

Address:  
110 George Street  
Edinburgh  
EH2 4LH

Telephone:  
0845 146 1010  
Fax:  
0845 146 1009

Website:  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)



## Press release

For immediate release at 9.15am, Wednesday 20 June 2007.

### Auditor General publishes review of transport projects

The Auditor General for Scotland, Robert Black, has published his review of the arrangements for managing the delivery of the Edinburgh trams and Edinburgh Airport Rail Link (EARL) projects.

Mr Black said: "The objectives of the review were to assess whether the projects are progressing in accordance with time and cost targets, and whether appropriate management systems are in place to promote their successful completion. Our report provides a snapshot of where the two projects are at present.

"It is important to emphasise that Audit Scotland has not reviewed the operating costs or projected revenues of the projects. Both of these factors could have a significant impact on the financial operation of each of the projects."

The key messages from the report are:

- Both projects have been through the parliamentary approval process to obtain statutory authority to proceed and have been developed in response to national, regional and local transport strategies.

#### Trams

- The current anticipated final cost of Phase 1 in its entirety is £593.8 million and estimated project costs have been subjected to robust testing.
- The Scottish Executive has committed to provide up to £500 million for Phase 1a of the project and City of Edinburgh Council a further £45 million. Funding for Phase 1b has yet to be confirmed.
- A total of £79 million was spent on the project up to the end of May 2007, which includes £17 million to take the project through the parliamentary process.
- Some slippage in the project has occurred but transport initiatives edinburgh (**tie**) is taking action aimed at ensuring that Phase 1a can be operational by early 2011.
- Arrangements in place to manage the project include a clear corporate governance structure, well defined project management and organisation, sound financial management and reporting, good risk management procedures, and a procurement strategy aimed at minimising risk and delivering successful project outcomes.

#### EARL

- The EARL project is expected to cost in the range of £550-£650 million. This cost range is based on a thorough estimating process but because the project is at a relatively early stage, there is less certainty about current cost estimates.
- The EARL project is unlikely to be delivered by the target date of the end of 2011.
- Lack of agreement over governance arrangements and a procurement strategy is inhibiting progress. In practice, this means that a number of key decisions still need to be made before there can be more certainty

about the cost and time targets, so there is currently a higher degree of uncertainty about the EARL project than might be expected.

- The EARL project is expected to be financed primarily from public funds but this has still to be settled. Around £20 million has been spent on the project to date, including £4 million to take the Bill through the Parliamentary process.

**For further information contact Anne McCubbin tel: 0131 625 1653 [amccubbin@audit-scotland.gov.uk](mailto:amccubbin@audit-scotland.gov.uk) or Simon Ebbett tel: 0131 625 1652 [sebbett@audit-scotland.gov.uk](mailto:sebbett@audit-scotland.gov.uk)**

#### **Notes to editors**

1. The review examined the process for estimating project costs and project management arrangements for the two projects. It does not provide assurances on the accuracy of the estimated project costs. It is important to emphasise that Audit Scotland has not reviewed the operating costs or projected revenues of the projects. Both of these factors could have a significant impact on the financial operation of both projects. Nor have we reviewed the options appraisals for the projects and the benefits they are expected to generate.
2. The report was laid in Parliament today, 20 June at 9am and is being sent by email to MSPs and other stakeholders. The report and this press release will be available from 9.15am at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)
3. 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.
4. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000.