Project Governance Review

City of London Corporation

Report from RedQuadrant

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1. Introduction

1a why are we doing the work (drivers for change and context)

In recent years the Corporation has undergone several changes and developments in its approach to project management. In 2018, the Costed Risk provision was introduced, as was the Project Management Academy, and a revised version of the Projects Procedure. This was then followed by the implementation of the new TOM, which was followed by a number of special arrangements, including the Investment Property Group (IPG) expedited process, the CLS schools' pilot, and the regular maintenance process.

However individually justifiable these changes and developments have been, the cumulative effect has been a fragmentation of approaches, with common practices within individual departments becoming inconsistent both with each other and with the City's Projects Procedure.

This inconsistency has given rise to numerous issues, as identified by the Corporation in the original review brief. As you recognise in that document, it has become necessary to ensure that official procedures and actual practice align with each other, and that both are in alignment with the best interests of the City of London Corporation.

The current approaches create risk for the Corporation, particularly in the following areas:

- The provision of consistent governance and oversight,
- The alignment of scarce resources to strategic objectives,
- Ensuring operational efficiency and effectiveness

Oversight is especially key here. The Corporation currently has no single or collective point of oversight for their projects, and no robust framework to help ensure successful delivery of those projects. This needs to be remedied if the Corporation is to make headway in addressing the other issues they face.

1b. What have we been commissioned for.

RedQuadrant have been commissioned to undertake a review of the Corporation's entire project ecosystem, including projects of all sizes, whilst recognising proportionality as a key principle. The objectives of the work were not to duplicate the scope of the recent Member governance review and therefore, the agreed Committee structure OPP sub- Project Governance 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 operating model).

We were commissioned for a total period of 2 months and the work was broken down:

Stage A&B Initiation and Review
Stage C Develop and Enhance - including contact with parallel disciplines.
Stage D Finalise and develop implementation plan.
This report summarises the overall findings and recommendations emerging from this review.

An important point of clarification regarding this commission: as we discovered during the course of this review, there is a confusion of terminology embedded in the system that the Corporation is currently using. What the Corporation refers to as its existing "projects procedure" is in fact an amalgam of what the industry standard would recognise as a 'projects procedure' *and* an 'operational procedure', with the latter being concerned with business-as-usual activity. The industry standard terms as they appear in the APM glossary are as follows:

Business-as-usual	An organisation's normal day-to-day operations. Also referred to as steady state.
Operations management	The management of those activities that create the core services or products provided by an organisation.
Project	A unique, transient endeavour undertaken to bring about change and to achieve planned objectives.

Please note that RedQuadrant has (only) been commissioned to undertake a review of the Corporations *project* ecosystem, including its *projects* procedure. It has not been commissioned to undertake a review of the Corporation's operations procedure. Engaging with any aspect of this would have been squarely beyond the scope of our commission and therefore an inappropriate use of the allotted time.

During the course of this review, we have addressed the confusion of terminology in the Corporation's existing system, illustrated how to disambiguate 'projects' from 'business as usual', and explained the importance of doing so.

A natural result of all of this is that not everything which the Corporation is accustomed to categorising as part of their "projects procedure" is covered by the review or this report. This is not a failure but a feature. Again, we are illustrating what the appropriate boundaries of a project ecosystem are, which is the most valuable insight we can offer the Corporation.

1c. Anticipated benefits/objectives

The proposed portfolio management operating model stands to provide considerable improvements to the financial efficiency of the organisation. It offers consistency in the project delivery approach, which can lead to improved efficiency and reduced costs over time. It offers clarity, and therefore to improved alignment between project goals and strategic objectives, which can ultimately lead to better value for money. It offers flexibility, enabling the Corporation to respond more effectively to shifting market conditions and to opportunities, which can improve the overall value delivered by the portfolio. Above all, it offers the opportunity for continuous improvement, via a centre of excellence devoted to the continual refinement of the operating model, ensuring that the Corporation can continue to deliver value over time.

2. The current state

2a summary of approach and problem statements

The overarching issue is that the "projects procedure" as it stands acts as the core process for all activity in the Corporation, covering business as usual activity, projects, and major programmes. As such, it is not properly what the industry standard would call a "projects procedure" at all, but rather, an amalgam of a projects procedure and an operational procedure. This "one size fits all" approach has contributed towards some of the following issues, as identified in the original brief:

1. LOW THRESHOLDS. The existing threshold of £50k for capital projects means that any undertaking above that figure must be submitted to Operational Property and Projects sub-committee. This committee formed in May 2022 to take over what was formally the remit of three separate sub-committees. The sheer quantity of capital projects which fall above the £50k threshold has meant committee members facing agenda packs of more than 600 pages, plus supplementary pages. This is not conducive to efficiency. This issue is aggravated by the fact that the Corporation has an unsuitable definition of a 'project'.

2. AN UNSUITABLE DEFINITION OF A 'PROJECT'. The existing definition of a 'project' as anything that results in 'tangible physical deliverables' suffers from being simultaneously too wide (since e.g., procurement activities end up defined as 'projects') and too narrow (since resource based or change projects do not meet this definition of 'project'). On the one hand, this adds to the aforementioned problem of the overstuffed agenda packs. On the other, it excludes transformational activities or change projects from the usual capital projects procedures. Not only is it unclear how such projects (for they are *projects*) are to obtain funding, but it is also unclear how their associated business plans are to be subjected to appropriate scrutiny or their outputs evaluated. This contributes towards the problem of the Corporation's fragmented portfolio.

3. A FRAGMENTED PORTFOLIO. As we can see, the guidelines and procedures as they stand only capture conventional capital projects. They do not capture transformational activities or change projects. As a result, there is no central location which oversees *all* projects within the City and allocates effort and resources according to Corporation priorities. Project proposals which don't meet the existing definition of 'project' may thereby go unfunded or underfunded (despite meeting Corporation priorities). Alternatively, they may end up funded piecemeal without oversight, which risks accumulating hard-to-track expenditures for projects that do not meet Corporation priorities. The latter concern would be largely mitigated if there was a clear, agreed understanding of what decisions (budgetary and otherwise) lie within the remit of particular roles within the Corporation. Unfortunately, as things stand, there is a lack of clarity on project roles and responsibilities.

4. LACK OF CLARITY ON PROJECT ROLES AND RESPONSIBILITIES. Across the Corporation, there is an inconsistency in how key project roles are established, as well as a lack of understanding regarding the purpose of such roles. In such circumstances, it is easy for

Project Managers to either overestimate or underestimate the appropriate scope of their role. Current procedures focus on mitigating the former error, by pushing as many financial decisions as possible up the ladder. But underestimating the appropriate scope of the Project Manager's role carries serious risks of its own and in fact reduces the Corporation's capacity for effective assurance/risk management.

5. ASSURANCE/RISK MANAGEMENT. The greater the proportion of decisions put to the Committee, the greater the proportion of Committee time spent on operational issues and approving minor expenses. This in turn severely decreases the amount of time available to focus on the kind of strategic issues and oversight of risks, as well forcing under-developed business cases into funding assumptions too early. Delegating operational issues and decisions regarding minor expenses to Project Managers would address this issue. Unfortunately, as things stand, delegation to Project Managers is minimal, owing to the current structure of budget allocation and drawdown.

6. BUDGET ALLOCATION AND DRAWDOWN: As things stand, delegation to Project Managers is minimal. They must seek Committee approval to access (already approved) project budgets, even for low-value sums. They cannot move project funding across workstreams, within the same project, without seeking Committee approval first. Project Managers experience these restrictions as disabling, as a barrier to effective and agile management of operational risks. The status quo frustrates Project Managers even as it exhausts the Committee.

3. The approach to the review (what we have done)

3a. How we have engaged with stakeholders on journey

In approaching this review, we have drawn on our understanding of a range of industry standard approaches, including portfolio management, as well as on our considerable practical experience of delivering portfolio management frameworks. This has enabled us to de-risk the required changes, and to tailor our approach and recommendations to your specific context.

It should be noted that our engagement with the original project team was interrupted by a team change at the Corporation, which occurred partway through the project. This has resulted in a situation where the new members of the Corporation team are still getting up to speed with the required changes as RedQuadrant's involvement draws to a close. Whilst this is less than ideal, we are confident that the clarity of our recommendations, in combination with the consistent team leadership provided by Genine Whitehorne will suffice to ensure that the programme retains the necessary momentum.

