

**Response ID ANON-PA1N-7GGF-U**  
Submitted on 2015-05-27 17:52:29.985420

**Evidence**

**Questions about you:** In order for the evidence to be analysed and taken forward by the Inquiry we will need some further information about you and / or your organisation. Please note that all evidence submitted to the Inquiry may be published at any point during the Inquiry or when the Inquiry Report is issued. If you are responding as an organisation your full details will be published. If you are responding as an individual your name will be published, but your address will only be published if the Inquiry considers this to be relevant to the evidence submitted.

**Organisation Name (if applicable):**

**Surname:**

Craig

**Forename:**

David

**Postal Address:**

[REDACTED]

**Postcode:**

[REDACTED]

**Phone:**

[REDACTED]

**Email:**

[REDACTED]

**Are you responding as an organisation or an individual?**

Individual

**Does your evidence relate to a particular period of time?**

Yes

**If yes, what period?:**

March 2011

**Does your evidence relate to a particular event or activity?**

Yes

**If yes, please explain what the event / activity was.:**

Calculation of BCD in the business case

**We are particularly interested in:**• How you found out about what was happening, and how informed you were throughout the project• What did you think would happen• What actually happened• What were the effects if any, on you (or your organisation) at the time of the project• What if any, were the on-going or longer-term effects on you (or your organisation). Please write your evidence here.

**We are particularly interested in:**

The redacted business case, published 16 December 2010, has at least two weaknesses, which (in my view) any competent auditor should have spotted.

Firstly, it emphasised time and again that tram passenger numbers will only generate a profit if the service is 'integrated' with Lothian buses. There are two problems with this: a) public investment in trams will be used to favour Lothian buses over its competitors and b) Lothian buses will not be allowed to compete with the trams. One could make a profit from horse-drawn trams if no other forms of transport are allowed to compete, but this is not a sound basis for calculating the BCR.

Secondly, it overlooks the social cost. The cost of delays to traffic during construction is massive and quantifiable – typically, 2-4 times the construction cost of an Infrastructure project like this. As an example refer to this web site: [http://ttworld.latech.edu/publications/\(file%208\)%20infra.pdf](http://ttworld.latech.edu/publications/(file%208)%20infra.pdf)

The omission of these social costs was the root cause of the paralysis during construction; because it apparently cost nothing to leave Shandwick Place blocked, the Gogar roundabout strangled, and so on. Fundamentally, we needed to be sure that even writing off what had already been spent, the BCR of the project was truly >1, including social costs, risks, and the cost of any borrowing.

**Do you have any documents which you think it would be useful for the Inquiry to see?**

Yes

**Details of documents:**

e-mail correspondence with audit Scotland

**Upload documents:**

Audit Scotland.docx was uploaded

**Upload documents:**

No file was uploaded

**Upload documents:**

No file was uploaded

**Upload documents:**

No file was uploaded

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No file was uploaded

**Are you content for the Edinburgh Tram Inquiry team to contact you again in relation to this evidence?\***

Yes