

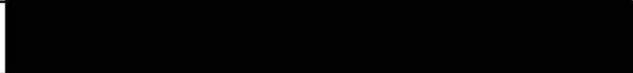
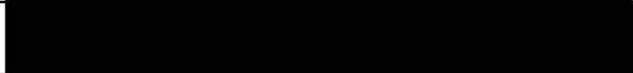
## Questions for Councillor Rose 28 October 2016

This questionnaire has been designed to gather evidence about your involvement and knowledge of the Edinburgh Trams Project. The questionnaire contains 12 questions and, for guidance, a list of issues that may assist you in answering these questions. Please ignore any questions and or issues which you feel do not apply to you.

### Your details

In order for the evidence to be analysed and taken forward by the Inquiry we require some information about you.

As you are responding as a Councillor (and Group leader) your name and ward will be published, but your postal address, postcode, telephone number and email address will not be published.

Ward	Southside/Newington
Period that you were a Councillor	May 2007 – Present (Dec 2016)
Surname	Rose
Forename	Cameron
Postal Address	
Postcode	
Telephone	
Email	

### What will happen to your response

Your answers will be considered by the Inquiry and will form part of the record of the Inquiry.

All of the written evidence, unless deemed offensive or inappropriate, which is submitted through this process will also be published on the Inquiry's website at some point, either during the Inquiry proceedings or when the Inquiry Report is issued.

The Inquiry team may wish to explore the evidence you have provided in more detail. They may wish to contact you following completion of this questionnaire to take a statement from you, and you may be invited to give evidence at an oral hearing. However, not everyone who submits written evidence at this stage will be invited to provide more information, and participation at any oral hearings would be by invitation only.

Note from Cameron Rose about the structure of the response.

Twelve questions were initially posed of myself as a respondee. The 'Guidance' for respondees posed supplementary questions and guidance about the scope of the original 12 questions. An early version of the 'Guidance' included 49 questions and in the later version the number of questions was augmented to 67. Some of these were personalised to me. These questions are termed 'Issues' in the 'Guidance'. The 'Guidance' questions were also grouped according to broadly chronologically ordered headings eg *Initial proposals (200-2006)*.

The structure of my response is as follows. Initially, responses are made to the twelve questions for Councillors. Thereafter, responses to the numbered 67 questions from the 'Guidance' are inserted, according to the chronological sections, into the appropriate responses to the twelve initial questions. They are all labelled with the numbers given in the 'Guidance' and termed 'Issues' as per the 'Guidance'

## Questions

Please refer to the guidance to assist you in answering these questions.

1. Please provide an overview of your duties and responsibilities as a Councillor and as a Group leader. Please also provide an overview of any duties and responsibilities you had in relation to the Edinburgh Trams Project.

May 2007 – Oct 2012 Councillor .  
Oct 2012 – Present (Dec 2016) Councillor and Conservative Group Leader  
Throughout this period until 2015 I was a member of the Planning Committee.  
My professional background is policing and, whilst financially literate I do not have any specialist financial qualifications or experience.  
I contributed to the Group decision which was, ultimately, to support the project. It was a finely balanced decision – both within the Conservative Group and for me personally. In the event I came down in favour of going ahead with the project.

2. Do you have any comments on the trams project during the initial proposals stage (i.e. between 2000 and 2006)?

I was not party to the Council and had no special knowledge over that period.

3. Do you have any comments on the trams project in relation to events between May 2007 and the signing of the infrastructure contract in May 2008?

1. **The business case was complex.** I was particularly influenced by

a. The assurance that Audit Scotland had provided assurance about the

i. Governance arrangements

- ii. Satisfactory arrangements were in place to minimise procurement risk
- iii. Satisfactory arrangements were in place to deliver successful project outcomes

- b. The strategic value of moving large numbers of people in a more efficient way, ie by tram, through largely congested routes. At that time a significant part of that value was a) the airport b) the Leith Walk corridor with its heavily populated hinterland substantially of tenements.
- c. The growth projections of population for Edinburgh and for the Airport.
- d. The prospect of a reduction in traffic in the central area of the city, especially the congestion caused by buses – and especially in Princes Street – was an attraction which has not, to this date, been fulfilled

2. **The politics.** This influenced me at a number of levels.

- a. It was clear that the conservative nature of large proportions of the people of Edinburgh, particularly on the southern part of the city which included my ward, and for whom there would be limited benefit, made it particularly difficult for me to support the project.
- b. The party political situation on Edinburgh Council was particularly finely balanced adding tension and significance to the decision taking. The position of the SNP Council Group and SNP Scottish Government was a significant part of the consideration. Amongst other considerations at this level was the importance of not doing anything which would have tended towards leading to independence.
- c. Conservative Group was made up of councillors who took differing views. The two views were for or against the project - with refinements of those who were in favour but only if there was a robust and viable business case and those (ultimately one person) who would not vote in favour under any circumstances.

