

New Transport Initiative: Framework for Delivery

The City of Edinburgh Council

2 May 2002

1 Purpose of report

- 1.1 To advise the Council on progress on the New Transport Initiative and to seek agreement for a number of steps required to take the Initiative forward, including the legal framework and budget needed to finalise the establishment of the arms-length delivery company.

2 Summary

- 2.1 This report sets out a number of matters relating to the evolution the New Transport Initiative. These include:

- the response to the NTI Application in Principle from Scottish Ministers;
- the final elements necessary to complete the establishment of an arms-length delivery company;
- the monitoring arrangements for the company;
- the year one 'transitional' business plan and proposed additions by the Board of Directors;
- budget requirements for the company for 2002/3 to 2004/5 and how these can be met;
- a proposal for a demonstration of the technology and systems that would be required to implement a congestion charging scheme.

- 2.2 Approval is sought for the legal framework, amended business plan, and three year budget for the delivery company; and for undertaking the demonstration of charging technology and systems

3 Main report

Response from Scottish Ministers to the NTI Application in Principle

- 3.1 On March 5, the Minister for Enterprise, Transport and Lifelong Learning responded to the application for Approval in Principle (AiP) for the New Transport Initiative that the Council submitted in October 2001.
- 3.2 The response, set out in a letter to the Council's Executive member for Transport (attached as Appendix 1), and elaborated in discussion with Scottish Executive officials, defers a decision on the AiP but:
- Indicates satisfaction with the progress to date on the road user charging proposals

- Strongly supports the principle of an arms-length company (working name 'ENTICO') to deliver the Initiative;
 - Asks that such a company should be established immediately with an initial remit to develop and refine the New Transport Initiative proposals and produce a report by the end of September this year;
 - Proposes that the Council should then come forward with an updated Application in Principle identifying a single investment and charging package (rather than the two options in the original submission).
- 3.3 The Minister emphasised the importance of improvements to public transport as part of the package. To give effect to this, she has indicated willingness to support the development work on a west Edinburgh tram line to be taken forward within the context of an Edinburgh Tram Network. This extends the proposals for a North Edinburgh tram for which development funding has already been granted.
- 3.4 The Minister's statement does not have a major effect on the content of the programme of work that the Council needs to undertake to develop further the NTI proposals. However, the arrangements for undertaking that work, and the timescale, are affected.
- 3.5 It is now unlikely that the Council could publish the necessary Charging Orders for the charging element of the NTI before the summer of 2003. Originally, it had been hoped to achieve this by November of this year. This means that the earliest date that a charging scheme could come into effect would be Spring 2006.

Establishment of arms-length company

- 3.6 On 18 October 2001, the Council approved in principle the establishment of an arms-length company to develop and deliver the New Transport Initiative. The Directors of City Development and Finance in consultation with the City Solicitor and the proposed board members were authorised to finalise an operating agreement and establish the company. Registration of the company should be completed by 2 May 2002, and agreement for the final proposed legal and financial frameworks is sought in this report prior to the first formal meeting of the Board of Directors of the company planned for 3 May.
- 3.7 The Council at its meeting on 21 March 2002 approved the private sector membership of the Board of the proposed arms-length delivery company. Two informal meetings of the Board members have been held to inform the members about the Initiative, and to discuss the legal and financial issues for the new company. The Board members have made certain recommendations concerning the initial structuring of the company and these are referred to below.
- 3.8 The company is being registered under the name 'Transport Initiatives Edinburgh Ltd'. This replaces the working name 'ENTICO' that has been used for this company up to now. This name is not available as a permanent company name, as it is already registered for other purposes..
- 3.9 The legal matters now to be agreed are: the Memorandum and Articles for the company, the nomination of a company secretary, and an Operating Agreement between the company and the Council.
- 3.10 The draft Memorandum and Articles are annexed to this report as Appendix 2. It is proposed that the Company Secretary should be the Council Solicitor.

3.11 The Operating Agreement is annexed as Appendix 3. This has been modified since the version put before the Council on 18 October. Key changes are:

- Inclusion of code of Corporate Governance;
- Outline of the payment mechanism and arrangements under which the company will bill the Council;
- Arrangements for monitoring of the company's activities (see following section of this report).