Over the past few weeks (with a total of 2 months allocated to the project), we have conducted the review in the following stages. Prior to the start of each stage, we have engaged with the Corporations project team and SRO to discuss, refine, and agreed both the approach to the stage work plans and the key deliverables/outputs required at the end.

<u>Stage A: Initiation; and B: Review and evaluate current designs.</u>

The initial desktop phase of the process was of necessity a short one. It was further constrained by the need to be mindful of morale. Owing to the recent TOM and the governance review, the Corporation has experienced a number of significant changes in a very short period of time, some of which have been difficult and stressful. As a result, there was an understandable level of change fatigue amongst stakeholders, a reluctance to re-visit and discuss issues which may have already been discussed in relation to the TOM. Therefore, in order to minimise any negative impact on morale and thus maximise stakeholder engagement with the project, we focused our attentions on validating assumptions from the initial brief.

Our initial review was completed through engagement interviews and document review. We engaged with the following relevant stakeholders:

- Staff in project operational roles,
- Staff in governance roles,
- The PMO, and
- Senior Stakeholders

We made use of their insights in order to:

- understand and assess the current expectations of service delivery,
- identify and conform the specific requirements for the Corporation, and
- understand the current context for this project (including ambitions for the future),
- confirm non-negotiables.

We began by arranging a number of focussed sessions with sample representatives from a cross section of the organisation's ppm community. We conducted 1:1 engagement/ workshops with stakeholders at all levels. This included:

- Representatives from both the Corporate PMO and the Major Projects PMO,
- Representatives from the Corporate and Major Projects Programme,
- Project Managers from the following directorates:
    - Environment,
    - Surveyors,
    - Community and Children's Services

Our samples therefore reflected the breadth of specialisms and experience within the Corporation, placing us in the best possible position to understand concerns and to suggest improvements.

We took a blended approach, based upon a number of industry benchmarking standards, to support our independent evaluation and to use as a guide in conducting stakeholder interviews. In particular, we made use of the following tools:

- P3M3 - A self-assessment questionnaire designed to explore and evaluate an organisations maturity and process capability with respect to, programme and project management.
- Infrastructure and Project Authority's (IPA) Project Routemap - A support tool which provides practical advice based on learning from other major projects and programmes.

The themes we explored were as follows:

Themes	**Description**
1. Requirements	Delivering strategic project outcomes and realising the benefits
2. Governance	Establishing clear accountability and empowering effective decision-making
3. Organisational design and development	Organising the project team to deliver successfully
4. Risk Management	Managing uncertainties and opportunities
5. Delivery planning	Readying the project for transition into delivery

Stage C: Develop and enhance design.

During this stage, we focussed on identifying the Portfolio management operating model which would work best for your organisation, and how it would connect with your existing assurance processes.

As with the initial desktop phase, it was necessary to be considerate regarding stakeholder sensitivities arising from the recent work on the TOM. Therefore, it was agreed that the scope of this phase should be focussed on the 'to-be' model, rather than the more in depth 'as is' processes, with this knowledge being provided by the Corporations project team members. It was also agreed that we would revise our initially planned scope for stakeholder involvement in this stage. The original intention was to establish working groups of subject matter experts and wider stakeholders in developing the building blocks for each of the identified deliverables. This was revised to a mixture of smaller focussed groups. 1:1 sessions and workshops in relation to each deliverable.

We also worked in parallel with the Chamberlains Transformation programme to understand key dependencies between the two work strands and ensure that these are captured in our recommendations.

The following list represents the key deliverables, or building blocks for which the revised approach, outputs and stakeholders were agreed prior to commencement:

1. Portfolio Definition – new operating model
2. Portfolio Delivery (defining good governance for projects and programmes)
    - 2.1. Roles and Responsibilities
    - 2.2. Governance, Assurance and Risk Management – Links to Chamberlains Transformation
    - 2.3. Definition, Categorisation and Tiering (to support portfolio prioritisation)
    - 2.4. PPM Systems and Reporting
3. Skills and Capability – analysis
4. Community of Practice – options
5. PM Academy – funding options

(Our recommendations regarding each of these deliverables is explored in depth in section 5, below.)

We designed the blueprint for the above building blocks based on industry standards, and incorporated strong links with:

- MoP, the Portfolio Management Framework developed by the Cabinet Office,
- The IPA Routemap
- Government functional standards (which incorporate best practice Prince2 and MSP) for:
    - The Project Delivery framework,
    - The Project Capability framework.

Additionally, we worked alongside the Chamberlains Transformation programme and drew on lessons learnt from working with similar public sector organisations when making recommendations for a proposed Scheme of delegation, Costed risk.

The requirement for a summative report with recommendations on future design was merged into the next stage activity.

D) Finalise design and plan implementation

We have worked to finalise the design of the Portfolio management operating model into Blueprints templates and provided extra supporting information in the form of guidance, and tools.

1. Produce finalised design documents.
2. To engage with senior leaders to brief them on the future portfolio operating model.
3. Develop blueprint plans for adopting the new operating model with associated implementation timeframes.

We have presented our findings and recommendations on the proposed new Portfolio Operating model and enhanced Project and Programmes delivery cycle through a number of engagements with Senior Stakeholders, Project managers and to the PLG and Corporate Projects Board.

Coming to the end of our engagement, we have been introduced to the Corporations project team working on the Net Zero Climate strategy. Through a number of engagements, we have briefed them on the changes to the Portfolio, programmes, and projects processes (Portfolio Ecosystem) which align to government functional standards that we have recommended. In addition to the, proposal to introduce more structured feasibility assessments (overseen by the Portfolio Board) which would include a number of impact assessments and the new Gateway Review process based on IPA (OGC) guidelines.

Finally, we have developed this summative report of our findings.

4. Our findings

4a. What works well.

We found significant strengths within the organisation which provide a foundation upon which to build. Above all, it's clear that you have dedicated and capable staff. Our survey showed a good level of project management skills and capability within the organisation, and most of the respondents would welcome career development at the City of London Corporation. This makes them an excellent workforce base to develop. Also demonstrative of the strength of the workforce is the excellent engagement we saw in the workshops and the 1-1's. Staff are clearly keen to give their views in and suggestions to improve the project management process. This is indicative that you can expect positive ongoing engagement during implementation, which is a very positive sign.

We also found useful examples of best practice within the organisation. Notably, the IT department has strong project and programme management practices, which could serve as a blueprint for further development in other areas of the organisation. Furthermore, all Stakeholders had a high opinion of the Project Management Office, agreeing that they were responsive and knowledgeable.

4b. What requires improvement

We have categorised our findings by area, but also indicated how each of the findings connects to the issues identified in the initial brief and discussed in Section 2. This should indicate the systematic nature both of the issues themselves and of our proposed solution.

1. LOW THRESHOLDS
2. AN UNSUITABLE DEFINITION OF A 'PROJECT'
3. A FRAGMENTED PORTFOLIO
4. LACK OF CLARITY ON PROJECT ROLES AND RESPONSIBILITIES
5. ASSURANCE/RISK MANAGEMENT
6. BUDGET ALLOCATION AND DRAWDOWN

- **Strategy and vision** – there are inadequate or inconsistent processes in place for project selection, prioritisation, and resource allocation. There is an overly broad definition of 'project' and no clear and consistent framework for ensuring that there is distinction between programmes and projects (2), and that these are systematically prioritised to deliver the greatest benefits against strategic objectives. (3, 5).
- **Governance and oversight** – Governance responsibilities are disproportionately placed with Members rather than Officers. Insufficient delegation to Officers, coupled with a lack of clarity on project roles and responsibilities, has led to projects requiring additional oversight to compensate. This is a vicious cycle, which leaves Officers without the necessary powers, and Members without the necessary time, to do their respective jobs effectively.

  However (as we shall explore later in 'Recommendations') such ongoing oversight as is required need not be provided by the Members themselves, but could instead sit with a Portfolio Board, whilst accountability for delivery of individual projects and programmes remains within Service Areas/ Directorates. Delegating decision making in this way would allow SRO's and PPMs to follow a more comprehensive framework, that supports all key activities associated with delivery. Meanwhile, relieving Members of the additional scrutiny of projects responsibility of project enabling them to take a more strategic perspective, and thereby strengthen the Corporations strategy and vision. (1, 2, 3, 4, 5, and 6).

