

Committee(s): Policy and Resources Committee – For Decision Court of Common Council – For Decision	Date(s): 15/11/2018 06/12/2018
Subject: Project Management Review	Public
Report of: Town Clerk	For Decision
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Summary

This report proposes changes to evolve the City's approach to Project Management, following a review of the City's existing practices and governance procedures. It is proposed that:

- The number of stages in the Gateway Approval Process is changed to a maximum of six;
- A Costed Risk Provision is introduced;
- A revised version of the Projects Procedure is approved incorporating these changes.

Recommendations

Policy and Resources Committee are asked to:

- Approve the new Projects Procedure including:
 - A revised Gateway Process;
 - Implementation of a Costed Risk Provision;
 - Recommend to Common Council that future amendments to the Projects Procedure be delegated to the Policy and Resources Committee;
- Note the proposal for HR to develop a Project Management strand of City Academy (for enhancement of the City's Project Management capability and capacity);
- Recommend the proposals to Court of Common Council.

Main Report

Background

1. It is recognised by Members and Officers that the current approach to project management within the City Corporation requires evolution. This is evident from issues identified within large and complex programmes of work undertaken by the City of London, as well as feedback from Arcadis, following an independent review conducted last year.
2. A programme of work has been ongoing to review the current governance procedures and address the issues identified with the City's approach to project management.

3. The first phase of review is now set for implementation upon Court approval. This stage has been reached following a review of the existing procedures and practices, which has led to the range of proposals outlined, as recommendations to enhance our approach to Project Management. A review of the financial thresholds will begin in the New Year and a subsequent report will return to Policy and Resources to provide an update.

Issues

4. Consultation and analysis identified the following issues with our approach to Project Management:

Early development stages of projects:

- Lack of clear measurable objectives and outcomes;
- Unclear project ownership;
- Insufficient engagement between departments;
- Imprecise definition of project;
- Inadequate assessment of risks and potential cost of those risks.

Lack of cumulative reporting:

- No mechanism to aid Members to track cumulative changes between Gateway stages throughout the project lifecycle;
- Absence of documentation to report incremental scope and budget changes;
- The current process reflects the last decision made at Committee but not the total changes made since the start of project.

Governance:

- Governance procedures are focused heavily on Committees and process rather than outcome maximisation;
- Insufficient delegations to deal with risks which are realised outside of the Committee cycle;
- A lack of understanding amongst officers as to how the process works.

Inconsistency in reporting:

- Lack of standardisation for reporting of finance and risk;
- Provision of information in different formats;
- Variance in approaches across departments.

Solutions

5. A range of proposals have been developed as solutions to the issues outlined. These have been presented to Projects Sub Committee at various stages throughout the year for feedback and are supported.

Changes to the early development stages of projects

6. The introduction of a Project Briefing document will help to capture key information at project inception (such as measurable objectives/outcomes) and serve as a record of initial project aims. The addition of a costed risk process will help identify the potential breadth of the project, and revised sign-off procedures, whereby projects require Chief Officer approval prior to entering the Gateway Process, will also assist.
7. Benefits of these changes include closer alignment with standard industry practice, a mechanism to encourage collaboration between departments and greater clarity on the objectives and outcomes the project is required to deliver.

Introduction of cumulative reporting

8. A Project Cover Sheet has been introduced for the implementation of cumulative reporting. It will bring the benefit of capturing changes between Gateway stages, to allow Members to monitor any incremental changes in budget or scope, against what was initially agreed. This is essential for robust governance and oversight as currently the budget is re-baselined after each Committee approval.

Revised Governance Process/Projects Procedure:

9. A revised governance process has been proposed for a more streamlined approach, reducing the total number of Gateway stages to a maximum of 6 (for complex projects), whilst linking each Gateway stage to a specific outcome (see Appendix 1 for further information). This now has closer alignment to the RIBA project delivery methodology (as outlined within the Projects Procedure) and will be simpler to communicate with external stakeholders. Further information on changes to delegations has been outlined in the Costed Risk Provision section and the Projects Procedure (see Appendix 5).
10. The report format, tools and templates utilised have been revised as part of this process. This is still ongoing and will be monitored under Project Sub Committee supervision to ensure they remain fit for purpose or adjusted accordingly. These changes are proposed to support delivery at pace, whilst ensuring information is presented in a consistent and succinct manner, to support informed decision making and robust central governance.

Costed Risk Provision

11. Consultation with officers highlighted that project risk remains an area in need of refinement. More specifically a range of issues were identified including:
 - Inconsistency in reporting;
 - Lack of standardisation;
 - Limited provisions to deal with risks which are realised without formal Committee approval;
 - A bureaucratic and inefficient process leading to numerous budget increase requests to Members (sometimes for nominal sums of money);
 - Additional time and cost delays as officers wait for Committee to meet or process urgency requests.

