EARL and tram projects review – terms of reference

The aim of the review is to assess the arrangements for managing the delivery of the Edinburgh Airport Rail Link (EARL) and Edinburgh Tram Network (ETN) projects to time, quality & cost. Within the time available we will review the process for estimating project costs but we will not provide assurance on the estimated project costs.

In addressing this aim the review will examine the following objectives and issues.

Objectives & issues		Methods
Objective 1: How are the EARL and tram projects progressing in accordance with targets for time, quality and cost?		
1. What are the current targets for delivery to time, quality and cost?	- What are the key targets now for each project: - Programme? - Outcomes? - Costs? - Are project outcome targets (including projected benefits) clear and measurable? - Do targets appear consistent with the previously approved objectives for each project? - Is sufficient funding in place to meet current estimates of the projects' costs? - What is the process for getting project funding, including approval for funding?	- Interviews with senior managers in - Transport Scotland (TS) - City of Edinburgh Council (CEC) - Transport Infrastructure Edinburgh Limited (tie ltd) - Review of records for each project - The project brief or inception documents - Full business case and/ or equivalent predecessor documents - Papers supporting key Ministerial decisions - Project monitoring papers including all TS / tie ltd Board minutes & papers relevant to the projects - Project monitoring papers from CEC as project promoter
2. How far are current targets for delivery to time and cost based on robust information?	- What information are current forecasts based on? - What assumptions have been made? - Do cost estimates include comparisons with similar projects? - How have management ensured that current forecasts are based on accurate and up-to-date information? - Does cost information include whole life costs? - How have management ensured that all estimates include appropriate allowances for: - Optimism bias? - Construction inflation? - Delay risks? - Other risk & uncertainty?	- As issue 1 [Phil & Jim to research & specify similar projects for benchmarking purposes; we will not independently benchmark but check whether tie ltd or others have]

Objectives & issues		Methods

3. Are the latest forecast timescales, outcomes and costs on or within authorised targets?	• Comparison of current/forecast against the target for,
	  • Programme
	  • Outcomes
	  • Costs
	• What problems have occurred so far and how have they been resolved?
	• Have all significant variations from target been analysed and explained?
		• As issue 1

Objective 2: Are the management systems in place to promote successful completion of the EARL and tram projects?		

4. Is project organisation consistent with good practice?	• Are the following in place with demonstrated qualifications, experience and competence:
	  • Investment decision maker (Individual or group)?
	  • Senior Responsible Owner?
	  • Project Sponsor?
	  • Project Manager?
	• Are there independent, qualified and experienced advisers to assist planning/ secure the delivery of:
	  • Construction processes
	  • Design
	  • Cost management
	• Does project governance otherwise support effective project delivery, including,
	  • Clear accountability between project management and the Scottish Executive as funder?
	  • Evidence of top-level commitment from all organisations responsible for delivery?
	  • A legal framework to support good governance?
	  • As far as possible, incentives to promote delivery?
		• Interviews with senior managers in tie ltd/ CEC
		• Review of records for each project:
		  • Records supporting the advisers' appointments (to confirm independence, ability & qualifications and experience)
		  • The project execution plan or equivalent; supporting contractual/ constitutional documents as required
		  • Project Board minutes & papers

Objectives & issues		Methods
5. Do the projects have proper risk management systems?	- Is there a risk strategy for each project? - Is there an active risk register & mitigation plan for each project? - Are there regular reviews and revisions of the risk register/ mitigation plan? - Is responsibility & accountability for risk mitigation clear? - What are the major project risks and how will they be managed? - What is the contingency plan? - Are there assurance systems including gateway reviews, to ensure the projects receive constructive critical challenge, with recommendations acted upon?	- Interviews with senior managers in tie ltd/ CEC/ TS - Review of records for each project: - Risk management papers and process; follow up action - Outcome of previous gateway reviews or equivalent and follow-up
6. Is there effective financial control and programme management?	- What arrangements are there for estimating, managing and controlling financial outturn against budgets? - What arrangements are there for estimating, managing and controlling the project programme against target? - Is adequate (reliable & comprehensive) monitoring information for budget and programme provided to decision makers regularly? - What action is required when projects report a variance from previous forecasts for time and cost? - Who is responsible for identifying variations in from prior forecasts for time and cost? - Who is accountable for the forecasts on time and cost? - What reporting is required on the reasons for variations from time and cost?	- Interviews with senior managers in tie ltd/ CEC/ TS - Review of records for each project: - Cost reports - Change control process and records - Cost reporting system & processes

Objectives & issues		Methods
7. Do the projects have a clear procurement strategy to ensure a suitable form of contract and sufficient competition?	- Are the projects supported with a clear (written & approved) procurement strategy? - Does the procurement strategy evaluate procurement routes, with a sound assessment of the risks & benefits of each? - Have top management approved any novel or exceptional procurement routes? - Is there evidence of effective engagement with the market? - Where procurement has started, has there been a competition with a minimum of three compliant bids received at tender stage?	- Interviews with senior managers in tie ltd/ TS - Review of records for each project: - Procurement strategy - Key contract approvals