3.12 The Operating Agreement identifies the need for an Annual Business Plan to be approved by the Council setting out the activities and budget for the year. A 'Transitional' Business Plan has been produced on behalf of the Council by Andersen consultants, covering the first year of operation. An extract showing the budget summary is annexed as Appendix 4. It is anticipated that the company would produce its own initial business plan by the end of this year.

3.13 The company's activities set out in the business plan are:

- All aspects of development of the congestion charging proposals. This will include the preparation of the report requested by the Scottish Executive for the end of September this year;
- Procurement of the West Edinburgh Busway (WEBS) project while recognising the emerging West Edinburgh tram proposals; but excluding Edinburgh Park station, Ingliston Park & Ride and remaining land acquisition which will remain the responsibility of the Council;
- Development of the North Edinburgh and West Edinburgh tram schemes.

3.14 The transitional Business Plan also sets out staff requirements. The company will need a Chief Executive, with professional and support staff. Four secondments of professional staff from the current Council NTI team are proposed with further posts being filled by the company through recruitment or on a consultancy/agency basis.

3.15 A number of savings have been identified in the Transitional Business Plan to reduce costs by £101k in the first year of operation. These are:

- Saving in office costs by remaining in existing Council accommodation until end September 2002;
- Taking on additional professional staff and accountant from July only;
- Waiving of fees by the Chairman and one other Director .

3.16 Following consideration of the transitional Business Plan, the Board Members of the new company made a number of recommendations at a meeting on 9 April 2002. These are identified below together with their financial implications.

- Interim Chief Executive: an experienced professional from the private sector with a strong financial background is advocated to steer the company through to the September 2002 report to the Council and Scottish Executive. The proposal is for an immediate appointment on a temporary basis (six months contract) with a total additional cost to the transitional Business Plan of £100,000 in 2002/3. Delegated powers are sought for the Director of City Development to approve the Board's recommendation for this appointment on behalf of the Council.
- Permanent Chief Executive: after this initial period, it is expected that a permanent Chief Executive with a similar curriculum vitae will be recruited. This appointment would require the approval of the Council in terms of the Operating Agreement. This would add £50,000 to the company budget in

2002/3 and £100,000 plus a 3% per annum inflation allowance for each full future year.

- 3.17 PartnershipsUK (PUK, formerly the Treasury Task Force) have been involved in discussions on the delivery arrangements for the NTI since an early stage. The Scottish Executive wish their participation in the current company work programme. PUK have proposed a 'Support Agreement' to provide assistance to the company in the period up to September this year in developing 'procurement, contracting and financial strategies for the NTI and associated timetables and resource plans'.
- 3.18 The Board have accepted the importance of PUK involvement, and proposed that PUK be commissioned on an initial short-term basis, with observer status at company Board meetings. Detailed contractual negotiations between both parties are currently on-going but initial financial commitment would be during 2002/3 only and is not expected to exceed £60,000. PUK have intimated that they seek joint decision making with the company on procurement, financial strategies, timetables and resource plans (with the exception of policy matters directed by the Council). However it may be that at this stage an advisory role would be more appropriate.
- 3.19 Any future partnership development agreement relating to the New Transport Initiative, which is the return customarily sought by PUK in PPP projects, would be dependent on future consent by both the Board of the company and the Council. Best Value considerations would obviously be an important factor in such an arrangement.
- 3.20 The budget implications of the Business Plan and the longer term funding of the company including the impact of the proposed savings and Board recommendations, are dealt with in the section below on 'Budget Issues'.