12. Projects Sub Committee were provided with a range of options in July to discuss potential solutions. These included maintaining the current procedures, implementing a flat-line contingency or utilising a Costed Risk Provision.
13. The proposal for implementation of a Costed Risk Provision is the preferred option. This would be implemented on a strictly controlled basis and linked to costed risks. Such an approach would consist of Members agreeing to a list of identified risks presented on a standardised costed risk register. Each Gateway report will request a specific officer's Costed Risk Provision to reach the next Gateway based on these risks presented to Members. Should those specific risks seen and approved by Members materialise, officers will be able to utilise the approved provision to deal with these issues, via delegated approval to Chief Officer.
14. Officers will not have authority to utilise any Costed Risk Provision against items which have not received Projects Sub Committee approval. Only requests for items seen and approved by Committee will have funding released. This will ensure officers can only spend the risk provision on items essential to a robust risk management strategy.
15. Delegation for officers to approve use of the provision can only be granted via their Chief Officer, if they are a suitably skilled and experienced Project Manager, who has completed the relevant training in line with the City Academy guidelines HR are developing.
16. Officers who have not completed the relevant training will not be able to authorise spending against this provision. This is a mandatory requisite and, in such cases, where the requesting officers have not completed the relevant training, only Chief Officers will be able to approve use of the provision (further details for this costed risk approach have been listed in Appendix 3).
17. Any drawdown against provision will be reported and scrutinised by Projects Sub Committee. Undrawn provision will also be tracked and reported.

Costed Risk Provision Benefits

18. This approach brings the following benefits:
 - Mechanism for swift response to deal with urgent issues;
 - Restricts usage to essential pre-approved items required for risk management (agreed by Project Sub Committee);
 - Prevents any out of scope expenditure;
 - Ensures that officers comprehensively assess the risks associated with a project from an early stage;
 - Reduction in bureaucracy and paperwork submitted to Committee for low-value items;
 - Fewer delays in project delivery and potential rising costs from such delays;
 - Promotion of culture change and steps towards empowering qualified Project Managers to take responsibility for managing their budgets actively;

- Maintains Member oversight of usage;
- Allows for informed decision making. Where risk and the proposed amount is deemed excessive, Members may defer approval until there is confidence these can be reduced;
- Alignment with standard industry practice;
- Unspent amounts will be removed from the project budget by the Chamberlain and reported;
- Establishment of a process that has worked well on other projects such as the Hampstead Heath Ponds Project.

Future Governance

19. Subject to approval, this report will be submitted to Court of Common Council in December, seeking amendments to the existing Projects Procedure (to come in to effect after the New Year), including changes in the number of Gateway stages.
20. Standing orders state approval from the Court of Common Council is required for changes to the Projects Procedure. It is suggested that in future changes should be authorised by Policy and Resources to allow this Committee to make changes that enhance the effectiveness of the Projects Procedure. This is requested to support the Committee in implementing any necessary changes for strategic oversight of the management of projects.
21. Delegation is also sought for Projects Sub Committee to authorise minor operational changes related to Project Management (for matters such as adjusting tools and templates as enablers), to make adjustments where necessary, to continue to fulfil its role of scrutiny and Project Assurance. The changes proposed have been piloted under Projects Sub Committee supervision and have worked well to date.

Project Management Capability

22. As part of the review, the offer of support and training to Project Managers is also being developed. This is necessary to ensure there is appropriate guidance to equip Project Managers with the skills they need to successfully deliver projects.
23. There is an existing classroom-based training offer which has been re-designed to ensure it has relevance to the way in which the City Corporation manages projects. An online training module and project toolkit will also be developed to provide further guidance on how projects are run within the City Corporation.
24. HR are currently progressing with early planning stages for the establishment of City Academy, a Corporate learning and development programme; which will bring together various training streams under an overarching framework; These streams will relate to the development of skills such as Leadership, Apprenticeships and Project Management.
25. Confirmation has been received that HR has capacity to lead on a longer programme of work to develop the Project Management strand of the City

Academy, including plans to introduce formal learning with either internal or external accreditation. The work to date on the Project Management Review will be embedded into the City Academy and this will include training modules around internal governance, risk and budget management.

26. It is also proposed that a peer review process is established for major projects. This concept would establish a network of Project Managers who can act as a 'critical friend' to review other projects in a project assurance capacity, providing constructive feedback and suggestions based on experience from other projects.

Next Steps

27. The overall Projects Procedure and financial thresholds have not been reviewed since implementation at the start of the decade. Following these proposed changes to develop a more mature approach to Project Management, it would be prudent to review the current financial thresholds for the Gateway Approval Process, to support Member scrutiny and oversight in focusing on high-risk projects. This would also offer an opportunity for greater alignment with changes in Procurement frameworks.
28. It is proposed that a subsequent report is submitted to Policy and Resources Committee after the New Year, outlining options for changes to the thresholds, for Member consideration.

Appendices

- Appendix 1 – Gateway Process Outcomes;
- Appendix 2 – Summary of Changes;
- Appendix 3 – Costed Risk Approval Process;
- Appendix 4 – Summary of Proposed Amendments to the Projects Procedure;
- Appendix 5 – Revised Projects Procedure

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