- **Management and capability** - The Corporation requires a deeper understanding of best practices for project and programme management, and to develop capability and skills particularly in the latter. This lack of consistency in the way that projects are managed, as well as to limited or unclear processes for project and programme governance, risk and assurance and benefits management is further exacerbating the issues identified.

  All Stakeholders agreed that the PMO were responsive and knowledgeable and would welcome a more proactive approach from them through all phases of the project lifecycle. However, both the Corporate PMO and MPPMO are currently wholly under-resourced to achieve this. It stands in need of investment in order to enable it to effectively support the whole organisation and provide the full breadth of a PMO service offering.

  Part of the issue is the inappropriately broad definition of 'project', which has led (for example) to Members receiving project reports for the purchase of vehicles or pianos to replace existing assets. However, capacity within the PMO is limited not only by the volume of projects, but also by the scope of reporting, a lack of delegated powers, and a lack of clarity regarding the scope of some roles (1, 4). The PMO are currently unable to report on interdependencies between projects or to present an holistic view of projects across the current Portfolio. The impact of this is to limit the Corporation's capacity for an overall strategic vision.

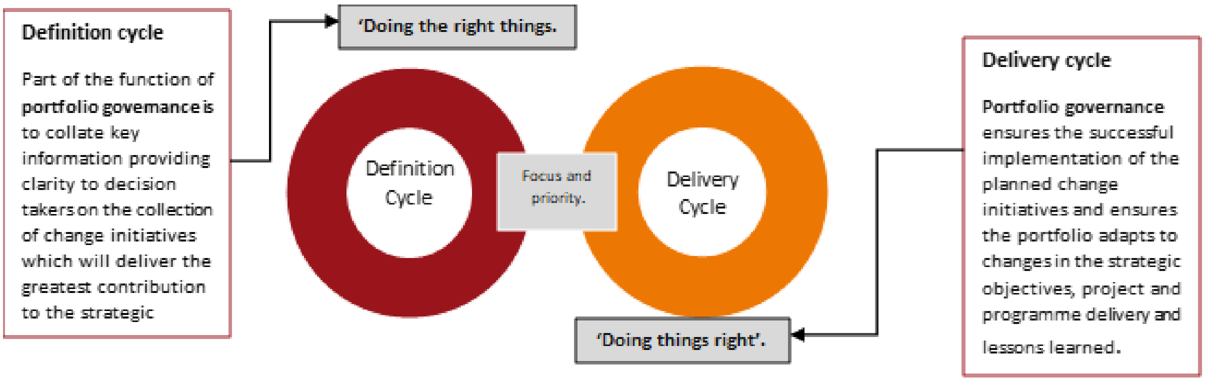
  Proper risk management requires a clear connection between project approval and finance approval. As things stand, there is a disconnect between the two, and notable variation between individual projects, with some going directly to the town clerk's office for approval, instead of following the routes articulated in the project's procedure (1, 3, 4).

  The Corporation's capacity for risk management is also affected by the disproportionate amount of time spent on operational issues and approving reports for nominal sums, rather than more strategic issues and oversight of risks. The cause of this is the high number of reports submitted to the Committee, which is itself caused by the inappropriately broad definition of 'project'. The overall effect is to force under-developed business cases into funding assumptions too early.

  There is a corresponding problem with establishing programmes of work. All activity is classified as a project, which means the Corporation is not making best use of industry standards that would support revenue/ transformation change programmes and the inherent processes which for example emphasise tracking benefits management. Assessing these benefits requires drawing out a clear connection between activities and intended outcomes which a project management approach does not emphasise. Stakeholders we interviewed agreed in general that tracking benefits and lessons learned is not routinely carried out beyond gateway 6, and often not within a project (should be a programme). Whilst capacity was cited as a barrier, most stakeholders were keen to be able to do this.

5. Our proposed model

5a. Summary overview of how it works.



At the core of our recommendations is the implementation of a Portfolio Management Framework, which consists of two portfolio management cycles: portfolio definition (structures and functions) and portfolio delivery (good governance for project and programme delivery). This Framework can be applied to the totality of the Corporations investment portfolio, capital, and revenue projects.

The implementation of this framework will break down silos in the organisation and promote a more integrated and streamlined project delivery process. It will also ensure that the portfolio aligns with organizational strategy and goals, and that interdependencies, benefits, and risks are identified and managed. The proposed approach also suggests organising work into sub-portfolios, which can help to ensure that BAU and cyclical work are not subjected to unnecessary ppm controls, thereby improving the efficiency and effectiveness of portfolio management overall.

It is important to note that a Portfolio Management Framework is more than the adoption of a new delivery standard. It is a total transformation that requires a change in culture, mindset, and processes across the organisation. Whilst the proposal to adopt a portfolio management framework is the right direction of travel for the organisation, it is essential to recognise the substantial gaps that need to be addressed before embarking on this journey fully.

This transformation needs to begin by establishing a set of consistent practices and processes, which are essential to successful portfolio management, and which are currently lacking in the Corporation.

We therefore recommend an incremental approach to building out the foundational elements of good portfolio management practice. This approach can help the organisation to address the gaps identified in the design phase of the review teams work and gradually implement best practices over time. The speed and efficacy of this process will depend on the organisation's resources, capacity, and change appetite. It is essential to have a clear understanding of these factors before embarking on the journey fully. Low change appetite within the organisation can be a challenge, but it's not insurmountable. It will be crucial to communicate the benefits of portfolio management and the need for change clearly to build support for the initiative and increase the organisation's change appetite over time.

There are two major forms of change being proposed for the current project's ecosystem.

- Changes to supporting structures and functions: The introduction of a Portfolio Board, Office, and EPMO (fully resourced), and clarification of roles and responsibilities across different stages of project delivery.
- Procedural changes: Changes to processes related to finance and risk management, definition, categorisation, tiering, reporting, roles and responsibilities, toolkits with standardised templates such as updated Business Cases based on industry best practice, systems, and a new gateway assurance process.

Making changes to the way that project and programmes finance is managed, in connection with the proposed changes in the Chamberlain's transformation process, will mean that risk tolerances will be set and agreed, and funding will be available for more detailed feasibility studies to improve the accuracy of business cases. See annex three for more details.

Both of these forms of change represent a substantial shift in the current operating model of the project ecosystem. The structural changes will result in more centralised oversight and coordination of projects within the portfolio, with greater emphasis on strategic alignment and ensuring quality. The procedural changes will result in more consistent and standardised processes for managing risk and assurance across all projects and programmes within the portfolio. This will be facilitated by the EPMO and the use of ppm methodologies as appropriate, in simple terms governance for projects v programmes, capital v revenue, appropriately scaled.

It will be important to carefully plan and communicate these changes to all stakeholders to ensure that they are properly understood and implemented. It will also be important to provide training and support to staff to upskill them in the new ppm processes and practices. Additionally, ongoing monitoring and adjustment will be necessary to ensure that the processes are effectively implemented and deliver the expected benefits.

To help implement and support these changes, we recommend that the Corporation look to develop a centralised portfolio management office. This centralised office will be in a position to provide oversight and coordination for the portfolio of work, and to develop clear definitions, processes and principles for program and project management, risk management and delivery management. The establishment of this office should be regarded as a medium to long term goal. In the short to medium term, we recommend that the Corporation lay the necessary foundations required in advance of setting up this new office.

Later in this report, we will provide step-by-step guidance for a programme of incremental improvements, each of which will have an immediate positive effect as well as cumulatively preparing the Corporation for the end goal of a centralised portfolio management office. Firstly, however, we will go through a fuller explanation of the portfolio management approach and offer an account of how this approach will benefit the Corporation.

Note that whilst the Portfolio Management Framework can make drastic improvements to the current project ecosystem, its success will rely on changes to the underlying operational changes for instance how BAU activity will be managed once de-coupled from the ‘Portfolio ecosystem’ as well as cultural and environmental. This work should be considered as a part of a broader transformation effort that addresses not only the current project ecosystem and BAU operational and approval processes but the organisation as a whole e.g., Members commission feasibility assessments/ business cases prior to confirming a project/programme decision on activity. This transformation will require leadership (Officers and Elected members) to come together provide a clear vision and engage employees in the change process to ensure a successful outcome.

