

City of Edinburgh Council Labour Amendment

Full Council Meeting 2nd September 2011

Item 3.1 Edinburgh Tram Project

1. **Council agrees** that the report presented for decision today contains a material change of circumstances since the 25th August Tram Report.
2. **Council notes** that following the 2007 vote in the Scottish Parliament, in support of the Tram Project, the SNP Government instructed Transport Scotland to cease involvement with the then Tram Project Board. A project which at that point had incurred expenditure of just £44m and had received the backing of Audit Scotland, who described the project as having “clearly defined project management and organisation” with “sound financial management and reporting”.
3. **Council therefore expresses** surprise but welcomes the SNP Scottish Government’s apparent belated commitment – via Transport Scotland - to support Edinburgh’s Tram project.
4. **Council further notes** however the Scottish Government’s decision to withhold the final project grant payment, and regards this as a belated and aggressive tactic which forces the Council into an intolerable level of risk and financial commitment.
5. **Council does though accept** that to reject this thinly veiled ultimatum, to take the trams to St Andrew Square, would be likely to lead to the cancellation of the project.
6. **Council also notes** that to agree to the SNP Scottish Government’s thinly veiled ultimatum, to take the trams to St Andrew Square, means the Council will need to borrow at least £231million. This will increase current Council debt to an unprecedented level of some £1.5billion, with a specific cost to the revenue budget of at least £15.3million every year for 30 years.
7. **The Council further notes** that the report to the last Council meeting stated that the final cost of building the tram line from Airport to St Andrew Square cannot be guaranteed, and that there is therefore considerable

concern about the potential impact on Lothian Buses' budgetary position and their ability to maintain existing service levels.

8. **Council thus remains** greatly concerned that the actions proposed by the SNP Government would be likely to further increase the Council's overall debt and lead to an ongoing reduction in services.

9. **Council therefore agrees:**

- to accept the Scottish Government's ultimatum to go to St Andrew Square
- that if the Scottish Government wants the City of Edinburgh Council to take the tram line to St Andrew Square, it should provide the additionally required funding
- to use prudential borrowing to fund any currently required expenditure, but to further investigate alternative funding models, which could alleviate the pressure on the Council budget, and report such back to the Council before the completion of the initial Airport to Haymarket section
- to request that the Council officers responsible for overseeing the delivery of the trams, along with representatives of the contractors, routinely attend the "All Parties Oversight Group" and the "Audit Committee" to report on overall project progress (thus accepting recommendation [x] on Page 4 of today's report)

10. **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.

11. **Council thus finally instructs** the Chief Executive to bring a separate report on the issues referred to in paragraph 10 above to the next meeting of the Policy and Strategy Committee on 4th October 2011.

Proposed _____

Seconded _____

City of Edinburgh Council

LIBERAL DEMOCRAT MOTION COUNCIL MEETING : 2 SEPTEMBER 2011

3.1 Edinburgh Tram Project

Council agrees that the report presented for decision today contains material changes of circumstances to the Tram Project since the decision of the Council meeting of 25 August;

Council is pleased to be able to provide additional revenue funds equivalent to £445k per annum from 2011 to 2013 for the Open for Business Programme;

Council agrees the recommendations of the report subject to:

- the insertion of the following at the end of clause 14 (v):
“and instructs the Chief Executive to continue to pursue further mitigation of risk prior to settlement and beyond.”
- the insertion of the following at the end of clause 14 (vi):
“and ensure that these are consistent with commitments previously given in respect of service provision and fares.”
- the insertion of the following additional clause:
*“ratifies Dave Anderson, Director of City Development, and Karen Kelly, Acting Director of Finance and Chief Finance Officer, as Directors of **tie**.”*

Signature of proposer

Councillor Gordon Mackenzie

Date

2 September 2011

Signature of seconder

Councillor Jenny Dawe

Date

2 September 2011

THE CITY OF EDINBURGH COUNCIL

2 September 2011

Conservative Amendment: Item 3.1 – Edinburgh Tram Project

Council:

- i. notes as a matter of public record that the Conservative Group has consistently sought to ensure best value for the taxpayer by requesting greater public scrutiny of the financial aspects of this project and more robust governance arrangements through the Council;
- ii. notes with concern the increased contribution anticipated from the Tram operator and its implication for Lothian Buses' future viability;
- iii. 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;
- vi. 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 any future tram line construction following termination of the current contractual arrangements;
- v. 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;
- vi. notes the works proposed within the refreshed 'Open for Business' programme.

