

Address:
110 George Street
Edinburgh
EH2 4LH

Telephone:
0845 146 1010
Fax:
0845 146 1009

Website:
www.audit-scotland.gov.uk



News release

For immediate release, Wednesday 2 February 2011

A clear way ahead and review of key player involvement needed for Edinburgh trams

The City of Edinburgh Council and the body set up by the council to deliver a tram system for Edinburgh, Transport Initiatives Edinburgh (**tie**), urgently need to establish a clear way ahead for the project. The Scottish Government should consider whether its agency Transport Scotland should become more actively involved.

An Audit Scotland report published today, *Edinburgh trams interim report*, looks at the project's progress and costs to date and its governance arrangements. It does not include a detailed review of the various works contracts or express any opinion on the project's management or the performance of any of the contractors involved. This would be inappropriate due to an ongoing contractual dispute between **tie** and the Bilfinger Berger Siemens consortium, which may be the subject of future litigation.

Chair of the Accounts Commission, John Baillie, said: "Mediation talks between the City of Edinburgh Council, **tie** and the Bilfinger Berger Siemens consortium are due to take place soon. It is important that these talks are pursued and that all other choices including the consequences of terminating the contract are fully considered and evaluated. Public finances are tight and it is crucial that any solution must represent value for money."

He added: "Communication about the trams project could also be better. Public confidence in the project is extremely low. The City of Edinburgh Council and **tie** urgently need to better explain to the public how this complex project is progressing."

The report says that most areas of the project have progressed significantly since work began in 2007. Utilities diversion works are 97 per cent complete and almost three-quarters of the tram vehicles have been built. However, due to the contractual dispute only 28 per cent of infrastructure work has been completed against a target of 99 per cent by the end of December 2010.

So far, £402 million has been spent on Phase 1a, which is intended to run from Edinburgh Airport to Leith Waterfront. This is 74 per cent of the total funding currently available. Until the contractual dispute is resolved the total cost of completing the line cannot be accurately estimated, although it is clear that it will not be completed within the £545 million approved budget.

The Scottish Government is providing £500 million of the project's funding through its agency, Transport Scotland. Transport Scotland monitors the way this money is spent through regular meetings with the City of Edinburgh Council, but the report says the Scottish Government should consider expanding its future involvement.

Auditor General for Scotland, Robert Black said: "Transport Scotland has committed £500m to the trams project. Given this significant interest and its expertise in managing major transport projects the Scottish Government needs to consider whether it should become more actively involved to help avoid possible further delays and cost overruns."

He continued: "It is very unusual to conduct an audit of a live project but the Accounts Commission and I decided that an interim report was needed because of the public concern and the risks associated with the project."

For further information contact Fiona McCall Tel: 0131 625 1651, fmccall@audit-scotland.gov.uk or Simon Ebbett, Tel: 0131 625 1652 sebbett@audit-scotland.gov.uk.

Notes to Editors:

1. The Edinburgh trams project is currently the fourth largest public capital project in Scotland with an approved budget of £545m. The biggest three projects are the construction of a new £1.7billion to £2.3 billion Forth Crossing; a new £842 million South Glasgow Hospital and the £692 million M74 Completion project.

2. This report is intended to be an interim report. The trams project will continue to be considered during the annual audits of the City of Edinburgh Council and Transport Scotland. We may publish another performance audit report at a later date once the project has been completed.
3. In June 2007 an Auditor General for Scotland report reviewed the arrangements in place for estimating the costs and managing the Edinburgh trams project and the Edinburgh Airport Rail Link. At that time both projects were still at an early stage. In the case of the Edinburgh trams project some utility diversion works had commenced but major contracts for the construction of infrastructure and tram vehicles, including the contract with Bilfinger Berger, had yet to be awarded and the composition of the Trams Project Board was different. The report concluded that, at that time, the arrangements in place to manage the project appeared sound but added that unless work progressed to plan, cost and time targets may not be met. The report provided no guarantees over the future health of the project.
4. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk
5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report jointly for the Auditor General for Scotland and the Accounts Commission for Scotland:
 - The Auditor General is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.
 - The Accounts Commission looks at whether local authorities, fire and police boards spend public money properly and effectively.