Why - Portfolio management

Portfolio management enables organisations to review all work programmes as a whole, developing a deeper understanding not only of their individual functions but also their interdependencies. By understanding the causal interrelationships between different areas of the organisation, senior leaders are able to make far more informed and effective decisions regarding the prioritisation and sequencing of work. They are able to align their projects, programs and initiatives with their strategic objectives and goals by selecting, prioritising, and managing the right mix of projects and programs that deliver the most value.

Portfolio management relies on the implementation of a management framework, which defines how the portfolio should be directed and managed. A portfolio management framework consists of a coordinated collection of practices which, when applied together, enable the most effective balance of organisational change and business as usual, while remaining within a specific funding envelope.

The coordinated collection of practices includes:

- *Agreed roles and responsibilities* for portfolio management, enhancing understanding of *who* will make *what* decisions and *when*.
- *Agreed overarching policies and practices regarding*:
    - Governance
    - Risk management
    - Assurance
- *Agreed applied processes* for:
    - Project selection,
    - Prioritisation,
    - Resource optimisation,
    - Performance measurement,
    - Regular portfolio reviews

We can think of this as the *who*, the *what*, and the *how*. Who is responsible for making the decision? What high-level organisational strategy and goals should inform that decision? How can we best ensure success? The ability to answer these questions is key to effective portfolio management.

How this approach will benefit the City

As things stand, there is a fragmented approach to managing the portfolio of projects across the Corporation, with transformation or change activities excluded from procedural guidelines. Whilst our findings show there are structures in place which could support such activities, they are hampered by one or more of:

1. resource (Corporate PMO and MPPMO) capacity issues,
2. unclear definitions of ppm activity,
3. low thresholds,
4. lack of delegation,
5. lack of portfolio expertise to fulfil this type of function effectively.

This in turn is preventing the development of oversight of all projects within the City and hampering its ability to adequately track and scrutinise the weight or effort of resource apportionment against Corporation priorities**.**

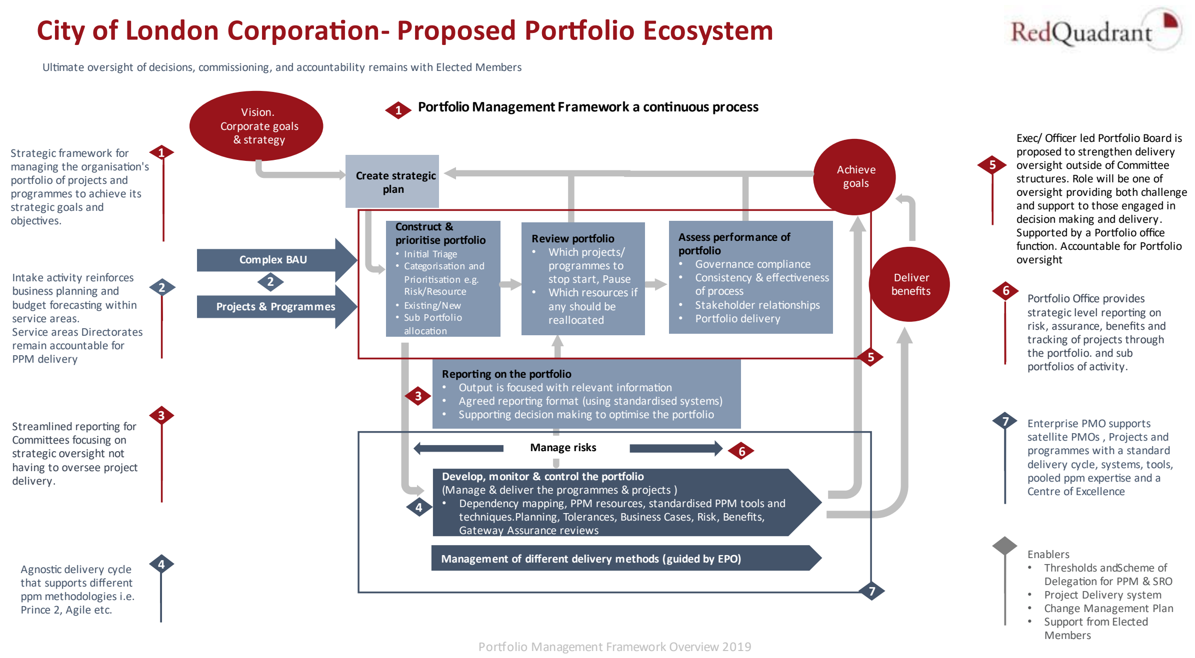
Implementing a Portfolio Ecosystem in the City will help to address the specific weaknesses in the current project governance structure, improving the City's ability to:

1. Deliver projects and programmes effectively and efficiently (e.g., delivering specified outputs to time and cost),
2. Deliver outcomes through projects and programmes, including 'hard' outcomes such as capabilities delivered through equipment or infrastructure as well as 'soft' outcomes delivered through changes in behaviours and cultures,
3. Align its change activities with its objectives,
4. Avoid over-committing to change, and thus risking failure both in the change process and in the delivery of Business as Usual (BAU).

5b. Proposal and Recommendations - structure and processes needed to make it work.

Portfolio Definition – Operating Model

Our recommended operating framework consists of the following elements:



Also see annex Figure 1 and 2

The Portfolio operating model recognises and emphasises the important role of Elected members in providing ultimate oversight of decisions, commissioning, and accountability. By reducing their involvement in micromanagement of project delivery, Elected members can focus on setting strategic priorities, identifying new opportunities, and ensuring that the Corporation is moving in the right direction.

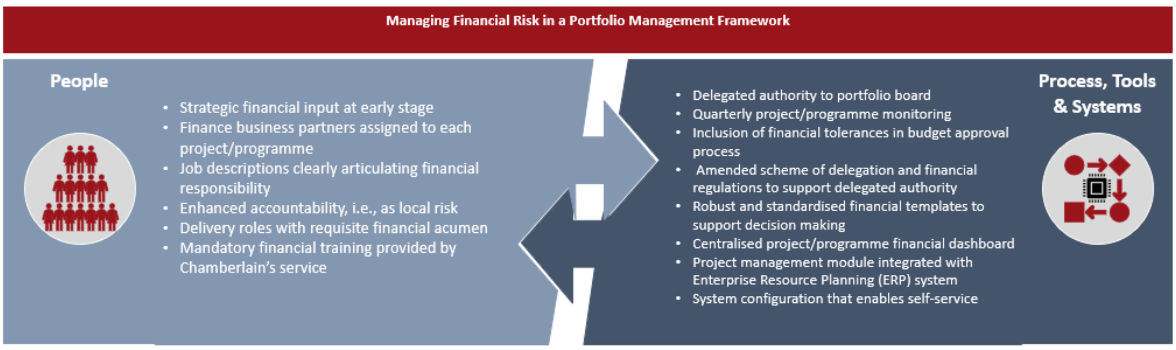
1. **Portfolio Ecosystem** - Proposed operating framework provides a structure for aligning and prioritising projects, allocating resources, and monitoring progress and outcomes. It does not for example assign projects such as engineering/ infrastructure etc but seeks to centralise PMO activity whilst recognising the different delivery methodologies required.
2. **Intake activity** reinforces business planning and budget forecasting within service areas. Cyclical/Routine BAU activity would not be managed through this process, although stakeholders have indicated that more complex BAU would benefit from additional project governance to support delivery.
3. **Streamlined reporting** for Committees focusing on strategic oversight. This implies that Programme board level delivery oversight is managed by Officers and not by Service Committees.
   Reporting will need to be designed agreed with wider stakeholder involvement and standards of reporting templates agreed.
4. **Enhanced project and programme delivery** practices. Is describing an agnostic and enhanced delivery cycle (aligned to government functional standards for ppm delivery) it supports different ppm methodologies i.e., Prince 2, Agile and should be determined by the

nature of the programme or project. The Enterprise PMO should look to define what these methodologies will be.
5. **Portfolio Office** provides strategic level reporting on risk, assurance, benefits and tracking of projects through the portfolio. and sub portfolios of activity.
6. **Officer led Portfolio Board** is proposed to strengthen delivery oversight outside of Committee structures. Role will be one of oversight providing both challenge and support to those engaged in decision making and delivery. It will be responsible for managing Portfolio operations but accountability for delivery remains with individual departments or service areas.
7. **Enterprise PMO** supports satellite PMOs, Projects and programmes with a standard delivery cycle (new project and programme management processes), systems, tools, pooled ppm expertise and a Centre of Excellence

The models also require the **definition of sub-Portfolios of work**. There are a number of approaches, to achieve this but it will be down to the organisation to select the most appropriate one. Examples include alignment of sub-Portfolio to the top 5 strategic objectives, alternatively these sub-Portfolio could be aligned thematically. It helps to frame the definition of sub portfolios in terms of the management information requirements of the organisation.