- 3. **The contract.** The nature and detail of the contract was of particular concern to me. I did not believe I had the skills to assess the quality of such a contract. Accordingly, I was particularly influenced by the assurance that the contract was outsourced to a company which was effectively described to me as being the best expertise available.
- 4. **The strategic concept of the route.** Acknowledging that there was a need to support the regeneration of the north of the city along the Granton/Newhaven corridor, the littoral constraints of that area, as distinct from the enormous, geographically unconstrained potential of a southern component to the route, aroused my concerns. Southwards offered the potential for major housing developments, hospitals and a vast commuting hinterland and the relief of congestion and promotion of access to employment and varied activities in Edinburgh
- 5. **Assurances about the level of risk.** Assessing the risk of breaching the budget or the successful delivery of the project was the subject of extensive consideration and discussion within the Conservative Group. The level of risk was explored at length and two levels of assurance were given.

- a. **Fixed price contract.** I do not recall the project as ever being presented as an absolute fixed price contract. However, we were informed that the risk factor in cost overrun was minimal (if I recall correctly first at 95% and then 97/8% fixed).
- b. **Purchase of risk minimisation.** I understood that in the period up to May 2008 extra money was paid to minimise risk.

6. **My decision:** Further influences on my decision were

- a. Concern that the project was becoming bogged down in controversy, detail and self interest, and that if the project was to be successful it required decisive and clear support and impetus.
- b. The ultimate projected benefit to the city of more efficient transport.

**Issue 7. Effect of politics on project:** I have always understood that the political dimension added another factor into major public service projects. The potential for interference, along with the range of political views and opinions, along with the sometimes limited tenure of politicians, is an additional ingredient complicating client/provider relationships. That is often the reason why tenders for public service projects are often higher than elsewhere. The relatively recent Holyrood building tenfold overrun (forty fold if you take the original white paper estimate) presents an example which was very much in my mind.

**Issue 8. Grant capping:** The capping of the grant by the Scottish Government seemed to me to emphasise that the risk of cost overrun would be held by Edinburgh Council ('Not a penny more'). In my view at the time, whilst that presented a financial risk, it also created a discipline which I understood would apply pressure to inhibit cost overrun. The risks were inherent in the contract between Edinburgh Council entities (Council and tie) and the Contractors rather than created by the cash limit applied by the Scottish Government. I did not see the cost risk as increased by the Scottish Government decision though I was aware the reluctant participation of the Scottish Government had potential to have an indeterminate influence on the project environment. However, I am of the view that political changes

**Issue 9. Views on Final Business Case:** See questionnaire question 3 answers 1-8 above.

**Issue 10. Selection of preferred bidder.** I cannot recall details and have no access to documentation to refresh my memory.

**Issue 11. Preliminary design:** I cannot recall

**Issue 12.**

- a. **Completion of design work:** I cannot recall details but believe I accepted that in a project of this scale there would be some element of design revision or development to respond to on the ground circumstances.
- b. **Completion of utility works:** If this relates to the completion of the design of utility works or their diversion, I cannot recall.

**Issue 13. Influence of fixed price understanding.** I cannot recall the timeline but in the run up to the decisions at the end of 2007 the issue of the extent to which the price was fixed was a major subject of consideration. To my mind it was a key issue in the transference of risk and the subject of repeated questions at the briefings we received. We were assured, I think by Tom Aitchison and others, that the price was 95% fixed but that it was impossible to increase that figure to 100%. At one stage, that figure was increased, narrowing the estimated risk of increase, as a result of a further payment – which was effectively buying out risk. The fixed price issue was critical in my decision to allow the project to proceed.

**Issue 14. Allowance for risk and scope change.** The allowance for risk was represented to us as generous. I recall it was the subject of considerable discussion and questions to those who briefed us. The possibility of scope change was not a major subject of discussion or briefing.

**Issue 15. Reasons for infrastructure cost increases:** My understanding is that these were conveyed to councillors as unavoidable. I cannot recall from memory the specific reasons given but I note from paragraph 2.6 of the 13.5.2008 report to the Policy and Strategy Committee the reasons given.

**Issue 16. Change consideration by full Council:** I have no view on this.

**Issue 17. Discussion of pricing schedule prior to contract closure:** I do not recall seeing this document. Changes in the contract were conveyed to me and the following reasons (explained in the report to the Policy and Strategy Committee dated 13.05.2008) are consistent with my recollection of what these were:

- i) Further transfer of risk to the contractors
- ii) Improvements in favour of tie and the Council

It should be noted that details were conveyed to us as sensitive and subject to confidentiality, I assume for commercial sensitivity reasons.

**Issue 18. The contract:**

- i) *Which party bore the risks:* All outstanding risks, whether incomplete design or utility diversion works, were conveyed to me at briefings as having been reduced for the Council/tie to well below 5% and that the vast majority of risk was now held by the contractors
- ii) *Infrastructure fixed price?* The risk related principally to the price!!
- iii) *Procurement strategy achieved:* For my part I judged this in relation to the project which included Line 1b which was in jeopardy, but, if I recall correctly, not lost at this stage.

#### The dispute (May 2008 onwards)

4. Do you have any comments on events after May 2008, including, in particular, in relation to the dispute that arose with the infrastructure consortium?

1. This period was one of increasing impediments and challenges in relation to client relationships and project difficulties which arose.
2. I attended a number of Group briefings on these matters. Although I can recall aspects of these briefings I am reluctant to comment further without my memory being refreshed further.
3. As the disputes grew I have a recollection of increasing problems being blamed on the 'rogue' contractor Bilfinger Berger, with CAF and Siemens

being portrayed as relatively innocent parties. I do not recall any admission of substantial fault by tie or CEC.

4. I cannot currently recall the details of the letter to councillors from BSC (Guidance, Possible Issues 23).

**Issue 19: Information about design, utility diversion and infrastructure:**

I recall a growing awareness that problems were escalating. I cannot recall details of briefings on these though they were brought to attention.

**Issue 20. Track laying dispute from February 2009:** My memory is of much information about this coming from the media. My recollection is of information briefed from the Council side which indicated that the Consortium were largely responsible. Initially I saw no reason to disbelieve that. It was very difficult to know what was true.

**Issue 21. Wheeler engagement with BSC:** I do not recall being advised of any such meetings. Whilst I would not expect it to be normal for such contact I would not preclude troubleshooting of any kind. I have no idea whether it jeopardised tie's position.

**Issue 22. Iain Whyte email:** The issue of the cost exercised many of us in the Conservative Group. I was aware of Iain Whyte leading on this and expressing concerns. I have already referred to information given to us that the price was fixed in excess of 95%. The emerging dispute and differing statements was concerning.

**Issue 23. 'Fixed price':** The contract was not something I had the opportunity to examine. In any case, we had employed other people to ensure the contract was robust. The contract and the project were sufficiently large and complex that there was no question of trying to master all the detail. The problem might have been in other areas than deviation from the Base Date design. Legal advice was obtained and we were advised, second hand of the results as they related to the issues of dispute.

**Issue 24. Dispute resolution strategy:** I did not have access to a balanced view of what the issues of dispute were and how they were being resolved. If I had known at an early stage the views of the Consortium - or had access to them - I might have taken a quite different view. Independent engagement by me as an individual, or by my Group may well have had the effect of undermining tie which was operating as an arm/representative of the Council. That is not the normal way to achieve progress. My sources of information were largely from the Council or tie.

**Issue 25. tie v BSC dispute resolution:** I recall frequent references to the progress and, more occasionally, the results of dispute resolution on various issues. Generally the optimism and expectation of positive adjudications reduced with the passage of time and the results which came in. I think we were briefed by the respective chairs of tie.

**Issue 26. Princes Street Agreement:** I do not recall any involvement in negotiations or considerations leading to this agreement. I do not recall having sight of the agreement, or in any of its detail other than that contained in the Update Report to full Council on 30.4.2009.

**Issue 27. Views on the Princes Street Agreement:** It was presented as necessary to progress with the project. I was not aware of any alternative option.

**Issue 28. Princes Street Agreement paving the way for other costs:** No view.

**Issue 29. QC's opinion.** I do not recall having seen the opinion or received a briefing on it.

**Issue 30. Views on BSC letters:** They were another side of a two sided dispute.

**Issue 31. Refreshed business case – to St Andrews Sq:** The full line 1a - was now not viable. The alternative - total cancellation - was unpalatable, especially in view of the sunk costs being lost to any benefit. I cannot recall the details of what was envisaged by a specialist independent transport company but it reflected my growing lack of confidence in the predictions and calculations which were being supplied to me.

**5.** Do you have any comments in relation to the settlement agreement reached at the Mar Hall mediation in March 2011, and finalised later that year?

1. I cannot at this stage recall details presented about the mediation.

**Issue 32. Mediation proposals.** I cannot recall consultation on the proposed mediation. I am aware of references to such mediation in the report to full Council on 16.12.10.

**Issue 33. Mediation outcome dissemination.** I cannot recall. Mediation seemed a reasonable option at that stage.

**Issue 34. Mediation changes.** I cannot recall.

**Issue 35. Mediation briefing and advice.** I cannot recall details.

**Issue 36. The Haymarket truncation:** Ongoing problems with the Princes Street section (Haymarket to St Andrews Square) gave little confidence that the figures for completing to St Andrews Square were credible. Hence the difficult decision to truncate to Haymarket - with which I concurred.

**Issue 37. Audit Scotland:** The risks of continuing work on Princes Street were of significant weight. I had taken reassurance from the Audit Scotland

report before supporting the project in 2007 and 2008. The decision to support or not was finely balanced and the Audit Scotland report was definitely a contributor to the final decision.

**Issue 38. *Settlement views*:** I do not recall there being any realistic alternative to the settlement agreement. Constituents views were always a matter of consideration.

**Issue 39. *Why not cancel?*:** The costs already incurred.

**Issue 40. *Turner Townsend and Transport Scotland*.** I do not recall.

**Issue 41. *John Carson's analysis*:** I took a non committal view of this. I listened to him and I met him. He noted that his calculations were based on material which included omissions and was complex. I am not sure that I was aware of others with whom he may have been communicating. His contribution, as far as I was concerned was to raise further concerns about the accuracy of financial information which was being supplied to councillors. Yet it did not give a clear route forward, all circumstances considered.

**6.** Do you have any comments on the project management or governance of the trams project?

**Issue 42. *The question of too much governance*:** I am aware that political management brings complications to clear and decisive management of a project such as this. Two factors led me to accept the broad governance structure. I was aware I had no experience of being involved in the running of a project of this scale. To that extent I felt I had to rely on the expertise and advice of others and of officers. The second was that the governance structures were largely already under way. I subscribe to the view that lines of responsibility and accountability should be clear, as short as possible and as enforceable as possible. The first sentence of my response to this issues notes complications to this principle. In retrospect I have little doubt that there were too many lines of accountability and responsibility.

**Issue 43. *The bodies involved in governance*:** I'm not sure I can give a clear definition of the role of each of these.

**Issue 44. *Transport Scotland*:** In 2007 Transport Scotland was a body which was new to me. I don't consider I can contribute usefully to this issue as I was not in a good place to assess the change posited in this issue.

**Issue 45. *Governance of councillors and officers*:** From the earliest days there were doubts about whether the Council could deliver a project of this scale. Those initial doubts grew as one crisis progressed to another. Effective oversight and control did not happen.

**Issue 46. *Raising concerns*:** Concerns there were aplenty but I don't believe I was in possession of enough accurate and verifiable information and, it is not clear to me to whom such concerns would have best been relayed.

**Issue 47. *Revision of governance structure*:** I was a newly arrived councillor when these revisions were made. The results suggest they were not effective.

**Issue 48. *Review of Arms Length Companies 2009*:** I have little recollection of the details of that review.

**Issue 49. *Audit Committee oversight*:** I was not at this Committee, nor at subsequent Audit Committee meetings.

- 7.** Do you have any comments on the reporting of information relating to the trams project to Councillors?

The lack of self awareness of the shortcomings of the CEC/tie management and their governance of the project was evident in the project. In retrospect I have limited confidence that I was given accurate information.

**Issue 50. *Officer advice*:** In the main it was the Chief Executive sometimes supplemented by officers.

**Issue 51. *Briefings and party processes*:** Briefings were generally subject to meetings of the Conservative Group - but the circumstances varied. At times briefings were through the Group Leader. Voting was always along party lines but I recall there was always opportunity to discuss - or argue a case - at Group meetings.

**Issue 52. *Briefings received*:** I recall a range of briefing procedures including written briefings, presentations, personal Group briefings and through the Group Leader.

**Issue 53. *Briefings again*.** I was Group Leader from the end of 2012.

**Issue 54. *Group and Council Leader briefings*:** I have not been Council Leader. See 52.

**Issue 55. *Level of information*:**

**Issue 56. *Sufficiency of information*:**

**Issue 57. *Influence of commercial confidentiality*:**

**Issue 58. *Source – tie or council officers*:**

**Issue 59. Contract concerns:**

**Issue 60. Information to constituents:**

**Issue 61. Media influence:**

**Issue 62. Cost overrun – awareness:**

**Issue 63. Cost overrun – impact of Mar Hall:**

**Issue 64. Cost overrun – information to councillors:**

**8.** Which body or organisation do you consider was ultimately responsible for ensuring that the trams project was delivered on time and within budget?

1. I am of the view there were several failing parties. However, ultimately the buck stops with the governing body – the councillors. But see answer to question 12

**9.** What do you consider were the main reasons for the failure to deliver the project in the time, within the budget and to the extent projected.

I am not sure I have enough information to answer that.

**10.** Do you have any comments on how these failures might have been avoided?

See answer to question 12.

**11.** What do you consider are the main consequences of the failure to deliver the trams project in the time, within the budget and to the extent projected?

1. A financial cost to future generations and the opportunity cost of funds not available.
2. Reduction in confidence in the competence of councillors.
3. Reduction in confidence of Edinburgh Council
4. Reduction in confidence in Edinburgh Council to undertake large scale projects.
5. Reduction in likelihood of bold transport projects.
6. There was a political consequence at the subsequent (2012) local elections

**Issue 65. Consequences**

**Issue 66. Truncation implications**

## Issue 67. Borrowing consequences

- 12.** Are there any other comments you would like to make that fall within the Inquiry's Terms of Reference and which have not already been covered in your answers to the above questions? (The Terms of Reference can be found on the [Inquiry's website](#))

The events being investigated strongly suggest there needs to be other ways of undertaking major projects by or on behalf of local authorities. Other ways suggest:

1. **A simplification of governance.** It would have been better for one person to have had overall responsibility and accountability for the project (albeit with
2. **A simplification of contractual arrangements.** It would have been better if contractual arrangements had been with one entity – perhaps motivated with a stake in delivery on budget on time. Perhaps the stake might have been in the running of the tram system.
3. **Delivery management:** Dealing with the unknown (the moving of the under surface utilities) requires both control and liaison with people affected. The balance was not right.
4. **Change management:** I believe there was insufficient control of changes along the way.
5. **Design and build concept:** I am not clear that this option was sufficiently explored.

### Guidance:

### Possible issues to consider in your response

### Your duties and responsibilities

1. It would be helpful if you could set out the dates you served as a Councillor, the Ward you represented, the political party (if any) you were a member of and any positions in CEC you held (e.g. membership of committees, Group Leader, Council Leader etc.)?
2. Were you a member of the Tram Project Board, TIE Ltd or TEL Ltd? If so, please provide dates.
3. Do you consider that you, or other Councillors, had any relevant qualifications or experience that assisted when taking decisions relating to the Edinburgh Trams Project? Did you receive any training or guidance in that regard? Do you consider that any such training and guidance would have been helpful? If you were given some training was it sufficient to enable you to fully consider the issues relating to the trams project that were brought before the Council? If not what was missing?
4. Did the fact that not all members/political parties supported the trams project cause any problems or difficulties (and, if so, in what way)?

#### **Initial proposals (2000 to 2006)**

5. We understand that you were elected as Conservative Councillor for the Southside/Newington Ward in May 2007. At this time, proposals for the New Transport Initiative (NTI), including proposals for the tram network, were well underway. While we appreciate that you were not a member of the council at the time the NTI was proposed or TIE were created, we would be grateful for any comments you may have on the following matters:
  - Who did you understand to be responsible for the decision to create TIE in 2002?
  - What did you understand as being the main reasons for the creation of TIE?
  - What were your views on the creation of TIE to deliver the various projects forming part of the Council's New Transport Initiative, including the Edinburgh Trams Project? By what means was it considered, that CEC would exercise control over TIE?
  - What obligations did you understand TIE to owe the Council?
  - The public voted against the introduction of road user charging following a referendum in February 2005. How important a component was the income from road charging to the financing of CEC's proposals under the New Transport Initiative including the tram network? Were Councillors concerned about the affordability of the project without this income? Where was the alternative funding to come from?

6. What was your understanding of the procurement strategy for the trams project including, in particular, the aims of the procurement strategy, the extent to which design and utility diversions would be complete before the infrastructure works commenced and the extent to which the infrastructure contract would be a fixed price contract? Did you feel that Councillors had sufficient input into that strategy?

