

TRAM PROJECT

PROJECT DEFINITION AND MANAGEMENT OF CHANGE

Summary Paper for TEL Board 15 May 2006

Background

The corporate governance structure was approved at the March Boards of TEL and tie. The project definition has also now been more firmly established as to its scope and phasing. The TEL Business Plan process is well underway and tram system design is now catching up after a slow start. Royal Assent has now been achieved and gives the project statutory powers to proceed.

A Project Definition Statement has been in existence for a long time and supported the Parliamentary process. The Statement, together with a schedule of Strategic Design Principles, was reviewed briefly at the February TEL Board and at subsequent operational meetings attended by some, though not all, TEL directors. Tie's Tram Project team have operated a strict change control process measured against the Definition Statement, with proposed changes reported and approved at successive Tram Project Boards and more recently TEL Boards.

As the project now moves into an intensive period of activity aimed at Financial Close in 2007, it is appropriate to bring together the Definition Statement with the corporate governance framework and also with the TEL Business Plan process within which many proposed changes will be evaluated and actioned.

Action required

A set of papers have been compiled to provide the basis for the detailed process. This comprises :

1. Project Definition Statement – previously reviewed by the February TEL Board
2. Strategic Design Principles – also reviewed at that Board.
3. Summary of Requirements Specifications
4. TEL / tie management of change protocol
5. Change Management Procedure definition

The first two documents are attached to this note as Appendices 1 and 2 respectively and establish the baseline definition for the project. The TEL Board is respectfully requested to review and if appropriate approve these documents in this context.

Some members of the TEL Board attended a meeting on 11 April when the Strategic Design Principles were discussed in some detail. A number of follow ups were

identified at that session, principally to do with integration of bus and tram. These matters are now under evaluation.

The remaining 3 documents are not included with these papers to avoid unnecessary volume. The Summary of requirements specifications (# 3 above) is a high-level summary of the relationship of the design principles to the design work being carried out by SDS. It is consistent with the Strategic Design Principles and includes a list of the more detailed design documentation within the SDS contract. The TEL / tie management of change protocol is a draft document summarising how the detailed change control could work. The Change management procedure definition is a detailed description of the actual change control process in use today ; it requires some adaptation to accommodate the needs of TEL. It is proposed that these documents will be the subject of a working group of TEL / tie people with the objective of refining the detailed change control process. It is intended to move quickly to a discussion with CEC personnel and those at Transport Scotland on these requirements.

It is critical that all parties are aware of the importance of managing proposed changes to the project and follow predetermined and rigorous procedures in doing so. Any weakness in this area will lead to a high risk of sub-optimal design and cost escalation.

The proposed main principles are summarised below. The TEL Board is respectfully requested to endorse these principles and to note that a refined change control process will be developed and reported, at latest by the June Board with earlier implementation if possible.

Main principles

1. The Project Definition Statement relates to the design and construction of the Tram system as was required to achieve Parliamentary approval. It does not fully accommodate wider requirements such as those necessary to deliver an integrated tram and bus system (interchange requirements, common ticketing and back office systems, information systems etc). These dimensions have not been costed into capital budgets to date but clearly need to be addressed and are being handled through the TEL Business Planning process. Appendix 3 summarises these in the form of an email sent to key parties last week.
2. Any changes within the Tram Project Director's delegated authority (as approved at the March 2006 TEL Board meeting) will require to be properly documented and reported to succeeding TEL Boards. This is the current practice.

3. Any proposed changes outwith the existing delegated authorities require to be documented to highlight the rationale for the proposed change ; the initial assessment of impact on design, programme, cost and linkages ; and the name of the person sponsoring the change. This information will be captured in a simple pro-forma. These proposed changes may come from any source – tie Tram team, TEL management, CEC, TS – but must follow the same process. It is critical that CEC properly adheres to this and coordinates effectively across departments. Approval to instigate the work required to evaluate the implications of the change will come from the TEL Board, which will also review the output and determine whether to embed the change in the design.
4. References to the TEL Board in this context relate to its role as Project Board. In practice the Change Management process may be delegated to a sub-committee of the Board. However, it is important that key stakeholders are represented on this committee to ensure coordinated decision-making. The TEL Board may wish to address the detailed mechanics of this process and in addition consider what level of delegated authority it wishes to offer the TEL operational management in this area.
5. The implications of cumulative changes for design, programme, cost and linkages will be exposed in each change control evaluation and will be summarised monthly for the TEL Board and all key stakeholders. It is particularly important that costs incurred which benefit specific parties – such as Lothian Buses plc, First Scotrail or CEC – are identified and a mature assessment of funding sources addressed.

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