By defining the sub-portfolios, it will **support project and programme selection and prioritisation**, and allow for clear and measurable objectives and ppm goals to be defined. This will ensure that the portfolio remains aligned with organisational strategy and goals and that resources are used efficiently. Regular review and performance measurement will help to identify areas for improvement and ensure the portfolio remains aligned with organisational strategy and goals over time (vis the Portfolio Office and Portfolio Board functions).

The project governance review was preceded by a process improvement project in the Chamberlain's service that also included recommendations for the management of financial risk; and the dependencies between the two activities. These have been incorporated into the proposed portfolio management operating model.



Benefits and outcomes

Proposed Benefits (to the operating framework as a whole)

- A clear structure for decision-making, communication, and reporting across the organisation, ensuring that all stakeholders are aware of the portfolio's objectives, progress, and performance.
- Clear processes around definition and categorisation, allowing BAU/Low value activity to be filtered out of the Portfolio and new projects and programmes processes at the initiation stage.
- Projects and programmes can be prioritised effectively.
- The opportunity to create a Portfolio Board, with clear terms of reference, and the authority to recommend stopping projects.
- Central oversight of the Portfolio pipeline enables clear visibility of strategic alignment, risk profile, resource management and dependencies.
- Streamlined, transparent, evidence-based decision-making.
- Merge funding and project /programme approvals allowing for faster turnaround time for decisions to be made and funding to be released.
- Improved information flows, allowing governance bodies to be proactive, and to make decisions to delay or desist actions, or to recommend interventions.
- Consistent, effective delivery of projects and programmes in line with Government Functional Standard

During implementation the activities within each stage will need to be refined, e.g., level of delegated authority and decision making that the proposed Corporate Portfolio Office structures are allowed. This may for instance include changes to the TORs of the OPP committee once reviewed against the proposed TORs of the Portfolio Board.

Key Changes Required

The proposed changes to supporting structures and functions are as follows:

Officer led Portfolio Board to be established, reporting to the Town Clerk.

We propose the creation of a Portfolio Board, supported by a Portfolio Office. This will strengthen delivery oversight outside of Committee structures. These central oversight functions will coordinate delivery, strategic reporting and monitoring, assurance, risk, and investment.

The Portfolio Boards proposed remit:

- Their role will be one of oversight providing both challenge and support to those engaged in decision making and delivery.
- The Board will exert its influence through the gateway review processes, which overlay project and programme management practices, and which are aligned to portfolio management.
- The Board will have a mandate to recommend stop/ pause/ rejection of ppm activity.
- The Board will make recommendations on investment decisions.

- The Board will provide (through the Portfolio Office) an Initial project filter, implemented prior to member oversight, that ensures that only projects that are likely to be feasible are accepted.
- Capital funding to be ringfenced for general pre-feasibility and feasibility activities, and will sit with the portfolio board, enabling them to maintain central oversight and to support alignment to strategic objectives. The Board would make recommendations on new proposals after completion of these activities.

The **Portfolio Board** works in the space where corporate objectives and delivery processes meet. Its function is to maintain awareness and alignment. There currently exists a corporate level projects board, which has tried to undertake some of the functions described above. This could be requisitioned to form an early-stage Portfolio Board. However, Service Areas / Directorates will remain accountable for project or programmes delivery.

Portfolio Office and Enterprise PMO (as the Hub to satellite PMO's in the Corporation and Institutions)

Current

The Corporate PMO and MPPMO are made up of two full time staff each, who are not in a position to provide the full range of services normally associated with a PMO. Additionally, there are a number of additional PMOs that operate across the Corporation acting independently of each other.

We propose the establishment of a common approach to portfolio management via a centralised portfolio management office which will consist of the office supporting the Portfolio Board and the enterprise level PMO.

The Portfolio Office will help the Portfolio Board make decisions by providing it with an accurate and detailed view of progress against the strategic objectives. It will administer the Portfolio Board processes, and coordinates activity with other Boards.

This function does not exist and would require investment.

Enterprise level PMO (EPO): As part of this Portfolio Office structure, there would be a central EPO function. This function will manage the front-end delivery cycle, which projects and programmes will follow.

- This enterprise level PMO will function as the Centre for all other PMOs within the organisation, encompassing both the Corporate and the Major Programmes PMOs. As part of implementation, it is recommended that an assessment is made to determine the number and specific function of all the PMOs that exist within the Corporation, with a view to merging these under the Enterprise Level Office. Institution PMOs are excluded from and suggestion of a merger in implementation. They would instead function as spokes to the main Hub EPO. (There may be value in undertaking a cost/benefit analysis of this in the future).

- The EPMO will set the standards for ppm delivery, provide tools, templates, and guidance, and administer alignment to the new project and programme management delivery standards, through the articulation of a service catalogue.
- Within this structure there will be a pool (permanent / temporary) of delivery experts. Their initial function will be to build the Portfolio management framework, but in the longer term, the EMPO will be comprised of an internal staff of delivery experts.
- This office would also house a Centre of Excellence Function, focussed on improving the City's in house ppm capability and capacity, and managing the evolution of the inhouse Project Academy/ or other training and development functions in coordination with Learning and Development functions within the Corporation.

This function does not exist and would require investment. Currently only one individual remains in the Corporate PMO, and this is insufficient to meet the Corporation's ongoing needs. There is also an Interim Head of Strategy/PMO to manage the development of this function.

Portfolio Delivery - enhanced projects and programmes processes

Current

Based on our analysis, the current project procedure has several limitations and weaknesses and does not meet the needs of all stakeholders involved in the project and programme delivery process. As previously indicated from stakeholder feedback it is felt that the current process/gateways add unnecessary governance for what should be routine BAU activity. The procedures focus is on construction projects, and the restriction to capital projects between £50k-£100m, creates limitations for other types of projects and creates inconsistencies across the Corporation. Some but not all of these issues are contributing to inconsistent project practices across the Corporation. It should be noted that there are some areas within the Corporation that have strong ppm standards, but feedback suggests that by and large the lack of clarity around the project's procedures, in terms of gateways, as well as the number of committee approvals required, ultimately detracts from the efforts of 'getting on with the job'.

The current projects procedure also has significant issues with the Gateway process. The lack of clear governance roles, and the absence of an assurance process, are causing excessive scrutiny of low value/BAU activity. This leads to an onerous and cumbersome process for those involved. The Gateway documentation is not proportionate, which results in key documents being submitted on non-standard templates, which is aggravating the difficulties with the process. There is also confusion about who is responsible for supporting the Gateway process and maintaining standards, which is further complicating the situation.

Proposed

We propose that the Corporation adopt a more up to date holistic ppm delivery framework, that is agnostic of methodology, and fit for providing appropriate and proportionate governance across projects and programmes. It should be flexible, risk-aware, and stakeholder-focused, and should provide clear and effective communication channels. It should also provide a standardised framework for ALL projects and programmes, and set out a consistent, repeatable process for delivery.

Recommendations

- Separating BAU activity from the new Portfolio Ecosystem and adopting standards of project and programme management aligned to industry standards will support the Corporation in addressing key issues with the current project procedure and Gateway process. Alongside the other recommendations (see Chamberlains Transformation review) This will help streamline the ppm delivery processes overall.
- The enhanced ppm process would apply to ALL projects and programmes across the Corporation, as part of the new Portfolio Ecosystem. It would ensure that Officers are empowered to effectively manage the projects they are responsible for, and to take prompt decisions to manage operational risks. It will also ensure that they are enabled by corporate systems and financial processes, as the Corporation develops a more streamlined, joined-up process focussed on the needs of Project and Programme delivery teams.
- The proposed changes should also help to increase the visibility of strategic alignment, risk profile, resource management, dependencies, finance, benefits, and consistent quality of delivery. By aligning with government functional standards for ppm delivery, which themselves align with a Portfolio Management framework, the Corporation could ensure that it is following best practices in the field and achieving the highest standards of project and programme delivery.
- In conjunction with the Portfolio office, the enhanced projects and programmes process will facilitate regular aligned ppm reporting into corporate boards on the current status of initiatives, risks, issues, dependencies, progress against key targets, deliverables, and benefits. Details of further enhancements can be found at Annex 7.

