), and calls for a further report, within two cycles, exploring the role of the planned redevelopment of Princes Street and other potential incentive schemes and initiatives to support the city centre's business and residential communities

Proposed:

Seconded:

