








RISK SIGNIFICANCE

TREATMENT STATUS

-  BLACK – SHOWSTOPPER; difficult to quantify impacts
-  RED – High Risk
-  AMBER – Medium Risk
-  GREEN – Low Risk

-  RED – Treatment Strategy behind programme
-  AMBER – Treatment Strategy on programme
-  GREEN – Treatment Strategy ahead of programme or complete

Tram – Stakeholder Risks

Risk Description	Effect(s)	Risk Sig	Treatment Strategy	Treatment Status end August	Treatment Status end September	Due Date	Risk Owner*
Failure to demonstrate robust case for scheme against required tests of Affordability, Financial Viability, Economic Viability and Modal Shift	<ul style="list-style-type: none"> • Business case is not acceptable • Approvals delayed • Slips into purdah period 		Regular engagement with stakeholders to ensure clarity of requirements			Aug-Nov 06	Stewart McGarrity A&B
			Progressive development of draft business case				
			Updated Project estimate				
Political risk to continued commitment of TS/CEC support for the Tram scheme	<ul style="list-style-type: none"> • Reversal of decisions by incoming administrations in either or both of CEC and Holyrood • Project becomes key political issue during election campaign • Protracted decision making and unnecessary debate during consideration of Business Case 		Monitor likely outcomes and do our best to brief all relevant parties about the project in a balanced way			Aug-Nov 06	Willie Gallagher A Andie Harper B
			'Hearts and minds' campaign including Senior Executive Officer meetings with Councillors and MSPs and utilising the tram sounding board meeting with CEC and selected elected transport leads				
			Regular briefings and discussions with senior CEC and TS officers particularly in relation to Full Council presentations				

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Poor project governance	<ul style="list-style-type: none"> Insufficient information flow to decision makers Slow or overturned decision making Failure to grasp or create opportunities 		Seek clarity of Delegated Authorities of TS and CEC representatives attending Board meetings [Awaiting CEC's statement of reserved powers, otherwise all aspects agreed.]			Aug 06	Graeme Bissett A Geoff Gilbert B
JRC model is insufficiently robust to support the Business Case.	<ul style="list-style-type: none"> Business case not approved. Time delay and resultant costs caused by redesign and remodelling. 		Intense engagement of TS, CEC and TEL in the development and delivery of patronage, revenue and BCR projections during August and September.			End Oct 06 (new date – previous date Aug-Sep 06)	Stewart McGarrity A&B
			Hold meeting with JRC and stakeholders to discuss results to gain confidence in performance.				
			Encourage approval for tram to be given appropriate priority at junctions during operation.	Not rated			
			Scenario modelling of estimate				
If there is inadequate progress on the operational system including bus/tram integration, development of network service pattern and TEL Business Plan may not be sufficiently robust.	<ul style="list-style-type: none"> Delay to JRC programme. Reworking of Plans or poorly developed Infracore arrangements with consequential delays due to re-working/change. Increased operating costs and loss of potential revenue. 		Develop clarity on the role and planned deliverables of TEL to bring about integration including development of ticketing strategies and bus/tram service patterns.			Aug 06	Neil Renilson/ Bill Campbell (TEL) A Stewart McGarrity A
			Model integration plans through JRC with rigorous review process using LB knowledge.				
			Identify optimal position for a combined tram/bus position.				
			Prepare TEL Business Plan (incorporating business case tram for system) with development of necessary policies to cover operations.	Not Rated			
Funding not secured or agreements not finalised regarding the total aggregate	<ul style="list-style-type: none"> Possible showstopper. Delays and increase in 		Ensure close and continual interactions with TS and CEC to establish funding delivery confidence and agreement.			Oct 06	Graeme Bissett A