Partnership and monitoring arrangements

- 3.21 The transitional Business Plan for the company highlights the need for structured liaison and monitoring arrangements in view of the close working required between the company, the Council and the Scottish Executive. These arrangements are set out in the Operating Agreement (Appendix 3), and are summarised here.
- 3.22 As with every Council company, a company monitoring officer is required within the Council. It is proposed that this officer should in this case be the Director of City Development.
- 3.23 In view of the close liaison that will be required between the company and the Council over both financial and policy issues, it is proposed that an additional nominated officer with day to day responsibility should be identified for this purpose. It is proposed that this should be an individual within the City Development Transport function. This officer would be responsible for monitoring the company Business Plan, for authorising cost claims from the company, and for submitting grant claims to the Scottish Executive, EU or others where required and monitoring spending of Public Transport Fund/Integrated Transport Fund awards, and for liaising on these matters with the Director of Finance and the City Solicitor.
- 3.24 Finally, a 'Partnership Liaison Group' will be established. This will have the following membership:
- CEC Executive Member for Transport (Chair)
 - CEC Director of City Development

- CEC Director of Finance (or Head of Corporate Finance as substitute)
- Chairman of Transport Initiatives Edinburgh Ltd
- Deputy Minister for Enterprise, Transport and Lifelong Learning
- Scottish Executive Policy Advisor
- Senior Civil Servant nominated by Scottish Executive Development Department

This Group is intended to ensure the smooth progression of the NTI by monitoring the activities of the various partners, exchanging information and resolving any disputes or misunderstandings by mutual agreement. It is not a decision-making body for the company.

Budget Issues

- 3.25 In developing the detailed arrangements for the new company, the overall NTI budget as agreed by the Council in April 2000 has been reviewed. There may be a need for additional funding to be found for the project over the period to 2004/5 (and possibly beyond). There are three main reasons for this:
- The arms-length company introduces additional costs not originally budgeted for, so that agreed limits for Spend to Save and Scottish Executive co-funding for charging development are exceeded, and there is a small shortfall on the budget for the North Edinburgh Tram development;
 - The Public Transport Fund award for the WEBS project does not include sufficient allowance for project management (originally intended to be carried out in-house).
 - The extension of the timescales for the development of the New Transport Initiative as the result of factors outwith the Council's control has resulted in additional costs being incurred.
- 3.26 Further to this, the recommendations from the Board Members of the proposed company add an additional requirement, as highlighted in paras 3.16 to 3.18 above.
- 3.27 On the basis of the funding applications made to the Scottish Executive in the last two years, the estimated costs of the company developing the congestion charging proposal, the two tram schemes and procuring the WEBS project amount to £23.898m in 2002/3 to 2004/5. It is considered that savings of £226k can be made in the external costs of WEBS and of £60k in the costs of developing the North Edinburgh Tram scheme, reducing the total costs to £23.611m. The company will endeavour to further reduce these costs through pursuit of efficiencies.
- 3.28 The Capital Investment Programme 2002-2005 includes a capital allocation of £15.013m from the Public/Integrated Transport Funds and Section 94 consents for the projects to be managed by the company. A business case to develop the West Edinburgh Tram scheme is currently being prepared for the Integrated Transport Fund. The final figure required for this is still being determined but is expected to be about £5.5m.
- 3.29 The funding currently available for congestion charging development is made up of the unexpended balance on Spend to Save (£526k), the three year revenue budget provision for NTI staff seconded to ENTICO (£387k) and the balance of approved match funding from the Scottish Executive of up to £1.1m provided this is matched by equivalent CEC spending. (Current budgets do not provide sufficient CEC expenditure to provide a full match for this). The Spend to Save element will be replenished from congestion charges once implemented or failing this from parking charges as agreed by the Finance Committee on 23 May 2000.

3.30 The costs and funding sources for the company over the next three years are detailed in the Table below. This indicates a budget shortfall of £1.082m on the basis of current funding commitments and project budgets. For 2002/3, the relationship between the proposed budget and that identified in the Transitional Business Plan is shown in Appendix 5.

3.31 One of the objectives of the establishment of Transport Initiatives Edinburgh Ltd is to make savings in the procurement of the projects it takes responsibility for. However, at this stage it is not possible to predict what the scale of such savings might be beyond those identified in para 3.27, and therefore it is considered prudent to make allowance for the effect of the budget shortfall.

