

Committee(s): Operational Property and Projects Sub-Committee – For information Policy and Resources Committee – For Decision	Dated: 26/09/22 20/10/22
Subject: Project Governance Review	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£70,000
What is the source of Funding?	Transformation Fund
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Chief Operating Officer	For Decision
Report author: Genine Whitehorne, Commercial Director and Acting Project Governance Director	

Summary

The Corporation has an ambitious portfolio of projects to deliver to achieve its strategic objectives. Effective project governance has an important role to play to ensure the projects deliver intended benefits, represent best value and support a renewed focus on effective financial control.

The Corporation’s approach to project and programme management has developed over time, with the governance last reviewed in 2018. It is timely to carry out a comprehensive review in order to provide assurance regarding the corporation approach. This review is intended to be a comprehensive but rapid piece of work that delivers tangible outputs with clear plans for implementation if approved.

This review is to be funded from the Transformation Fund and therefore does not require Member approval for the allocation of funding. However, the proposed approach is being presented to Members for their comments and endorsement. Given the challenges set out this paper, it is recommended that a number of tactical changes are made to best manage workload and demands whilst the review takes place. These proposed changes are set out in the recommendations below.

Recommendation(s)

Members are asked to:

- Approve and provide comment on the proposed scope and plan for the project governance review
- Approve the extension of the temporary delegation of £1m to (approved and trained) Officers for corporate projects

- Approve the clarification to be made to the definition of a corporate project to descope routine procurements (NB – these will remain subject to the Procurement Code and appropriate corporate governance)
- Note the intention to extend the interim resourcing arrangement for the Project Governance Director role for the duration of the review (to end of the 22/23 Financial Year) to enable review of the role and person specification required going forward

Main Report

Background

1. The Corporation's approach to project and programme management has developed over time, with the governance last reviewed in 2018. At this time various changes were implemented, including the introduction of Costed Risk Provision (CRP), the creation of the Project Management Academy (PMA) and a revised version of the Projects Procedure. Further changes were scheduled for implementation soon after, however, these were deferred due to the implementation of the new TOM and the Member Governance review.
2. Since then, there have been a number of special arrangements put in place. These include the Investment Property Group (IPG) expedited process, the CLS schools' pilot, and the regular maintenance process. However, the definition of what constitutes a corporate project remains fairly broad and therefore, continues to include procurement activity and other low value activity that could be considered as business as usual. Conversely, it does not well capture resource or change projects which do not involve capital.
3. The Operational Property and Projects sub-committee was constituted in May 2022 as a result of the Member Governance review. This new sub-committee took on the remit of three (previously separate) committees. With very low project thresholds (£50k for capital projects), it is unlikely the sub-committee will be able to manage the volume of business presented at each meeting or to provide meaningful scrutiny in a way which adds value. A report was submitted to the sub-Committee in May, whereby a temporary delegation was agreed for projects under £1m subject to appropriate training being completed. It is proposed that this delegation is extended for the duration of this review.
4. Major Projects, defined as projects over £100m in total value, are governed by a separate sub-Committee, the Capital Buildings Board. These projects are not governed by the Project Procedure, sit outside of the gateway process and are supported by a dedicated Major Programmes Office (MPO). Major Projects, are by definition, high value and complex programmes that carry significant project delivery and reputational risks if not effectively managed. There are currently three Major Projects in delivery and a further three Major Projects in development as such, it is timely to assess the project and programme capability and capacity required to ensure successful delivery and benefits realisation.

5. Additionally, the TOM has resulted in the creation of a new Project Governance division that brings together project and programme management governance and assurance resource from across the Corporation. This consolidated approach provides the opportunity to streamline processes, ensure consistent practice, drive-up corporate capability and bring closer alignment between the management of corporate and major projects.

Current Position

6. The current approach presents a number of issues that affect the Corporation's ability to efficiently manage projects and provide corporate oversight across the project portfolio. These issues present the following challenges:
 - Too much time spent on low cost/low risk items
 - Inefficient and bureaucratic processes
 - Non-alignment with industry standard
 - Large committee agendas that do not allow Members to focus on the high value/complex projects
 - Limited capacity within the PMO to focus on assurance.

Options

7. Work has already begun to review internal processes and to develop a vision for the future project governance approach. However, there is a lack of internal capacity to deliver the entire review, at pace, whilst also managing business as usual. Further, additional capacity will be required to ensure effective implementation of any agreed recommendations. Therefore, it is proposed that there is a blended approach to the delivery of the review and implementation of the recommendations maximising corporate expertise whilst providing external challenge, technical knowledge and additional capacity.
8. Two main options have been considered for the resourcing of the review and the pros and cons of each are set out below.