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funding including £45m CEC contribution; developer contributions; cashflow/funding profile; financial covenant; and public sector risk allocation e.g. inflation	out-turn cost may affect affordability.		Confidence required in contingency figures.				Geoff Gilbert B
Agreement on financial over-run risks sharing has not been reached between CEC and TS due to doubts over costs staying in budget.	<ul style="list-style-type: none"> Potential showstopper to project if agreement is not reached. 		Hold discussions with CEC & TS to ensure adequate release of funds at appropriate periods of time.			Dec 07	John Ramsay (TS) A
			Understand commitments by TS and CEC re: 1A and 1B				
			Facilitate agreement between CEC and TS.				
Uncertainty about requirements for wider area modelling and need and extent of construction works required on road network	<ul style="list-style-type: none"> Increased construction cost. Delay while additional funding is found. 		Clarify and agree boundaries of scope and funding provision between TS and CEC			Oct 06	Willie Gallagher A Trudi Craggs B
Failure to reach a suitable agreement with CEC regarding: a. Roads maintenance responsibility where the tram has been installed in CEC maintained roads; b. What is and is not realistically within the scope of the tram infrastructure delivery contract; c. The way in which tram UTC priorities are handled at key junctions.	<ul style="list-style-type: none"> Delay to project while agreement with CEC is reached. Sacrifices being made to ensure agreement is concluded. 		Heads of Terms in place by end Oct			Dec 06	Willie Gallagher A Trudi Craggs B
			Final agreement to be approved by Roads Authority, CEC Promoter, CEC in-house legal and tie				
			Final alignments in place				
Delay in land acquisition due to uncertainty of political	<ul style="list-style-type: none"> Delays to Infraco and the 		Achieve approval as part of the Draft Final Business Case 1	Not Rated		Dec 06-Feb 07	Willie Gallagher A

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commitment to scheme.	overall Tram project.	High	Develop alternative programme scenarios and commentary.	Not Rated			Trudi Craggs B
			Manage the political risk and enfranchise all political stakeholders in the benefits of Tram.				
Business case is not approved during February 2007 due to lack of political commitment due to impending elections until Summer 2007.	<ul style="list-style-type: none"> Delay and resultant cost impacts (inflation) on total cost. Political support may evaporate. 	High	Maintain procurement programme to deliver critical business case inputs			Feb 07	Stewart McGarrity A Bob Dawson B
			Managing expectations on the part of TS and CEC as to the certainty with respect to costs which are reflected in the business case.				
			Ongoing fortnightly reviews with bidders and mid term contractual mark up to inform above treatment	New Treatment			
Failure to engage with Transdev in order to adjust DPOFA in line with the development of the Infraco and Tramco procurements. This includes negotiation to secure Transdev acceptance of a subcontract to support system commissioning responsibilities.	<ul style="list-style-type: none"> Failure to achieve most effective commercial solution Delay in resolution of Agreements 	High	Engage with Transdev to ensure adjustment to DPOFA and negotiate requirements.			Dec 06	Alasdair Richards A & B
Negative PR coverage due to perceived mistakes or problems in project becoming public	<ul style="list-style-type: none"> Damage to tie's reputation Loss in confidence of tie's delivery Funder/promoter dissatisfaction 	High	Control confidential information and closely monitor FoI(S)A requests			Ongoing	Suzanne Waugh A Mike Connolly B
			Develop relationship with press with support for PR advisors to control stories				
			Communications Strategy being followed with Partners to ensure any problems are flagged up early and dealt with appropriately via the media or other stakeholders.	New Treatment			

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Tram – Project Risks

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Unacceptable or inaccurate assumptions are used during JRC modelling and SDS design is based on the model.	<ul style="list-style-type: none"> Runtime performance requirements are not achieved. Business case is not approved due to doubts over model. Delay during remodelling and redesign resulting in cost and time impacts. 	Red	Continually monitor JRC output through close interaction and progress meetings.			End Oct 06 (new date – previous Sep 06)	Stewart McGarrity
			Assumptions Approvals process.				
			Ensure regular interaction with stakeholders to keep them informed of progress and expected model results.				
Infraco tender documents are not issued on time INFRACO TENDER DOCUMENTS ISSUED 3 OCTOBER 2006 (ON TIME) – PHASE 2 ISSUE PLANNED FOR END OCTOBER.	<ul style="list-style-type: none"> Delay to Infraco contract award and whole project progress. Potential showstopper due to cost and loss of political will. 	Black	Continue to work on developing documents to issue on schedule and conduct tender and ongoing negotiations indicating the phased release of design information			Oct 06	Bob Dawson
			Identify what information is critical to pricing by Infraco.				
			Procure legal advisor commitment to documents and deadlines set (action complete).				
			Take on additional resource if necessary and appropriate.				
			Ensure that governance structure facilitates fast decision making, review of documents and agreement to procurement strategy by stakeholders				
Infraco tenderers seek extensions of time during tender period	<ul style="list-style-type: none"> Delay to market pricing and confirmation of business case capex requirements 	Red	Agree bid programme with bidders			Aug-Sep 06	Bob Dawson
			Manage bid process to ensure bidders delivery to agreed dates			9 Jan 07	