3.32 It is recommended that this potential shortfall should be met in two ways:

- Adjusting the Capital Investment Programme 2002-2005 by £635k to cover the shortfall in the budget for development of the congestion charging scheme, and to cover the overheads on project management costs for the WEBS scheme. The sums allocated for major projects through the Public Transport and Integrated Transport Funds are ring fenced by the Scottish Executive and cannot be adjusted. It is proposed that the required adjustment of £74k for 2002/03 be made within the Transport element of the CIP but without affecting the allocation for Infrastructure Renewal. The remaining adjustments of £267k for 2003/04 and £299k for 2004/05 will be, in the first instance, contained within the overall CIP for City Development and will be considered in more detail within the overall review of the Capital Investment Programme taking place in Autumn 2002.
- Seeking additional match funding totalling £306k from the Scottish Executive for congestion charging development in 2003/4 and 2004/5, extending the existing arrangements for funding this work. This would increase the agreed limit for match funding from £1.583m to £1.889m. In addition, the extra CEC funding achieved through the CIP adjustment detailed above allows full matching to be realised, so that the contribution from the Scottish Executive would be increased by £442k in total.

	2002/03 £000	2003/04 £000	2004/05 £000	Total £000
Costs				
Congestion charging development	1,218	905	775	2,898
Tram schemes and WEBS costs	5,009	8,174	7,530	20,713
Total ENTICO Costs	6,227	9,079	8,305	23,611
Funding				
PTF/ITF/S94 per CIP 2002-2005	3,065	5,918	6,030	15,013
New ITF award (W Edinburgh Tram)	1,870	2,200	1,430	5,500
Revenue Budget – Seconded NTI staff	125	129	133	387
Spend to Save already approved	439	87	0	526
Scottish Executive match funding	564	216	133	913
EU/SESTRAN/Private Sector	90	50	50	190
Total Available Funding	6,153	8,600	7,776	22,529
Shortfall in committed funding	74	479	529	1,082
To be met from				
CIP 2002-2005 adjustment	74	267	299	640
Scottish Executive match funding for charging development	0	212	230	442

3.33 There remain a number of risks associated with the budget:

- Prior to the implementation of congestion charging, the company is fully dependent on CEC for its funding. CEC is therefore at risk to the extent that company costs exceed funding available. The Council will need to implement monitoring and control procedures to ensure that the company minimises its costs.
- There is a significant risk that any slippage in the introduction of congestion charging or procurement of the Tram lines or WEBS will result in further shortfalls, as the company will continue to incur running costs against a fixed PTF/ITF award.
- The most obvious risk is that RUC may not proceed. CEC expenditure to date on development of the charging scheme totals £540k, with a further £564K at risk prior to the potential Approval in Principle expected at the end of this year.

3.34 Finally, the treatment of VAT will be a very important issue for the company. The Business Plan and budgets outlined above assume a VAT neutral position. Confirmation is still awaited that this can be achieved with the company structure and operating arrangements set out in the Business Plan and in this report.

Demonstration of systems and equipment for congestion charging

3.35 The operation of a congestion charging scheme, if it proceeds, will require appropriate systems for the payment of the charge, equipment for the identification of vehicles at the cordons, and systems for enforcement measures for those that contravene the charging regulations.

3.36 It will be necessary for the Council to be confident that systems and equipment do exist that can provide adequate levels of reliability, accuracy and consumer acceptability. This would provide a basis for a functional specification for the equipment and other systems that the Council would procure if the scheme does proceed.

3.37 Tests of some appropriate technology and systems has taken place in the context of the London congestion charging proposals, and it is not proposed that these should be repeated. However, the form that an Edinburgh congestion charging scheme could take is likely to be different from that in London, particularly as charges would only be applied at cordon crossing points rather than for driving within a zone as in London.

3.38 It is therefore considered appropriate to carry out some demonstrations of the systems available in an Edinburgh context. The aims of such demonstrations would be:

- To test enforcement technology in the particular environment found at some locations on the Edinburgh Inner Cordon which are significantly different to conditions experienced in London;
- To test enforcement accuracy under Edinburgh conditions and particularly to compare reading front, rear and both number plates;
- To test the ability of systems to distinguish direction of vehicle movement; To investigate and possibly test means by which manual enforcement might be undertaken if required to improve the compliance rate;

- To provide a firm basis on which to determine the service level requirements for a future congestion charging enforcement service and also to assist with final selection of the cordon and charging points;
- To carry out trials of retailing systems to assess customer response and preferences.