### **Events between May 2007 and May 2008**

7. Following local government elections in May 2007 (the same election at which you were appointed as a Conservative Councillor for the Southside/Newington Ward) the administration of the Council changed from a Labour administration to a Liberal Democrat/SNP coalition. Are you aware of whether that had any effect on the trams project (and, if so, in what way)?
8. Following national elections in May 2007, and a vote in the Scottish Parliament, the SNP government announced that funding from Transport Scotland for the trams project would be capped at £500m. What was your awareness and understanding of the extent to which the capping of the grant from central government represented an increased risk for CEC? What was your understanding of any steps taken by CEC following the capping of the grant to address, quantify and mitigate any increased risk?
9. The Council's approval was sought in October and December 2007 for the Final Business Case for the trams project. In general, what were your views on the Final Business Case?
10. The Final Business Case advised that a separate report was being prepared for the Council to set out the result of the tender evaluation and give recommendations as to the preferred bidder for each contract. What was your understanding of why BBS were selected as the preferred bidder for the infrastructure works?
11. Were Councillors made aware that the INFRACO bids were primarily based on preliminary design? If so, did you have any concerns about a possible increase in cost when the bidders were provided with detailed designs?
12. What was your understanding in late 2007 of the extent to which design and utility works were complete? What was your understanding of any difficulties that could arise from incomplete design and utility diversion works and how any such difficulties would be addressed?
13. What was your understanding in late 2007 of the extent to which the infrastructure contract was a fixed price contract? What was the basis of your understanding? How important was it to the Council that the infrastructure contract was a fixed price contract? To what extent, if at all, did your understanding in that regard influence your vote on whether the trams project should proceed?

14. What was your understanding of the allowance for risk made by TIE/CEC (including the amount of the risk allowance and the main risks allowed for)? What, if any, allowance was made for scope changes in the contract price and/or the risk allowance?
15. In early 2008, in the lead up to contract closure, there were various increases in the price of the infrastructure contract. What was your understanding of the reasons for these increases?
16. We understand that on 13 May 2008, shortly before contract signature, Tom Aitchison submitted a report to the policy and strategy committee **[USB00000357]** advising that the estimated capital cost for phase 1a was now £512m and that, in return for the increase in price, TIE had secured a range of improvements to the contract terms and risk profile (para 2.11; see also paras 2.7 and 2.9). A certified extract of the minute from the meeting notes that the committee authorised the Chief Executive to instruct TIE to enter into the contracts **[CEC01222172]**. In hindsight, do you consider that the increased price and authority to enter the contracts ought to have been considered by the full Council?
17. Was the Infraco Pricing Schedule (Schedule 4) **[USB00000032]** or changes to the contract, with resulting increases in the contract price, discussed with you in advance of contract signature?
18. The infrastructure contract was duly signed on 13 and 14 May 2008. What was your understanding at that time of (i) which party bore the risks arising from any incomplete design and utility diversion works, (ii) the extent to which the infrastructure contract was a fixed price contract and (iii) the extent to which the aims of the procurement strategy had been met?

### **The dispute (May 2008 onwards)**

19. In general, what information were you given as to the progress made with the design, utility diversion and infrastructure works after May 2008? Were you given progress reports or revised estimates of risk?
20. A dispute arose in respect of track laying works due to commence at Princes Street in February 2009. When, and how, did you first become aware of the dispute between TIE and the infrastructure consortium, BSC? What was your understanding of the nature of the dispute and the reason(s) for the dispute? What were your views on the dispute, including which party or parties were primarily responsible for the dispute arising? What was the basis of your understanding of these matters? Did your views on these matters change at any time (and, if so, when and why)?
21. On 27 February 2009 Councillor Phil Wheeler sent an email to Council Leader Jenny Dawe **[CEC00868427]** informing her about his meeting with Richard Walker of BSC. By e-mail dated 11 March 2009 **[TIE00446933]** Mike Connelly of TIE advised David Mackay of his meeting with Margaret Smith MSP and

**11 March 2009  
should be  
13 March 2009**

Alison McInnes MSP. What was your knowledge of these meetings? Did these Councillors feed back to you on what was discussed? Were you ever invited to such meetings? In your view, was it appropriate for elected members to meet with BBS directly at this stage? Do you think that this jeopardised TIE's position in any way?