Option 1 – commission external consultancy service to support the review and deliver the implementation plan

Advantages	Disadvantages
<ul style="list-style-type: none">• Capacity provided by an organisation and not just a sole individual• Access to specialist knowledge and expertise• Benefit from knowledge of best practice across numerous organisations• could be commissioned fairly swiftly	<ul style="list-style-type: none">• Lack of certainty regarding the value of this work• May be less flexible in use of the additional resource/capacity

<ul style="list-style-type: none"> • Clear deliverables can be established linked to payment of fee • Perceived as objective and may have greater credibility with stakeholders 	
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Option 2 – engage interim resource to provide additional internal capacity to conduct review and develop implementation plan. This option could either result in an interim delivering the review or, used as backfill to release the Corporate PMO Manager to take the review forward.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Ability to deploy the external resource more flexibly in response to changing demands • Maximises use of internal expertise and corporate knowledge 	<ul style="list-style-type: none"> • Only limited capacity benefits • Recent experience suggests recruitment of interims likely to take a couple of months • Greater 'line management' required to ensure delivery of review outcomes • More likely to be impacted by other corporate priorities and the need to 'fire fight' urgent issues

Option 1 is the recommended option for delivering the review.

Proposals

9. It is proposed that this review should cover the entire project eco-system, including projects of all sizes, whilst recognising proportionality as a key principle. It is important to note however, that this review is not intended to duplicate the scope of the recent Member governance review and therefore, the agreed Committee structure (OPP sub-Committee and Capital Buildings Board) will remain unchanged (other than potential recommendations to refine Committee terms of reference to include any changes necessitated by the final agreed project definition).
10. The intended outcomes from this review are:
 - The City Corporation is confident project and programmes represent best value and deliver the intended benefits
 - Project governance is risk-based and enables Members to focus on strategic issues and areas of high risk and/or value
 - Members are assured that lower risk/value projects are well managed and that an effective assurance framework exists to identify any potential issues or risks

- Officers are empowered to effectively manage the projects they are responsible for, to take prompt decisions to manage operational risks and, are enabled by corporate systems and financial processes
- The Corporation is clear on the role of the PMO ecosystem and its capacity to fulfil this role effectively
- The project delivery operating model represents value for money with a clearly articulated value proposition

11. The scope set out in this paper is comprehensive and will need to be delivered in a phased way. An indicative timeline for delivery is set out below.

Review phase	Likely duration	Target date
Initial review (including stakeholder engagement) and development of recommendations	6-8 weeks	October/November 2022
Internal governance and approvals	4 weeks	December 2022 <ul style="list-style-type: none"> • CBB (16/11) • OPP sub-Committee (14/12) • Finance Committee (13/12) • Policy & Resources (15/12) • Court of Common Council (12/01)
Phased implementation	Tbc (dependent on recommendations), will be prioritised into workstreams	January-December 2023

12. It is anticipated that full delivery of the implementation plan will take up to 12 months. However, the delivery plan will be prioritised to ensure immediate priorities are delivered within the first few months. The full plan will be presented to Members for approval as an output of the review phase. above.

13. The proposed governance model for the review is set out in Appendix 1.

Key Data

14. There are currently 345 live corporate projects in the portfolio.

15. The temporary £1m threshold will reduce the number of projects reporting to Committee directly to approximately 150.

Corporate & Strategic Implications

Strategic implications – The Corporation’s strategic priorities are achieved through the successful delivery of corporate and major projects. This review will provide assurance of the Corporation’s approach.

Financial implications – the review can be funded from the Transformation Fund. Any changes as a result of the review that require additional funding will be subject to individual business cases.

Resource implications – As set out in this paper, additional resources are required to deliver the review. A key focus of the review will be to ensure that the Corporation has the necessary capacity and capability to deliver. Therefore, resourcing will be a central focus along with the future role of the Project Management Academy.

Legal implications – none.

Risk implications - This approach has been suggested to mitigate risks and to provide assurance regarding the Corporation model and approach. Internal Audit will be consulted on any proposals considered as part of the review.

Equalities implications – Equalities Impact Assessments will be undertaken as appropriate before implementation of review recommendations. The review will also seek to ensure that consideration of equalities implications is embedded in our project and programme management approach.

Climate implications – none.

Security implications – none.

Conclusion

16. It is necessary to consider changes to the governance in line with the TOM proposals and previous feedback from Members. The current approach is now outdated, no longer aligns with industry standard and does not meet the changing requirements of the City.

17. Findings from the review along with options for implementation will be presented to Members later this year.

Appendices

- Appendix 1 – proposed review governance model

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