3.39 The demonstration would form part of the EU Progress project that is providing part funding for the New Transport Initiative. As such it would be managed by Ian Catling consultancy (ICC) who have been advising the Council on technical aspects of congestion charging as part of the EU project. It would substitute for work originally programmed to be undertaken by ICC on the implementation of the actual charging scheme which is now no longer possible within the timescale of the Progress project.

3.40 The demonstration would involve the installation of camera equipment for a 6 month period at two sites in the city, the recruitment of 200 volunteers to trial purchasing systems, and the establishment of dummy sales arrangements including a small number of retailers and internet and telephone systems. The demonstration would be carried out from October this year to February 2003.

3.41 The total budget for the demonstration will be contained to a maximum of £150,000 plus a direct contribution from the EU to Ian Catling consultancy through the Progress project. Contributions in kind will be sought from equipment suppliers to reduce the overall cost. 50% of the residual funding will be sought from the Scottish Executive as an addition to their existing co-funding of the New Transport Initiative. The maximum cost to the Council will therefore be £75,000 and this will be contained within the budgeted figures for the New Transport Initiative set out in the previous section of this report.

4 Recommendations

- 4.1 To note the response of Minister for Enterprise, Transport and Lifelong Learning to the Council's NTI Application in Principle.
- 4.2 To note the revised timetable for progression of the NTI.
- 4.3 To agree the Memorandum and Articles, Operating Agreement and company secretary for the new arms-length delivery company, Transport Initiatives Edinburgh Ltd, as set out in this report and appendices.
- 4.4 To give delegated powers to the Director of City Development to approve on behalf of the Council a recommendation from the Board of Transport Initiatives Edinburgh Ltd for the appointment of an Interim Chief Executive for a period of not more than 6 months,
- 4.5 To agree the transitional Business Plan for the company, as amended with the proposed savings identified in para 3.15 and the modifications made by the Board members of the company described in paras 3.16 to 3.19 of this report.
- 4.6 To agree that remaining unfunded costs associated with the operation of the company should be met by adjustment of the Capital Investment Programme 2002-2005 as outlined in para 3.32;
- 4.7 To seek additional match funding for development of the congestion charging scheme, as outlined in para 3.32.
- 4.8 To refer this report to the Capital Planning Group for their information.

- 4.9 To agree the monitoring and liaison arrangements set out in paras 3.21 to 3.24 of this report.
- 4.10 To note that subject to agreement of this report and resolution of the VAT issue, the first meeting of the Board of the new company will take place on 3 May.
- 4.11 To agree to undertake a demonstration of congestion charging technology and systems on the basis set out in this report.



Andrew M Holmes
Director of City Development

25.04.02

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- Appendices**
- 1) Letter from Minister to Cllr Andrew Burns
 - 2) Memorandum and Articles for Transport Initiatives Edinburgh Ltd
 - 3) Operating Agreement for Transport Initiatives Edinburgh Ltd including Schedule and Annex (Transitional Business Plan)
 - 4) Extract from 'ENTICO' Transitional Business Plan
 - 5) Reconciliation between Transitional Business Plan and budget for Council approval
- Appendices 2 and 3 have been placed in Group Rooms**

Contact/tel John Saunders: [REDACTED]

Wards affected All

Background Papers None



SCOTTISH EXECUTIVE

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28 February 2002

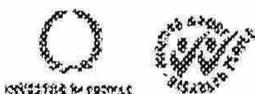
Dear Andrew

I am looking forward to meeting with you and Ewan Brown on 4 March to discuss how best to deliver the radically improved public transport links in and around Edinburgh that we agree to be so important.

