

David Mackay, TEL Chairman

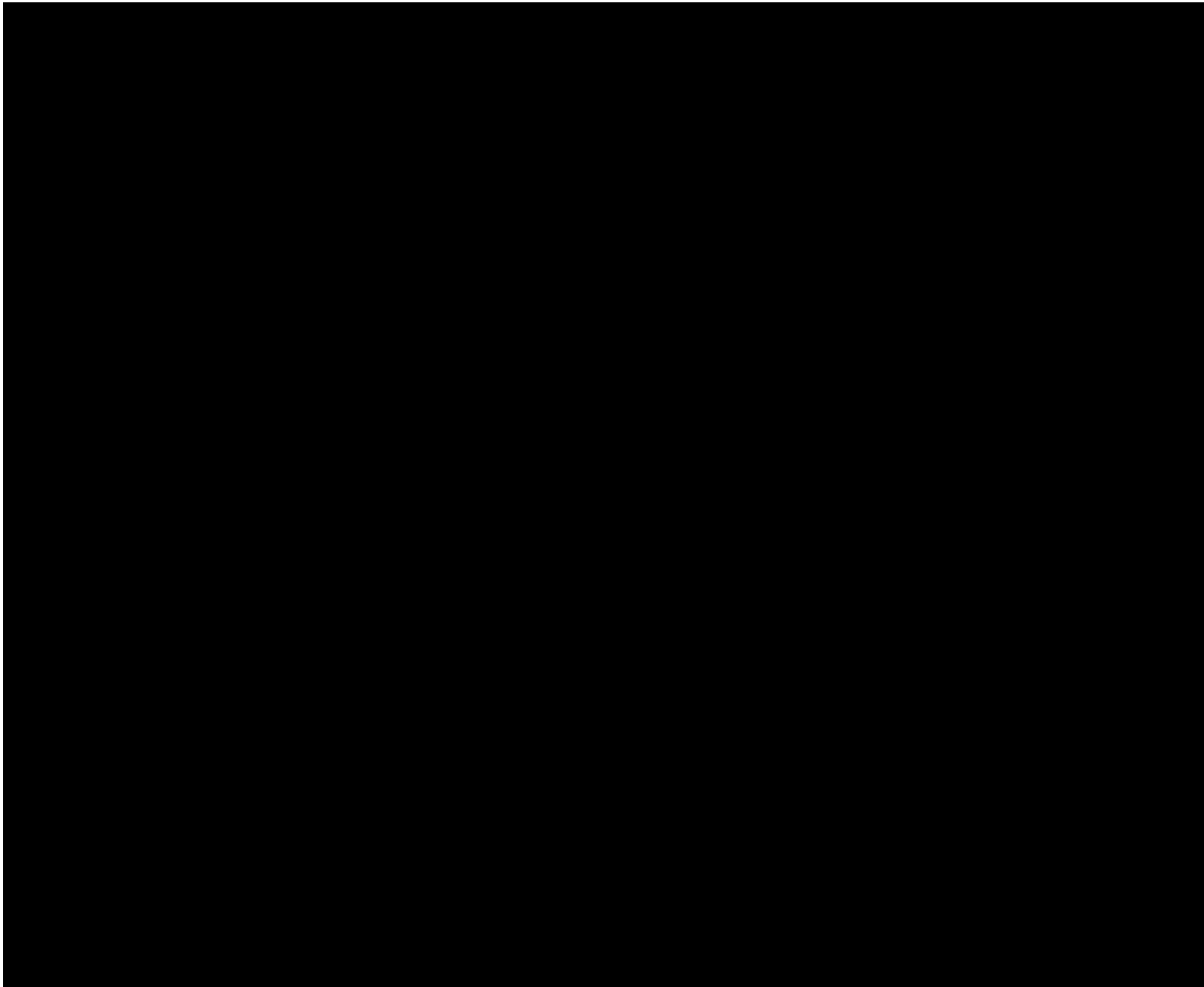
Willie Gallagher, tie Executive Chairman



Management of major projects

25 June 2008

Tram film



- Edinburgh Tram Network (ETN): 1998-2008
- Inception, development, evaluation, parliament, procurement – now construction
- 13 years start to finish for Phase 1a delivering > 80% of the originally planned network and a higher percentage of the benefits
- Now in construction
- Performed a review of what worked and what didn't – inception to procurement

- Political consensus essential on medium / long term projects
- Control over development process – output clarity and stakeholder buy-in
- Control the consultants – their output is variable, our experience disappointing
- Learn from other projects – e.g. NAO report on English schemes, Scottish Parliament, forthcoming Audit Scotland review of major projects

- Must be flexible and evolutionary – anticipate don't fear change
- Different stages will require different structures and people
- Chief governance skill is skill in governance not subject background
- Importance of experienced NXDs and advisers, those who have walked the walk
- Blend of stakeholder groups but must limit numbers involved
- Crystal clear roles and responsibilities, no 'return loops' or man-marking

Quality of project team people



- Requires proper skills and experience but chemistry also critical
- Choose people very carefully, professional HR approach, plan – avoid bias toward availability
- Blend of public / private background
- Budget for market rates

- Real benefit from a dedicated organisation, potentially but not necessarily a legal entity
- So far as possible, create a dedicated project team – including council officers
- Co-location is seriously beneficial to project health
- Challenge and validation
 - Internal: within project governance bit also in-house challenge
 - External: gateway reviews, Audit Scotland – must be planned and positively managed and responses executed immediately

- Health & Safety – fundamental to all aspects, needs experienced players
- Risk management from day one – a core process
- Budget respect and control

- Seriously critique procurement strategy using internal and external experience
- Benefits from advance works – risk assessment, accountability (and courage) required. Design services and utility works were a major investment before construction contract close
- Preferred bidder timing – private sector will take no prisoners
- Contract management is a core skill
- Importance of a documented and monitored negotiation strategy

- Tram is a complex multi-stakeholder environment
- Politicians; BAA, Forth Ports; Network Rail; related agencies such as Transport Scotland, HMRI; many more
- Communication must happen comprehensively and consistently throughout delivery period
- Effectively relationship-building, not well handled until later stages
- Involvement of key stakeholders early – address concerns, don't dodge
- Most critically – bus / tram integration not well handled until late stage

- Between delivery entity and CEC – must have a gathering and clearing house
- Between CEC departments – no turf wars, Not Invented Here, silos
- Must be positively managed and led by Directors
- Must avoid departmental attitude in favour of project delivery attitude

- Clarity over funding sources from an early stage
- Contribution responsibility for tram clarified only in 2007
- Developer contributions should be a dedicated and integrated workstream

- Benefits magnified by extended network in the case of tram
- Plan in advance for future development – procurement benefits
- Helps to confirm and communicate value from current project

- Bold vision for the city's future
- Harness the power of the business community
- Eye-watering recommendations?
- Evidence not anecdote
- Fuelling innovation , driving success
- Appetite for change?

Questions?