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Third party consents including Network Rail, CEC Planning, CEC Roads Department, Historic Scotland, Building Fixing owner consent is denied or delayed.	<ul style="list-style-type: none"> Delay to programme. Risk transfer response by bidders is to return risk to tie Increased out-turn cost if transferred and also as a result of any delay due to inflation 	Red	Engagement with third parties to discuss and obtain prior approvals to traffic management plans, landscape and habitat plans, TTROs, TROs and construction methodologies in relation to archaeological and ancient monuments	Yellow	Yellow	Aug-Oct 06	Trudi Craggs
			Identify fallback options	Yellow	Yellow		
SDS deliverables are considered to be below quality levels required or late in production	<ul style="list-style-type: none"> Delay in submission of information to Infraco Delay in achieving consents and approvals Dilution of effort to de-risk Infraco pricing 	Red	Identification of key areas requiring SDS attention. Re-focus SDS effort.	Green	Yellow	Sept 06-Oct 06	Geoff Gilbert
Insufficient planning of procurements and controls on management and contract costs.	<ul style="list-style-type: none"> Weak procurement plan Cost creep Damage to reputation costs. 	Red	Present update on procurement plans	Green	Green	Sept 06	Geoff Gilbert
			Closely manage expenditure including examination of opportunities for value engineering, influence of change and optimisation of value for money	Green	Green	Oct 06	
Procurement strategy has high level of risk transfer to contractors which results in a failure to sustain suitable interest from the market throughout bid process.	<ul style="list-style-type: none"> Increased price of bids Withdrawal of bidders during bid process 	Yellow	Make risk allocation clear to bidders	Green	Green	Oct 07	Bob Dawson
			Identify feasible alternatives to risk allocation and allow negotiation of risk allocation	Green	Yellow	Mid Nov 06	
Infraco tender returns are outside forecast estimates and business case capex limit	<ul style="list-style-type: none"> Draft Final Business Case requires major change and update Business case not sustainable Confidence is lost by Funders and politicians 	Red	Identify feasible options to enable scheme to proceed	Green	Yellow	Oct 06-Jan 07	Stewart McGarrity
			Conduct review of scenarios and approach to be taken for business case	Green	Yellow		
			Discuss contingency options with Funders and politicians	Green	Yellow		

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Delay to early commencement (Jan 07) of depot works at Gogar	<ul style="list-style-type: none"> Potential delay and increased cost should longer timescale 		Resolve whether or not Leith alternative is viable			Oct 06	Susan Clark
			Gain TS agreement for early commencement of works including earthworks.				
tie fails to secure sufficient resource to manage all relevant processes. Especially issue of ITN, issue of Business Case and evaluation of Infraco tenders by required time.	<ul style="list-style-type: none"> Failure to advance processes at required rate resulting in programme delays and missing of milestones 		Flexible approach to resourcing including drawing on TSS support, support from other contract services providers e.g. Nicols, Dearle & Henderson etc			Ongoing	Colin McLauchlan
			Develop 6 month Resourcing Plan	n/a new treatment		Mid October	
			Develop Long Term Resourcing Strategy	n/a new treatment		Mid October	
Poor relationships with stakeholders including political, Network Rail and other major organisations, businesses, frontages, special interest groups (including Spokes, SNH etc, Equalities Transport (DDA), medial, community councils and residents associations.	<ul style="list-style-type: none"> Project loses political and public support Loss of funding support Delays due to protests 		Regular involvement with stakeholders to keep them informed and to better understand their concerns	n/a new risk		Ongoing	Andie Harper
			Develop strategies through Mike Connelly to counteract any negative comments	n/a new risk		Ongoing	
			Seek support from pro tram lobby groups to promote positive views	n/a new risk		Ongoing	
			Continue with Hearts and Minds campaign	n/a new risk		Ongoing	
If CEC are unsuccessful in their representation to Scottish Executive on core measures and the Traffic Regulation Orders process resumes, there could be an adverse recommendation from TRO hearing.	<ul style="list-style-type: none"> Traffic Orders delayed Delay in section of project Reporter does not approve and prevents Tram Network from going ahead Ultimately, CEC could be subject to judicial review 		Meeting with Scottish Executive	n/a new risk			Trudi Craggs
Infraco refuses to accept or	<ul style="list-style-type: none"> Significant delay to 		Consult with legal			Feb 07	Bob Dawson

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fully engage in novation of SDS and as a consequence award is successfully challenged	delivery of Tram <ul style="list-style-type: none"> • Loss of Reputation • Significant extra costs 		Introduce Infraco bidders to SDS as early as possible				

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