

<b>1. Portfolio/Number/Name:</b> T/C7 - Transport Scotland Rail / Stirling – Alloa - Kincardine					
<b>2. Programme/Activity:</b>					
<p><i>Stirling – Alloa – Kincardine Railway project.</i></p> <p><i>The project, which will re-open approximately 21km of existing, disused and abandoned railway lines between Stirling Station and Longannet Power Station in Kincardine. A new railway station is being built in Alloa town centre allowing direct hourly passenger services between Alloa, Stirling and Glasgow Queen Street stations while passengers can change at Stirling for further services to Edinburgh. The line will also carry coal from the West of Scotland to Longannet Power Station and potentially provide freight services to other customers along the line.</i></p> <p><i>Construction work is expected to be finished in spring 2008 with the first trains running following a period of commissioning and driver training. It is anticipated that passenger services will be running by summer 2008.</i></p>					
<b>3. Efficiency</b>	3.1 Target; £m		2005-06	2006-07	2007-08
		<b>Cash</b>	£0	£0	£3.7m
	3.2 Efficiencies delivered; £m		2005-06	2006-07	2007-08
		<b>Cash</b>	-	-	-
		<b>Time</b>	-	-	-
<b>4. Accountable Officer for delivery</b>			Dr Andrew Goudie and Chief Executive, Transport Scotland (Dr Malcolm Reed)		
<b>5. Project Manager</b>			Scott Prentice		
<b>6. EGDD Portfolio Manager</b>			Lorimer Mackenzie		
<b>7. Description of efficiency and actions to be taken</b>	7.1 What is the efficiency improvement? How will the efficiencies be made?				
	<p><i>This project was originally promoted and to be delivered by third party sponsors and scheduled to complete in summer 2007 with an estimated final cost of £65m. Because of slippage, Transport Scotland, in June 2007, felt it necessary to take a "hands on" approach and directly manage delivery of the final phase of the project taking over day-to-day management of the scheme in August 2007. A simplified governance structure was implemented and objectives and roles and responsibilities agreed with the new Project Board. A due diligence audit was commissioned and this reported an increased estimated final cost. The streamlined management structure has provided efficiency in two main areas:</i></p> <ol style="list-style-type: none"> <li><i>1. Direct savings of £0.3m in management fees between August 2007 and July 2008.</i></li> <li><i>2. Improved communications and clear definition of roles and responsibilities has resulted in a reduction in the estimated final cost of £3.7m. These efficiencies were realised in the 2007-08 financial year.</i></li> <li><i>3. Tangible opportunities for further savings of up to £2m have been identified on land &amp; compensation and construction contract costs, and are being aggressively pursued by the project team.</i></li> <li><i>4. The final cost of the project is therefore realistically expected to be reduced by approximately 5% compared with the liabilities faced when Transport Scotland took over management of the project. Efficiencies resulting from any further reduction in the estimated final cost from the current level will be realised in the 2008-09 financial year.</i></li> </ol>				

<p><i>7. Description of efficiency and actions to be taken</i></p>	<p>7.2 What are the main actions that are needed to secure the delivery of this efficiency improvement?  <i>Transport Scotland approval for the authority required to adopt a “hands on” management approach for this project.</i></p> <p><i>Establishment of the new governance structure was agreed between Transport Scotland, Clackmannanshire Council and Network Rail at the first meeting of the new Project Board in July 2007.</i></p> <p><i>Transport Scotland redeployed existing staff resource during July and August to form the Project Delivery Team. Project Delivery is being managed by a team of three, only 1 one whom is dedicated full time to the project.</i></p>
<p><b>8. Associated costs</b></p>	<p>8.1 Are there any development or redundancy costs associated with the delivery of this efficiency?</p> <p><i>Existing staff resources were deployed to deliver the project. Redundancy costs were incurred by tie ltd, the previous delivery managers and this has been accounted for in the estimated saving of £0.3m for tie ltd fees.</i></p>
<p><b>9. Measurement</b></p>	<p>9.1 What are the inputs that will be measured?</p> <p><i>Completion of the construction works to the correct quality to ensure efficient handover of the new infrastructure to Network Rail post commissioning. Contractors programme and actual / forecast costs will be monitored.</i></p> <p>9.2 What are the outputs that will be measured?</p> <p><i>The project final cost, handover date to Network Rail and the date where operational services commence.</i></p> <p>9.3 What is the baseline for inputs and outputs?</p> <p><i>Baseline programme and cost was approved by the Project Board in October 2007.</i></p>
<p><b>10. Quality cross-check</b></p>	<p>10.1 What quality indicators are being used to ensure that quality of service is maintained or improved?</p> <p><i>There were clear quality failings in the inherited delivery model for this project. The project quality success factor is for the completed railway to be successfully handed over to Network Rail to take control of operations and maintenance within two weeks of commissioning.</i></p> <p><i>This milestone must be met in order to allow training for train drivers and signallers to be undertaken and operational services to commence in Summer 2008</i></p>
<p><b>11. Monitoring</b></p>	<p>11.1 What are the arrangements for monitoring the delivery of efficiencies?</p> <p><i>The project is being controlled against a baseline target cost and programme, i.e. reporting each period compares the “gap” between the current forecasts and the baseline target.</i></p>

<p><b>12. Reporting</b></p>	<p>12.1 What are the arrangements for reporting the delivery of efficiencies?</p> <p><i>Progress against the baseline cost and programme. These will be reported to Rail Finance in Transport Scotland. The goal is reduced project costs for the same outputs.</i></p>
<p><b>13. Dependencies</b></p>	<p>13.1 Explain if your efficiencies are dependent on legislation or other structural changes being achieved.</p> <p><i>The structural changes for Transport Scotland to move to a "hands on" project management role were approved in June 2007.</i></p>
<p><b>14. Use of efficiencies</b></p>	<p>14.1 How are the efficiencies released from improvement activity being used to improve front-line services?</p> <p><i>Transport Scotland has retained these savings to meet other spending pressures and priorities within Transport Scotland.</i></p>