22. On 10 December 2008, Councillor Ian Whyte sent an email to Donald McGougan, Tom Aitcheson, and Councillors Jenny Dawe, Phil Wheeler and Alan Jackson noting concerns about a comment made by David Mackay to the effect that TIE never started with a fixed budget, because "*the design changes as you go along*" [CEC01054035]. Ian Whyte stated that while he knew that there would be disputes with contractors and that Picardy Place design was not absolutely final when the contract was signed, the council had sold this project to colleagues (and those of the public they could persuade) as a "fixed price contract". Ian Whyte noted a need for design decisions and finalised costs that could not be disputed. What was your awareness of/ your views on these matters?
23. Were you ever concerned that the contracts were not in fact "fixed price" on the basis that the contractor was entitled to seek further monies under the contract where the works deviated from the Base Date design? As ultimate funder, did you think that the Council should seek independent legal advice on the interpretation of the contract?
24. What was your understanding of, and views on, TIE's strategy to resolve the dispute? To what extent, if at all, did you consider that that strategy had been approved by the Council? Did your views on TIE's strategy to resolve the dispute change at any time (and if so, why)?
25. What were you told about the use of the contract dispute resolution procedures including, in particular, the referral of certain of the disputes to adjudication? What were you told about the outcome of these procedures including, in particular whether the outcomes were more favourable to TIE or to BSC? What was the basis of your understanding of these matters?
26. On 30 April 2009, the Council were given an update on the tram project by way of a report by the Directors of City Development and Finance [CEC02083772]. The report indicated that there had been negotiations which had led to a supplementary agreement for the construction of the Princes Street infrastructure works. What involvement, if any, did you or other members have in the negotiation, conclusion or approval of the Princes Street Agreement [TRS00016944]? Were Councillors given a sufficient opportunity to consider and comment on the agreement before it was entered into?
27. What were your views on the Princes Street Agreement [CEC00934643]? What did you understand to be the rationale behind the agreement?
28. Do you have any views on the suggestion that the Princes Street Agreement paved the way for BBS to claim further additional costs in respect of other on-

CEC00934643  
should be  
TRS00016944

street works (such as Shandwick Place) by changing the basis of payment under the contract so it was no longer fixed price?

29. An opinion from Richard Keen QC on the interpretation of the InfraCo contract **[CEC00356397]** was given to TIE the course of dispute resolution on 14 January 2010. Did elected members ever receive briefing on this opinion?
30. What were your views on the letters sent by BSC directly to Council members in 2010 **[CEC00548823]** **[TIE00301406]** **[CEC00013012]**?
31. On 16 December 2010 the Council were provided with a refreshed Business Case, which recommended building a line from the Airport to St Andrew Square. What were your views on that proposal? At the same meeting, an amendment was passed to request a review of the updated Business Case by a specialist public transport company with no previous involvement with the trams project. What was your understanding as to why members requested that review?

### **The Mar Hall mediation in March 2011**

32. What were your views on the proposals for mediation that took place at Mar Hall in March 2011? To what extent, if at all, were Councillors consulted on CEC/TIE's strategy for the mediation?
33. What were you told about the outcome of the mediation? What were your views?
34. What did you understand to be the main changes brought about as a result of the mediation?
35. Do you consider that you were provided with adequate briefing in relation to the mediation, both before and after the mediation? Was relevant legal advice made available to you?
36. What was your understanding of, and views on, the Council's decision on 25 August 2011 to build a line from the Airport to Haymarket before, shortly afterwards, voting to build a line from the Airport to St Andrew Square/York Place?
37. At a meeting of the Council on 2 September 2011 **[CEC01891529]**, Councillors Lesley Hinds and Andrew Burns moved an amendment to instruct the Chief Executive to, amongst other things, a) note that to agree to the SNP Scottish Government's thinly veiled ultimatum, to take the trams to St Andrew Square, meant the Council would need to borrow at least £231million. This would increase current Council debt to an unprecedented level of some £1.5billion; b.) note the Council therefore remained 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; and, c.) note 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, a project which at that point had incurred expenditure of just £44m and had received the backing of Audit Scotland. You voted in favour of this amendment. What were your views on these matters? What did the Council understand Audit Scotland's role to be? What reliance, if any, was placed by you (and other Council members) on this report?

38. A settlement agreement was subsequently reached on 15 September 2011? What were your views on the Settlement agreement? What realistic alternatives to the settlement agreement did you understand there to be? Did members have regard to the views of constituents on this matter?
39. Why was the decision taken to proceed with the project rather than to cancel it?
40. What was your understanding of the roles of Turner and Townsend and the role of Transport Scotland following the settlement agreement reached in September 2011?
41. On 3 November 2012, John Carson wrote to yourself and Andrew Burns voicing serious concerns about the figures that had been presented to the council on 25 September 2012 [CEC02018785]. What were your views on this?

### **Project management and governance**

42. Do you consider that the roles and responsibilities of each of the bodies etc. involved in the delivery and governance of the project was sufficiently clear? Do you have any views on the suggestion that may be made that there were too many bodies and organisations involved in the governance of the project?
43. What did you understand to be the respective roles and responsibilities of CEC, TIE, TEL, the Tram Project Board and Transport Scotland in relation to the trams project?
44. In what way did TS's role and involvement in the tram project change following the formation of an SNP administration in the May 2007 election? Why was that change made? Do you consider that TS's changed role had an adverse effect on the management, oversight and/or delivery of the tram project (and, if so, in what way)?
45. Do you have any views on whether members and officers of CEC should have been more actively involved in the project? Did you hold these views at the time or later? Do you consider that members and officers of CEC exercised effective oversight and control over the trams project (if not, why not)?