As you know I firmly believe that the private sector has much to contribute to this process and I strongly support the principle of an off balance sheet company (ENTICO) to progress the Council's plans. I am advised that Partnerships UK will be responding positively to the Council's recent invitation to join the Board of ENTICO. I believe they will bring unique experience that will benefit all concerned. Specifically, I see them adding significant value in two ways. First, by helping to structure ENTICO in such a way that it is both off-balance sheet and has long-term viability as a standalone company. Second, in developing an appropriate operational framework for the successful delivery of the chosen infrastructure projects and charging scheme.

You and I agreed that there would be advantage in ENTICO's board of directors including a private sector board member of Scottish Enterprise Edinburgh and Lothians. I hope that the Council can agree a finalised board membership, with Ewan Brown as Chair, and outline the role for the private sector on ENTICO before we meet on 4 March. The membership of the board should, of course, be decided in consultation with the Chair. I would be grateful if you could advise me when ENTICO board membership could be made public. Could I, for example, announce it at our meeting with private sector players on 5 March?

As you know I have been reflecting upon the Council's submission for approval in principle to your charging proposals. Let me record our appreciation of the very considerable work which the Council has undertaken to get to this stage. Road User Charging is novel in a UK context and the work that the Council is engaged on puts it at the forefront of developments in this field both in Scotland and the UK. However, as the Council acknowledges, there is a long way to go before a successful Road User Charging scheme can be introduced in the city; and we are both of the view that it is essential that the Council's scheme succeeds.



In view of that, while I am happy to signify my satisfaction with the progress that has been made to date, and continues to be made and look forward to working with you to ensure the success of Road User Charging in Edinburgh, I am committed to working with Edinburgh to further refine the current plans and in particular the further development of the plans with ENTICO and others over the spring and summer before moving formally to approval in principle later in the year.

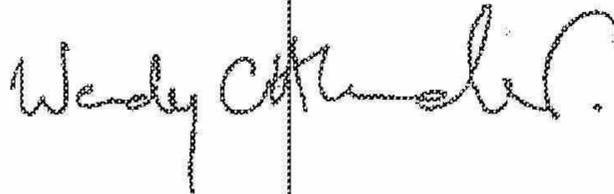
I would propose instead that we ask ENTICO to provide a report jointly to the Council and to the Scottish Executive by 30 September that will enable the Council to reach a firm view on a single preferred charging proposal, on which you can then base an updated application to me for approval in principle. Continued close co-operation between the Scottish Executive and the Council during this period should lead to formal approval in principle of such a proposal by the end of 2002. I believe that this will allow further refinement of the proposals, as well as the opportunity to win over the public and, crucially, business support for charging. It will also provide more time during which the Council and neighbouring authorities can demonstrate progress on public transport improvements. The annex lists all the relevant schemes we are know about at present. I suspect that this might well extend further over coming months.

In particular, I believe that we must make significant progress on planning an Edinburgh Tram Network before you begin public consultation on the New Transport Initiative in the spring of next year. I am aware that Sarah Boyack offered support to fund development work on the North Edinburgh Tram. I am particularly keen that this is broadened out and placed in the context of a wider network. I understand that the Council expects a preliminary report from consultants on such a network this month with a final report in May. I believe it crucial that ENTICO takes forward that work and from the outset appraises the options in detail, using the Scottish Transport Appraisal Guidance and takes stock of any implications for other schemes eg WEBS planned by the Council. This latter point is particularly important given our willingness to provide financial support to allow the development work on a West Edinburgh line to be taken forward within the wider context of an Edinburgh Tram Network. This will be in addition to the support we have already offered for the North Edinburgh line and is also something I would like to announce on 5 March.

It is clearly important that we have an agreed line on how we are taking all this forward before the 5 March meeting: and I hope that by then we can have established the principles. I envisage this meeting as an opportunity to demonstrate partnership working between the Council, the Executive and other key partners, particularly the business community. Indeed, I hope that both you and Donald Anderson will be happy to speak at that meeting about the charging proposals and partnership working respectively. I attach an annotated agenda for the event so you can see what I have in mind.

I look forward to our meetings.

Yours sincerely



WENDY ALEXANDER



ENTICO INITIAL BUSINESS CASE FINANCIAL MODEL

**City of Edinburgh Council
New Transport Initiative**

Year 1

**21-Mar-02
Revision 1 (Tram 2 included)**

Important notice for all users

This model has been prepared by Andersen Corporate Finance using data provided by City of Edinburgh Council.