Proposed Benefits/ Outcomes:

- The new process would apply to ALL projects and programmes across the Corporation, ensuring increased visibility of strategic alignment, risk profile, resource management, dependencies, and finance, as well as putting more effective controls in place to ensure quality of delivery.
- The Corporation would have an up to date and industry best practice approach to delivery.
- The Corporation would build core competencies within project and programme management teams and provide opportunities for career development.
- Project closeout would be better facilitated. There would be a clear handover to the business receiving the change, a consistent financial closeout process, and lessons learnt.
- A clearer project definition, along with an initial project filter developed prior to member oversight, will ensure that only projects that are likely to be feasible are accepted.
- Project and Finance approval would be brought together (see Chamberlains Transformation Recommendations) and through the new Business Case process.
- An improved and integrated assurance process based on the 3 lines of defence model including adopting a new Gateway process as defined in annex 3. (These assurance enhancements through a revised gateway process can also incorporate additional checks against other Corporate ambitions such as the Net Zero Strategy).

Key changes required.

Listed below and described in more detail in section seven.

Recognising that BAU activity is no longer part of the Portfolio ecosystem and subject to new project and programme management processes (exception being complex BAU to be agreed as part of implementation activity). There are two major changes being proposed for the current project's Ecosystem:

Firstly - The introduction of a Portfolio Board, Office, and EPMO, with clarification of roles and responsibilities across different stages of project and programme delivery. Alongside the financial recommendations aligned with the Chamberlains Transformation project this would bring in new delegations and approval routes,

Furthermore, making changes to the way that project and programme finance is managed, in connection with the proposed changes in the Chamberlain's transformation process, will mean that risk tolerances will be set and agreed, and funding will be available for more detailed feasibility studies to improve the accuracy of business cases, and long-term ppm budget and finance reporting.

Secondly - Changes to processes related to finance and risk management, definition, categorisation, tiering, reporting, roles and responsibilities, toolkits with standardised templates such as updated Business Cases based on industry best practice, systems, and a new gateway assurance process.

Both of these changes represent a substantial shift in the current operating model of the project ecosystem. The first change will result in more centralised oversight and coordination of projects and programmes within the portfolio, with greater emphasis on strategic alignment and ensuring quality. The second change will result in more consistent and standardised processes for managing risk and assurance across all projects and programmes within the portfolio. This will be facilitated by the EPMO and the use of ppm methodologies as appropriate, in simple terms governance for projects v programmes, capital v revenue, High risk vs low risk, appropriately scaled.

It will be important to carefully plan and communicate these changes to all stakeholders to ensure that they are properly understood and implemented. It will also be important to provide training and guidance to staff to upskill them in the new processes and procedures. Additionally, ongoing monitoring and adjustment will be necessary to ensure that the new practices are effectively implemented and deliver the expected benefits.

Overall, these changes represent a significant transformation in the current project ecosystem and will require a thoughtful and deliberate approach to implementation. With the right planning, communication, and support, the Corporation could ensure that it is following best practices in the field and achieving the highest standards of project and programme delivery.

5c. Benefits of the structure and how it mitigates problem statements.

The ultimate benefit is to support the aim of the corporate plan: 'to strengthen the character capacity and connections of the city, London and the UK for the benefit of people who live, learn, work and visit here'. Implementing the suggested framework will ensure the City Corporation is justifiably confident that their projects and programmes represent best value and deliver the intended benefits for stakeholders.

The goal of Portfolio Management is to align the Corporation's resources and initiatives, enabling it to achieve its strategic goals. It involves the continuous evaluation and optimisation of the portfolio of projects, balancing investment, and risk across the Portfolio. Programmes and projects to deliver the desired outcomes, ensure effective use of resources and manage risk.

The implementation of a Portfolio Ecosystem, as proposed, would provide the necessary framework and support to manage the portfolio effectively. This will help ensure that the sum of the parts of the Corporation's portfolio of work delivers the desired outcomes, and allow for adaptation if priorities, desired outcomes, available resources, or delivery context change. It would also make it possible to compare individual projects and see them as part of a bigger picture.

The Portfolio Ecosystem will empower officers to effectively manage the projects they are responsible for. They will have the necessary autonomy to take prompt decisions and manage operational risks, whilst being properly supported by corporate systems and financial processes.

It will therefore ensure that Members are able to focus on strategic issues and areas of high risk and/or value, confident in the knowledge that lower risk/value projects are well managed, and that an effective assurance framework exists to identify any potential issues or risks.

Our recommendations clarify the role of the Portfolio ecosystem, including the proposed Enterprise PMO, and its function in maintaining project and programme management standards across the organisation. We have also recommended further investment in this function, improving its capacity to fulfil this role effectively.

Our recommendations would also ensure that delivery activities have an enhanced overall impact. The Portfolio process, combined with stronger programme management, will 'join up' projects and programmed into coherent groupings. The greater visibility of these connections will facilitate the realisation of 'soft' outcomes, which would be delivered through changes in behaviours and cultures.

Overall, the proposed portfolio management operating model will offer:

Consistency: By standardising the project and programme delivery approach, the operating model can help ensure that projects are delivered consistently, regardless of the project team or project type. This consistency can lead to improved efficiency and reduced costs over time.

Clarity: This clarity can lead to improved alignment between project goals and strategic objectives, which can ultimately lead to better value for money.

Flexibility: A proposed delivery cycle that is designed to be flexible and can adapt to changing project requirements or organisational priorities. This can help the Corporation respond more effectively to shifting market conditions or emerging opportunities, which can improve the overall value delivered by the portfolio.

Continuous improvement: Through a centre of excellence that continually refine the operating model, the Corporation can ensure that it continues to deliver value over time. This can include identifying areas for improvement, implementing best practices, and incorporating feedback from stakeholders.

In summary, the proposed portfolio delivery operating model can represent value for money if it is designed to align with the Corporations strategic objectives and is regularly assessed and refined to ensure that it continues to meet the needs of the Corporation and its stakeholders.

6. Implementation plan

6a. What you need to do

In recognition of the Corporation's starting point, implementation will need to be incremental starting with a focus on the foundations of good programme and project management. The speed and approach will need to acknowledge the appetite for change and the available capacity to deliver change. This needs to manage the risk of over-committing to change and adequately account for the need to maintain business as usual and ensure the delivery of corporate priorities.

Detailed bespoke blueprints to support key implementation activities have been developed and define the way in which the Portfolio Definition functions work in conjunction with Portfolio Delivery processes. Included within this are guidance and examples of the roles, responsibilities, processes, and tools necessary for successful implementation.

To successfully implement the recommendations, there needs to be a focus on wider enablers, beyond the direct implementation of the Portfolio Management Framework.

- It is critical that operational management arrangements (including business planning and budget forecasting) are strengthened, and clear governance and approval arrangements are put in place for business as usual and cyclical activities. This will release committee capacity to focus on strategic priorities by increasing trust. This is a major task but needs to go hand in hand with the implementation of the Portfolio management framework to ensure benefits are realised.
- Executive leaders will need to take more ownership and accountability for central oversight. For their part, Elected Members will need to sign up to and fully support the delegation of authority to executive leaders. The eventual goal of this should be the establishment of a portfolio board staffed by executive leaders, who will relieve the Members of some of their current project governance responsibilities.
- The implementation will be most successful if there is sufficient investment in resources to support the change process. It is recommended that a transformation programme team, bringing experience of delivering change in a complex organisation, is established to lead and manage the change process. It is acknowledged that some progress has already been made towards building this team.
- Investment is also vital to sustain the benefits of implementation. Immediate priorities include strengthening of the project management office to support its transformation to an Enterprise PMO, provision of targeted training across the organisation to build and embed capability and standardisation of ppm systems and processes to create strong foundations.
- Additional levers that sit outside of this review, related to financial thresholds and a Scheme of Delegation, via the Chamberlains Transformation project will play a key role in shaping the success of the Portfolio Ecosystem.

6b. Order to do it in

Phased Implementation of a Portfolio Management approach

It is recognised that adopting a Portfolio Management framework is a long-term ambition and will need to happen in phases, at a pace which matches the Corporation's appetite for change and capacity for managing the transition. The initial step will involve getting sign off and buy in to the recommendations and proposed operating model defined in this report. The next step will be refining these into workplans/ workstreams to build out the implementation plans (depending on what mix of recommendations is finally agreed upon).

