Committee(s): Operational Property and Projects sub-Committee – For Information	Dated: 15/04/2024
Subject: Update on Portfolio Management Implementation	**Public**
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1-12 (All)
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	**For information**
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Introduction

The Corporation has historically suffered from a fragmented portfolio of programmes and project with no single view of performance or risks.   In July 2023, a recommendation was made to Policy and Resources Sub Committee to move to a portfolio management model.   The new model of delivery would include a refresh of the Project Procedure, investment in skills and training, the introduction of a new ePMO system to manage projects and programmes, the establishment of a comprehensive assurance framework as well as the integration of commercial and project governance.   Fundamental to the required changes would be the establishment of a single enterprise wide PMO (EPMO).

The objectives of the new governance structures are to:

1. Ensure that the governance works across all types of project – including transformation, capital and innovation

2. Provide the basis of suitably controlling project delivery – ensuring clarity and transparency to member and officer governance

3. Provide clarity on accountability and responsibility for delivery

4. Reduce the level of bureaucracy involved thereby increasing the pace of delivery throughout the Corporation and reducing delivery costs

5. Align projects and programmes to the goals of the Corporation – provide members with the ability to demonstrate to residents the outcome of particular projects and programmes

This report provides an update of progress to Project and Procurement Sub Committee as at end of March 2024.

The dashboard provided separately contains a summary of RAG ratings, major issues, risks as well as an update against the schedule.

Recommendation(s)

Members are asked to note:

- Progress to date on the implementation of the new portfolio management approach.

Key Achievements

The implementation of portfolio management is currently in a design phase of work. The achievements of the programme team to date include:

- Governance – Service Committees have been empowered to oversee projects and programmes and the officer-led CoL Portfolio Board is now in operation with the introduction of a corporate project portfolio update alongside the major programmes dashboard
- Portfolio Design – For the first time it is possible to summarise all the projects and programmes within the Corporation into 13 departmental or institution portfolios – projects and programmes have been assigned into the portfolios with a clear definition as to whom is accountable and who is responsible for delivery together with a hierarchy for resolving project difficulties
- Baselining – A significant level of work has gone into the baselining of over 772 projects and programmes from which 239 projects have come under Corporate oversight and assurance – the team has descoped routine procurement activity, tiered projects and programmes and sought both available budget and the overall cost envelope for these
- Project Clean-Slate – the team has initiated a project to close dormant projects, ensuring resources are focused on active and impactful projects and any locked funding is released

As a result of the above, we are building a firm foundation of portfolio management design for the subsequent transition of project governance structures to a new model of delivery.

Challenges

The team has encountered some difficulties in its work so far.   These are:

1. The work on baselining projects and programmes took longer than initially anticipated as a result of having more projects and programmes than expected – this has incurred a delay of approximately 6-8 weeks with consequential impact upon other deliverables

2. The baselining work has also highlighted that there are more project managers in existence than we have anticipated for licences for the new ePMO system – this may impact upon the budget the new ePMO system although the team is currently in discussion regarding this to manage costs
3. The work so far has required the engagement of a number of departments utilising surveys across a number of workstreams, project health-checks and data analysis – as we move towards planning the transition we need to bring focus upon communication and stakeholder engagement to ensure support for the proposals

The City of London Corporation is a unique environment, and we will need to ensure that project standards are suitably tailored and that we have engaged Members in the design of the new project procedure.

Workstream updates

Workstream	Summary of progress	Next Steps
Baselining/ Project Clean Slate	• Baselining work now complete • Approved process for closure of projects (in progress)	• Will need refresh of baselining ahead of portfolio management implementation • Determine unspent budget of closed projects • All clean slate projects to PPsC for approval in June 2024
Portfolio Design	• Portfolio Design – projects and programmes assigned to portfolios with accountable and responsible owners • Summary of each Portfolio produced • Approved by CoL Portfolio Board in February 2024	• Align portfolios to Corporation outcomes
Project Procedure	• Revised gateway process in development – to be shaped through discussions with members • Currently drafting new project procedure	• Undertake workshops on governance, procurement, chamberlain engagement • Process mapping of the new gateway process • Production of new project procedure • Case studies of the new process for different types of projects

		• Further workshop with members prior to Portfolio Board • Approval by Portfolio Board – May • Member approvals ahead of July Court of Common Council
Healthchecks	• Approach designed for undertaking health-checks • Commenced health-checks on a cross section of projects and programmes	• Project and Programme managers completed self-assessment • Assessment includes project plan, stakeholders, business case, resources and expertise, objectives, sponsorship • Review with sponsors • Lessons to be learned for roll out of new governance structures
ePMO System	• Requirements for new system determined • Preferred system identified (significant upgrade to existing system) • Procurement governance in process	• Agree cost of new system or seek alternative supplier • Determine roll out plan in alignment with training, governance changes and roll out of project procedure
Transition Plan	• Outline plan has been developed	• Two workshops required to complete transition plan – with suppliers and also with departments • Test impact e.g. use of new templates • Resource requirements and hands on-support for project managers
Change Management and Training	• Intranet page development for updates on Portfolio Management • We have engaged PM Academy on the design of new training and project management capability	• Fortnightly emails to project managers and heads of PMO • Workshops to be developed to encourage face to face conversations • Develop specification for PM Academy to respond with a proposal

The implementation of portfolio management is dependent upon the recruitment to the new EPMO organisation.   It is intended to utilise some of these staff to support the roll out of the new framework to departments.