Proposed: Councillor Jeremy Balfour



Seconded: Councillor Allan Jackson

THE CITY OF EDINBURGH COUNCIL

2 September 2011

Green Group Amendment

Item 3.1 Edinburgh Tram Project

Council reaffirms its support for a fully integrated, publicly owned public transport system for the capital city of Scotland;

Understands that, although the decision of a majority of councillors on 25 August was for a tram line from Airport to Haymarket only, a letter from Transport Scotland refusing further payment for this line is a material change in circumstances and effectively makes this decision financially unviable;

Understands that cancellation of the tram project is likely to cost at least £161m in compensation to contractors over a short period, which is likely to devastate council finances requiring very large increases in Council tax and/or sale of council assets and/or significant withdrawal of Council services and redundancies;

Understands that in contrast to cancellation, continuing with a line from Airport to St Andrew Square can be financed through prudential borrowing which will require payments of up to £15m over 30 years, however regrets the possible impact on delivery of other Council services in future;

Recognises that utility diversions have been a main cause of escalating cost and recognises previous calls by Green councillors for further work to reduce risk and uncertainty of cost, however also notes the likelihood of punitive legal action by contractors should scope and funding not be in place by today 2nd September;

Is concerned that there are still risks and no maximum cost for the line to St. Andrew Square and furthermore a lack of contingency in case the project goes even further over budget than current risk estimates allow, however concludes that there is presently no prudent alternative other than to authorise proceeding with the line to St Andrew Square and therefore agrees recommendations (i)-(iv) on the understanding that approval is for funding of up to £776m and notes recommendations (v)-(xi);

Requests the Chief Executive actively investigate alternative funding mechanisms to contribute towards payment for the project including a tourist 'bed-tax' as operated in other cities and to actively pursue actions to drive down costs in order to keep the project within the proposed new budget and report on these to Council;

Welcomes the extension of funding to support businesses along the tram route but 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;

Acknowledges the concerns of various groups about air quality issues in different areas of the City and agrees to monitor and take action to mitigate the negative impacts of increasing traffic and report on these regularly to the Transport committee

Restates the call for a public inquiry, in line with the Green amendment of 30 June 2011, into what caused cost overrun and delays in delivering the project.

Proposed:

City of Edinburgh Council SNP Amendment

Full Council Meeting
2 September 2011

3.1 Edinburgh Tram Project

- 1 Council notes that the SNP has on several occasions tabled amendments calling for the Tram Project to be scrapped and one calling for a city-wide referendum all of which were defeated by the other groups on the Council.
- 2 Council notes that the cost of cancellation notified to the Council is £161m which would entail massive budget cuts which would have a dramatic effect on the citizens of Edinburgh.
- 3 That the option of terminating the line at Haymarket is fundamentally flawed as the information provided details that this line would incur an operating loss of between £3.1m and £4m per annum.
- 4 Notes the action of the Labour and Conservative Group^s in supporting an amendment which called for such termination at Haymarket and recognises the politicking which led to this unsatisfactory decision.
- 5 Council notes that the people of this City have had to endure years of disruption and at least deserve a tram line that reaches the City Centre.
- 6 Notes that all major parties in the Scottish Parliament stated during their respective 2011 Election campaign that they would not provide any additional monies for this project.
- 7 Accepts that the safest method of protecting the long term financial future of Lothian Buses is to extend the line beyond Haymarket thereby reducing the risk of annual subsidy having to be provided for the tram line.
- 8 Notes the abject failure of the Non-Executive Directors appointed to TIE to provide stringent governance to this project.
- 9 Taking all the above circumstances into account agrees that the Haymarket option is not financially viable and has been roundly ridiculed in the media after the Council decision of last week.

- 10 Given all the circumstances detailed above Council agrees that the people of this City at least deserve a tram line from the Airport beyond Haymarket to St Andrew Square.
- 11 Council accepts all of the reports recommendations, with the addition at the end of 14 ii "and subject to ratification by the Finance and Resources Committee"

Signature of proposer

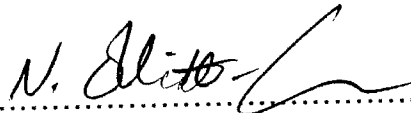


.....
Councillor Steve Cardownie

2 September 2011

Date

Signature of seconder



.....
Councillor Nick Elliott-Cannon

2 September 2011

Date