Pre-implementation or 'Discovery' phase activities will include an assessment of readiness for initiating Implementation:

Resources – Investment decision needed on the resources required to support immediate implementation activity. Proposed:

- Interim AD of Portfolio – to be responsible for the overarching Portfolio Ecosystem Transformation Programme
- Interim Head of Strategy / EPMO – In post
- Head of Transformation Change Management x2 - In post
- Short term programme planner to build and capture this Transformation programme activity, milestones, and dependencies with other transformation activity.
- Expert level Programme Management resources x 3 to support with building out Portfolio Strategies, Tools, and templates, and supporting new projects and programmes to get off the ground using the new processes. Can support as ppm lead workstreams.
- PPM analyst support x2 to support with data collection and analysis.

Portfolio Definition (operating model)

The highest priority in terms of Portfolio Definition would be to work with senior stakeholders such as the Town Clerk and Elected Members, to set out the overall vision and strategy for the Portfolio, ensuring alignment with Corporate Priorities, and clarity for Delivery teams.

Portfolio Delivery

- **Centralised Database for ppm data and reporting** - Standardised Project Management System, This requires an immediate decision post Project Governance Review completion. Given the associated timeframes with design of the system, training, rollout and embedding the use of this system across all ppm activity this requires an immediate start.
- **Definitions, Categorisation, Tiering and Prioritisation**– Agree on the proposed definitions for Complex BAU (to be managed as a project/programme), Projects and Programmes and the proposal for categorisation and tiering of projects and programmes. Once agreed commission this activity for an initial picture of the Portfolio pipeline.
- **Work with the Chamberlains department** – Inform activity such as developing standardised templates which capture finance data requirements both for project and programmes and financial forecasting and aligning the schedule of finance monitoring and forecasting with the Portfolio Delivery cycle. Additionally, to introducing standardised business case templates and defining the processes to be followed.

- **Scope requirements and Draft Job Descriptions for Portfolio support functions** - In order to arrive at Initial Operating Capacity (IoC) there will need to be a minimum level of staff in the Portfolio Office and EPMO. It is therefore essential to get the recruitment process underway.
- **Development of Portfolio Strategies** i.e., Risk and Benefits management, supported by standardised documentation and Tooling - Several strategies will need to be defined at Portfolio level, for example Risk Management. The development of these strategies can begin immediately; once signed off, the implementation team can then begin building a toolkit of standardised templates, guidance, and documentation to support project and programme delivery. They can also inform the design of the ppm system in terms of reporting.
- **Change Management strategy and plan** – The activity and support that will run throughout the implementation to help embed the changes within the Corporation.
- **Skills and Capability** – Work with L&D and HR colleagues to broaden the skills and capability survey or conduct a separate training needs analysis (TNA) to build a holistic picture across the organisation. This can be used to inform training and development requirements and align with implementation activities to ensure that staff are suitably skilled and prepared to adopt the new ways of working**.**

7. Annex

Supplementary guidance and tools to support this section can be found in the Blueprint Appendix

1. Proposed - Roles and Responsibilities.

Proposal for clear roles and Responsibilities inc. SRO / Sponsor and project/ Programme Boards

The review team held workshops and 1-1 discussions and explored a range of documents including project and programme board terms of reference (ToR), job descriptions (JDs) for project roles, and the project procedure document, to provide a better understanding of how the current project governance structure is operating, and where there may be inconsistencies or gaps.

The review team found that there appears to be an inconsistent approach to defining roles and responsibilities across the City's project governance process and that this appears to contribute to confusion among stakeholders about who is responsible for what. Potentially impacting on project outcomes.

Additionally, the interviews suggested that project managers fulfil multiple roles in addition to their primary role as a project manager. This can and does, lead to capacity issues and ineffective delivery of some responsibilities. A specific example is benefits tracking post project close which is not routinely carried out. This is a critical activity which ensures benefits are realised over the longer term with projects delivering the full value intended.

The review work also found that project and programme board Terms of Reference pointed to a variation in quality and definition. There are good areas of practice such as the Major programmes board whose approach was consistent and well defined although very administrative heavy.

SRO role descriptions were not apparent. However, it is acknowledged that a role specification has been created for SROs in recent weeks. Current lack of clarity on this means that those agreeing to be SRO’s underestimate the capacity, obligations and knowledge required to undertake the role effectively.

Proposed

To address these issues, it will be important to establish clear and consistent definitions of roles and responsibilities across the portfolio governance lifecycle. See Blueprint appendix.

Recommendations

It is recommended that you define clear roles and responsibilities at project definition stage and adopt standard roles and responsibilities as part of the enhanced projects and programmes process. This will be supported in part by the EPMO who will provide standards for good governance. This will give a better distinction between the roles of a project manager, programme manager, benefits manager, business change functions, risk management, finance Business Partner and SROs.

It is also recommended that this includes responsibilities, and accountabilities for each project and programme, and those of project boards and that the role of service committees are captured at the start. In addition, this should include clearly defined delegated authority given by the new scheme oof delegation This will enable accountability of responsibilities, facilitate decision making and reduce delays.

It may also be necessary to reassess the workload of project managers to ensure that they are not being overburdened. Additional resources may be needed to fulfil roles in the new ppm governance standards and ensure that responsibilities and roles are effectively carried out.

Benefits / Outcomes

- ✓ Empowerment through clearer definition of roles and responsibilities
- ✓ Through the proposed initial filter/ triage of projects also assess the availability and level of PM resource and other key roles required for successful delivery, to avoid overburdening individuals.

Changes Required

- ✓ Through the establishment of the Portfolio office structures, the EPMO can establish good guidelines for project and programme governance and roles and responsibilities.
- ✓ Looking to the future ensure career defining pathways are adopted in conjunction with HR/ L&D.

2. Proposed - Governance, Assurance and Risk Management

An effective and proportionate Governance, Assurance and Risk Management approach for PPM establishing key lines of defence and an effective and proportionate Risk management processes across the Portfolio ecosystem.

The requirement was to propose an effective and proportionate project Governance, Assurance and Risk Management approach for PPM establishing key lines of defence and an effective and proportionate Risk management processes across the proposed Portfolio ecosystem.

We worked closely with key stakeholders in Corporate Risk and Strategy, Audit and Finance to review the current policies and strategies around Assurance and Risk, how these interact with the current Gateway process and projects procedure and validated the issues that were raised in the project brief. Next, we worked with stakeholders such as the Head of Audit and Corporate Risk Lead as well as the Head of Corporate Strategy to develop a proposal for a more effective approach to Portfolio Governance, Assurance and Risk Management, based on best practice in similar local government organisations as well as industry best practice i.e., Government Functional Standard for Portfolio, Programme, and project delivery.

Governance

The oversight and ownership of individual projects and programmes currently sits with SROs, and Project Boards, however SROs are not empowered to deliver against these governance requirements. The Corporation relies heavily on Members and committees (rather than officers) to carry out such functions as project oversight, risk management, and assurance functions; the OPP Sub Committee Terms of Reference state that Members are responsible for authorising individual projects and overseeing the Corporation's 'programme of projects to ensure their delivery within the parameters set by the Resource Allocation Sub-Committee'. A common thread fed back from all stakeholders is the view that there is excessive direct involvement of committees and Members in the project procedure/gateway, and Members feel overwhelmed by heavy Committee agendas and meetings in which a disproportionate amount of time is spent on the detail of low value/BAU activity which is drawn into the gateway process drawing focus away from strategic decision-making. The Corporate Projects Board reviews projects and programmes but does not provide any triage, definition or categorisation which would more effectively determine proportionate Governance arrangements. There also seems to be a lack of clarity around the approach to stopping poorly performing projects; feedback from stakeholders indicates that this rarely happens.

Proposals:

Through the Portfolio Ecosystem and coordinating functions specifically the EPO introduce more robust standards for establishing good governance arrangements for ppm activity.