All model coding changes must be approved by Andersen Corporate Finance. All data management is to be controlled by Andersen Corporate Finance. This applies unless specific authorisation is given for other parties to alter the model coding and data input or output.

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Anyone using the model on disk does so at their own risk and no responsibility is accepted for any losses which might result from such use directly or indirectly.

City of Edinburgh Council
Year 1

ENTICO Cost Model

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Totals
Cash inflow:															
Invoice CEC monthly in arrears			209,212	227,046	298,845	525,562	502,118	617,241	602,494	627,053	665,693	626,917	763,769	803,493	6,489,447
Total cash inflow			209,212	227,046	298,845	525,562	502,118	617,241	602,494	627,053	665,693	626,917	763,769	803,493	6,489,447
Cash outflow:															
Current council staff	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	17,642	211,704
Project Management and Accountant	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	275,000
Secretarial support	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
Non Executive directors			11,875			11,875			11,875			11,875			47,500
External Advisors:															
Edinburgh Tram 1		28,108	40,608	212,141	212,141	249,642	249,642	282,975	282,975	282,975	354,404	354,380			2,550,000
Edinburgh Tram 2		22,045	31,849	166,385	166,385	195,797	195,797	221,941	221,941	221,941	277,964	277,953			2,000,000
WEBS				37,778	37,778	37,778	37,778	37,778	37,778	37,778	37,778	37,778	37,778		340,000
Road User Charging:															
Communications			37,500			37,500			37,500			37,500			150,000
Evaluation				25,000			25,000								50,000
Financial & Organisational	90,000	90,000	90,000				10,000		10,000		10,000				300,000
Modelling	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333		100,000
Charging scheme design	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417	10,417		125,000
Package configuration	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333		160,000
Match funding	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667		20,000
Expenses	250	250	250	250	250	250	250	250	250	250	250	250	250		3,000
Accommodation	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100		49,200
IT and Office Equipment:															
Computer Equip	30,550														30,550
Internet access	420	160	160	160	160	160	160	160	160	160	160	160	160		2,180
Fax/Photocopier	3,000														3,000
Other admin:															
Training	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		12,000
Market Research	500	500	500	500	500	500	500	500	500	500	500	500	500		6,000
Sundries	417	417	417	417	417	417	417	417	417	417	417	417	417		5,000
Legal and Financial	3,000	3,000	3,000	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,224		20,000
Total costs	209,212	225,555	297,234	524,928	499,928	616,216	601,841	626,318	685,693	626,318	763,769	803,121			6,480,134
Net cash inflow/outflow before interest	-209,212	-225,555	-88,022	-297,883	-201,084	-90,654	-99,723	-9,077	-83,199	735	-78,076	-176,204			
Simulated VAT cashflow impact	-29,223	-32,063	-13,328	-52,390	37,062	-13,897	-17,835	99,991	-12,596	0	18,535	-28,862	126,270	175,682	
	-238,435	-257,638	-101,348	-350,273	-164,002	-104,551	-117,558	90,914	-95,795	735	-59,541	-205,067	126,270	175,682	
Interest on overdraft calculation		-1490	-1610	-633	-2189	-1025	-853	-735	0	-599	0	-372	-1282	0	-10,589
Funding required from CEC	209,212	227,046	298,845	525,562	502,118	617,241	602,494	627,053	685,693	626,917	763,769	803,493	1,282	0	

Reconciliation:	
Total costs for 02/03	6,490,723
Edinburgh Tram 1 external	2,550,000
Edinburgh Tram 2 external	2,000,000
WEBS external	340,000
NET Project Mgt	275,000
	<u>5,165,000</u>
Council	
Current council salaries	124,892
CEC Spend to save	424,240
	<u>549,132</u>
Additional contributions:	
Scottish Executive match funding	549,132
Funding from SESTRAN and Forth Bridge Board	50,000
EU Contributions	40,000
	<u>639,132</u>
Total funding	6,353,264
Surplus/Deficit	137,459