Member engagement

A member engagement session was held on 19th March 2024.   The session highlighted the following feedback from members:

Member feedback	Response
Members seek clear definitions of what constitutes a project	• The team is using standard definitions of project management from the APM • We have already undertaken baselining work to remove projects that are not genuine projects (e.g. procurement) • New Project Procedure will have a clear definition and mandatory corporate standards
Members are keen to ensure that the system retains its integrity (project managers cannot circumvent or 'game' the system)	• Assurance framework in the use for the project procedure • Use of the ePMO system will ensure that there is one standard way • Exceptions can be agreed through standing orders
Members are keen that the new governance framework integrates with other Corporate functions – this includes contract management, procurement and Chamberlains	• We are undertaking a short period of process mapping the project procedure with other corporate functions (including procurement and chamberlains) to highlight how corporate functions need to work with each other • The potential integration with the new ERP system
Can project management induction training be certified?	• We are in discussion with PM Academy over the phased roll out of new training – this will be certified against APM as well as be tailored to the Corporation's gateway process • The team will discuss the specific requirement for induction training with PM Academy

Potential use of OpenSource software for the ePMO system	• The team has conducted a brief appraisal of OpenSource project management software – whilst there are a number of products available and would likely to be cost effective, these do not have the functionality to manage portfolio management workflows nor the integration that is required to financial systems
Use of RAG rating - either milestone completion or percentage completion	• The new system can report on both milestone completion and percentage completion as well as an overall RAG rating • It is planned for the first phase of the rollout to concentrate upon reporting and as part of the design of the new standards the team will engage members on preferred performance indicators
Case study comparing the previous approach to the new portfolio management system, highlighting benefits, weaknesses, costs, and timelines	• As part of its work on developing the new project the project team will include the development of scenarios according to different types of projects (e.g. transformation and capital)

A commitment was made to organise a detailed session to explore specific aspects further, ensuring everyone is aligned and informed.

Next Steps

The critical next steps are as follows:

1. Approve the new gateway process and project procedure
   o Additional member engagement session on the new project procedure
   o Review new Project Procedure with Chair of Finance Committee and Chair Project and Procurement Sub-Committee
   o Submit for approval to City of London Corporation Portfolio Board - May
   o Project and Procurement Sub Committee - June
   o Finance Committee - June
   o Court of Common Council – July

2. Undertake key enabling activities:
   o Procure the new EPMO system – we are currently discussing with the proposed provider to reduce the cost of the system
   o Agree required training provision in portfolio, programme and project management
   o Complete the recruitment to the new EPMO organisation – July 2024?

3. Develop the transition plan and commence a phased roll-out of the new project procedure and supporting structures – July/August 2024

Corporate & Strategic Implications

Strategic implications – The Corporation's strategic priorities are achieved through the successful delivery of corporate and major projects. The proposals set out will provide assurance of the Corporation's approach and ensure alignment with strategic priorities.

Financial implications – The proposals set out in this report will help to greater assurance regarding the value for money of project delivery. The strengthening of the approach to the development of business cases and introduction of greater rigour in regard to project forecasting will inform considerations regarding the affordability of the capital programme. Moving to industry standards and evidencing increased corporation maturity in portfolio management, will be important to support any alternative means of financing including the set-up of special purpose vehicles or joint ventures.

Resource implications – the proposals set out will require a focus on training and development for everyone involved in delivering projects across the Corporation.

Legal implications – none.

Risk implications – the approach set out in this paper is intended to support a more effective and consistent approach to risk management across all projects. The proposals are underpinned by the development of a robust assurance framework aligned to the internal audit approach. The proposals set out also seek to directly address the existing corporate risk - CR33.

Equalities implications – An initial equality analysis test of relevance has been undertaken and has shown no negative implications associated with the proposals set out in this report. The proposals are intended to ensure that consideration of equalities implications are embedded in our project and programme management approach and all new guidance and templates will be developed in consultation with the Equalities team.

Climate implications – none.

Security implications – none.

Appendices

Appendix 1 – March Portfolio Management Implementation Dashboard

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