

1. Portfolio/Number/Name: T/C8 - Transport Scotland - Rail Airdrie to Bathgate					
2. Programme/Activity:					
<p>The railway construction programme is being run by Transport Scotland. Since the formation of the Rail Delivery Directorate in 2006 a considerable body of experience has been established in negotiating with Network Rail (NR) in the latter's role of construction project delivery.</p> <p>Currently there is one very-near complete negotiation of specification and price in relation to the Airdrie to Bathgate line (A2B). The savings will be delivered over the period from 2007-08 until completion of the project, expected in 2010-11. Assume a small time overrun into 2011-12.</p> <p>The team will now move onto look at other rail construction schemes (Borders Rail, Glasgow Airport Rail Link, & Edinburgh to Glasgow Improvements) and therefore we expect these efficiencies to grow & continue for a number of years to come (at least until 2014).</p>					
3. Efficiency	3.1 Current target; £m		2005-06	2006-07	2007-08
		Cash	-	-	15.0
		Time			
	3.2 Efficiencies delivered; £m		2005-06	2006-07	2007-08
		Cash		-	-
		Time		-	-
4. Accountable Officer for delivery			Malcolm Reed		
5. Project Manager			Jerry Morrissey		
6. EGDD Portfolio Manager			Lorimer Mackenzie		
7. Description of efficiency and actions to be taken	7.1 What is the efficiency improvement? How will the efficiencies be made?				
	<p>The negotiated savings are achieved by Agency staff led by Bill Reeve (Director of Rail Delivery) looking at the latest technologies and best practice to identify efficiency gains and thereby challenge Network Rail cost assumptions. Network Rail operate in a monopoly environment, therefore it is vital we challenge all costs & efficiency assumptions. We have successfully achieved this on Airdrie to Bathgate and expect to do the same on future rail projects.</p> <p>Price is less than the price of £370M (2006 price base) offered by NR after several rounds of negotiation. Saving is a total of £71M with price offered by NR now being £299M for the project works.</p>				
7. Description of efficiency and actions to be taken	7.2 What are the main actions that are needed to secure the delivery of this efficiency improvement?				
	<p>For the Agency to obtain the final offer in writing from NR of the fixed price at the reduced level. This results from many days spent investigating and reviewing the cost estimates made by NR.</p>				
8. Associated costs	8.1 Are there any development or redundancy costs associated with the delivery of this efficiency?				
	<p>No. The costs associated with the efficiency have not been netted off.</p>				

9. Measurement	9.1 What are the inputs that will be measured? <i>Work conducted by NR to plan, build and deliver the new railway with associated works such as stations and depots.</i>
	9.2 What are the outputs that will be measured? <i>The completed project will be delivered by NRR with the Rail Regulator (ORR) reviewing the quality of the work.</i>
	9.3 What is the baseline for inputs and outputs? <i>2006 prices for the agreed spec and offered price from NR.</i>
10. Quality cross-check	10.1 What quality indicators are being used to ensure that quality of service is maintained or improved? <i>Agency staff experience but especially the ORR review of the adequacy and acceptability of the construction programme.</i>
11. Monitoring	11.1 What are the arrangements for monitoring the delivery of efficiencies? <i>With price being fixed the efficiencies will show during the construction years.</i>
12. Reporting	12.1 What are the arrangements for reporting the delivery of efficiencies? <i>Reduced project costs for the same outputs. Costs transferred for the project will be less.</i>
13. Dependencies	13.1 Explain if your efficiencies are dependent on legislation or other structural changes being achieved. <i>None required.</i>
14. Use of efficiencies	14.1 How are the efficiencies released from improvement activity being used to improve front-line services? <i>This efficiency was assumed as part of the allocation made by the Scottish Ministers to Transport Scotland. This freed up resources for Ministers to allocate to their priorities.</i>