46. Did you have any concerns at any time in relation to the performance of any of the bodies involved in the project management or governance of the trams project, or the senior personnel in any of these bodies? If so, what were your concerns? Did you report or discuss any such concerns with anyone (and, if so, with whom and what was their response)?
47. You attended a meeting of the Council on 23 August 2007 at which Councillors were asked to note that a revised governance structure was required for the project. What was your understanding of why it was thought to be necessary to revise governance arrangements? What changes to the governance structure were made in the second half of 2007 and the first half of 2008? When were these changes introduced? Were they effective (and, if so, why)?
48. A review of Council Owned Arm's Length Companies was discussed at a meeting of the city of Edinburgh Council dated 28 May 2009 [CEC01891438]. What is your recollection of the outcome of that review?
49. A meeting of the Audit committee on 26 January 2012 noted that a further revised governance structure was to be implemented as part of the decision to continue the tram to York place. A key feature of the revised governance arrangements was that there was to be political oversight by means of a monthly All Party Oversight Group/ a quarterly Audit Committee. In addition to this, there was to be representation by Transport Scotland at all levels of the project. Did you understand this to be effective (and, if so, why)?

## Reporting

50. Which official or officials in CEC were responsible for advising Councillors of developments relating to the trams project, including explaining the risks and liabilities of the Council arising from the project?
51. Were issues relating to the project discussed separately or in the course of other Council business? Do you consider that there was sufficient time at Council meetings to discuss and consider the project? Did you have a free vote in relation to matters relating to the trams project or were you required or encouraged to vote along party lines?
52. How were you, as a Councillor, kept informed of developments relating to the trams project?
53. Did other Council members (including the Finance and Transport Convenors and other Group Leaders) receive separate briefings on the project? If so, did they, in turn, keep you as a group leader informed?
54. Did you as a Group leader and latterly as Council leader personally receive more information about the project than other members? What did you do to ensure that the Group (or indeed other members) were kept informed of things that came to your attention?

55. What was your understanding about the level of information that you required before taking a decision in respect of the trams project? Do you feel that you had sufficient input into decisions and understanding of the key issues?
56. In general, do you consider, that Council members were provided with sufficient information in relation to the trams project? Do you consider that members were advised in sufficient detail of developments in relation to the project in sufficient time? Were members provided with any guidance (e.g. on financial and or technical matters) to assist them in coming to decisions? Was information and advice provided in a clear and intelligible form? Did you have the opportunity to request further information, or seek further guidance, advice or clarification and, if so, by what means? Did you ever make such a request and, if so, what was the response? Do you consider that the information and advice provided to members was accurate? Did you have any concerns in relation to these matters? If so, did you express these concerns to others (and what was their response)?
57. To what extent did concerns over commercial confidentiality affect the information provided to and from Council members? What steps were taken to address any such concerns? Do you consider that concerns in relation to commercial confidentiality adversely affected Councillors' understanding of the project (including the problems that arose) and their ability to take informed decisions?
58. What was your understanding in relation to the extent to which information provided to Council members derived from TIE and the extent to which it was produced or checked by Council officers?
59. To what extent were you informed of concerns about the contract, raised by CEC officials, in the lead up to contract closure?
60. How did you report matters relating to the trams project to your constituents? Did your constituents report concerns relating to the trams project to you? If so, how and what steps did you take to address your constituents' concerns?
61. To what extent, if at all, was your understanding of, and views on, the trams project informed by what was reported in the media?

### **Cost overrun and consequences**

62. When, and how, did you first become aware that there was likely to be a significant cost overrun, including that the total cost of the project was likely to exceed £545m? What did you understand to be the main reason(s) for that overrun?

63. What was your understanding following the Mar Hall mediation as to how the additional contribution by the Council would be financed, including the different financing options? What was your understanding about the effect that was likely to have on the Council's finances and expenditure, including on services and capital projects etc?
64. Do you consider that Councillors were kept properly informed of the risk of a cost overrun throughout the project, including the likely amount of the overrun?
65. What do you consider to be the main consequences of the failure to deliver the trams project in the time, within the budget and to the extent projected, both on your constituents and more generally?
66. To what extent did the shortened line result in the project failing to meet the objectives and benefits set out in the Final Business Case?
67. What was the effect of the additional borrowing by CEC for the trams project on the Council's finances and expenditure, including on services and capital projects etc.?