Recommendations:

To create a Portfolio Board with the proposed remit as follows:

- Role will be one of oversight providing both challenge and support to those engaged in decision making and delivery.
- Exert its influence through the gateway review processes which overlay project and programme management practices aligned to portfolio management.
- Have a mandate and recommend stop/ pause/ rejection of projects.
- Make recommendations on investment decisions.
- Initial project filter be developed prior to member oversight that ensures that only projects that are likely to be feasible are accepted
- Capital funding ringfenced for general pre-feasibility and feasibility activities and sits with the portfolio board to maintain central oversight and support alignment to strategic objectives. Board would make recommendations on new proposals.
- Update the TORs of the OPP committee to reflect these changes.

Outcomes/Benefits

- Moving more of the Governance into the Officer space enables elected Members focus on strategic decision-making and areas of high risk and/or value whilst giving assurance that lower risk/value projects are well managed.
- Streamlined reporting and recommendations underpinned by Governance and Assurance that is evidence-based, informed by understanding of risk and focused on quality of delivery
- Effective check and challenge through the coordinating Portfolio functions and Portfolio Board

Changes required:

- Work with Members to revise the Terms of Reference for the OPP Sub-Committee
- Work with stakeholders in Audit and Risk Management to develop Terms of Reference for the Portfolio Board
- Develop a clear, standardised methodology for assessment and prioritisation of activity, balancing investment, and risk across the Portfolio.

Assurance

From our findings there is evidence of good practice across some project areas, but Assurance is focussed on Capital projects – i.e., projects delivering tangible assets from £50k to £100m in value, which is only a subset of all project and programme activity. Revenue-based projects such as transformation and Digital are completely excluded and there seems to be a degree of variability in the way that existing processes are applied, tracked, and reported. Governance structures are in place but effectiveness in providing proportionate scrutiny or check and challenge and balancing this against requirements to deliver projects efficiently can vary.

The result of this is that Members spend a disproportionate amount of time in sub-committees scrutinising low-risk, low value projects because the assurance is not built into the process.

Many successful organisations in the public and private sector adopt a three/four 'lines of defence' assurance model. The HM Treasury, Audit and Risk Assurance Handbook, draws attention to the support required for Accounting Officers and Boards, who have multiple issues competing for their attention. Assurance draws attention to the aspects of risk management, governance and control that are functioning effectively and, just as importantly, the aspects which need to be given attention to improve them. A well-designed assurance framework helps.

Proposals:

Implement Corporation-wide, integrated assurance processes for all programmes and projects within the new Portfolio Ecosystem, based on Government Functional Standard for ppm delivery. The proposed also includes updating the Gateway Assurance framework based on checkpoints, standardised documentation and evidence, and Assurance Reviews carried out throughout the process on high priority projects by centralised oversight functions with knowledge and expertise in key areas such as Risk management, Planning and resources, Benefits management, and Finance.

Recommendations:

To create a Portfolio Office and EPMO to support the Portfolio Board, carry out 1st and 2nd line assurance activities and support Project and Programme Managers with guidance and tools to manage delivery more effectively.

It is recommended to adopt a 'three lines of defence' model of assurance which would work as follows:

1st line Assurance – The PMO carries out 1st line assurance, amongst other responsibilities, and ensures that ppm management and delivery is consistent. All staff are responsible for delivering in line with these standards. In itself assurance does not deliver a project or programme, but it can identify and help mitigate any risks to successful delivery.

2nd line Assurance - The Portfolio Office sets standardised project, programme and portfolio tools, processes, and guidance in place for all staff to support delivery. They are responsible for 2nd line assurance (including Gateway reviews) providing independent assessment and ensuring 1st line arrangements are in place and operating as intended.

3rd line Assurance – carried out by internal Audit.

It is also recommended to adopt systematic Assurance Reviews at Gateways/Checkpoints based on a methodology outlined in Government Functional Standard for ppm delivery, with an objective, evidence based scoring framework, enabling reporting with stop/go recommendations to decision-making bodies.

Benefits/Outcomes:

- Risk and assurance elements are integrated within the Portfolio Ecosystem and would give Members confidence that project and programmes represent best value and deliver the intended benefits.
- Project governance will be risk-based, moving more into the Officer space under the new Portfolio Board. This will allow Members to focus on strategic issues and areas of high risk and/or value whilst gaining assurance that lower risk/value projects are well managed.
- An effective assurance framework based on the 3 lines of defence model will identify any potential issues or risks and give scope for early intervention at checkpoints which are tailored to the needs of the Corporation.

Changes required:

- Work with Audit/ Risk to co-produce the new processes and ensure alignment with corporate standards for Assurance and Risk management, on the basis of the 3 lines of defense model (see Blueprint Appendix).
- Implement the new standards for Gateway reviews which integrate Assurance and Risk management processes. These would be overseen by the new Portfolio Bord and allow Members to focus on strategic decision-making.
- Portfolio office functions will also need to define the process / level of scrutiny that will be required depending on the categorisation/ Tier rating for the various levels of Programmes/ projects. This is key to developing proportionate Governance and Assurance pathways, enabling smaller fewer complex projects to progress without unnecessary delays and ensuring that Governance and Assurance of more complex high-risk projects and Programmes adds value for the Delivery team.
- Staff and key stakeholders across the corporation will require awareness training to familiarise them with the new projects process.
- Additional resources and or co-opting internal staff will need training on how to conduct checkpoint assurance reviews.
- Requirement to develop and define the Assurance and Checkpoint criteria based on best practice frameworks/methodology (Government Functional Standards) and develop associated guidance.
- Requirement on having a suitable IT system that can automate logging of assurance/ checkpoint reviews and RAID items.

Risk Management

Portfolio risk management is a structured assessment and analysis process. The goal is to mitigate activities, events, and circumstances that will have a negative impact on a Portfolio, and to capitalise on potential opportunities.

Additionally in portfolios, there are usually a large number of interdependencies and competing priorities. Portfolio risk management is crucial, because of the significant impact a component failure will have. In some instances, one component risk can potentially increase the risk of another, underlining its importance. **Balancing these risks would be a core function of the Portfolio Board.**

Risk Management is currently carried out a basic level for projects within the Gateway process; Guidance for Officers on how to progress between the Gateways together with the necessary documentation and processes to follow is provided in the Project Toolkit maintained by the Town Clerk's Programme Office and published on the Corporate intranet.

Project Managers are expected to record and report on their project status during the project's lifetime. The 'project status' is expressed in its simplest form as a RAG status (aka Red, Amber, Green).

There are areas of good practice, however our review work has identified challenges and gaps in the risk management approach within the project ecosystem. Examples identified to us include poorly managed project risk registers, no detail of mitigations or targets dates etc. indicating that the elementary requirements of risk management tracking and managing are not being adequately addressed. It should be noted that there are exceptions across the organisation. From our findings it is also concerning that projects have been approved without recognising these potential risks and their impact on project delivery.

'Costed risk' is used in project budget process, however this is often inaccurate and becomes a barrier to effective delivery.

The lack of capacity for the Corporate PMO to support risk management is a recognised issue and should be addressed by ensuring that appropriate resources and support are available to support risk management efforts.

Finally, the lack of consistent approach to managing risk across projects that fall outside of the current Gateway process is a major concern. It is unclear what the Risk Management arrangements are for all other projects and programmes across the Corporation.

Further issues have been identified through the Chamberlain's Transformation review which relate to project and programme risk management, for example:

- *The existing project brief and project proposal requirements are not sufficiently robust to adequately support decision making. Consequently, projects that would not otherwise be considered feasible are progressed further down the gateway process than project fundamentals would dictate.*

- *Feasibility Funding Amendment Stakeholders have indicated that limited access to prefeasibility or feasibility funding contributes significantly to the quality of project briefing and proposal documents they are able to produce*

- *Stakeholders have indicated that the current Corporate Projects Board (CPB) is ineffective in its role of initial project oversight due predominantly to its composition and the quality of proposals it receives.*

The project governance review of the Corporations Project Ecosystem was preceded by a process improvement project in the Chamberlain's service that included recommendations for the management of financial risk; these have been incorporated into the proposed portfolio management framework. See below.

Proposals

- We are proposing a more defined and standardised processes to strengthen current Governance arrangements, (Portfolio Board/ links to Committees) and Assurance and Risk management procedures.

Recommendations

- The proposed new Risk Management arrangements would be overseen by centralised support functions, i.e., the Portfolio Office and EPMO and supported by **standardised documentation and methodology – for example the establishment of risk tolerance and appetite at project and programme level, to replace the 'costed risk' approach.**
- Risk would form a key strand of the **centralised data and insight** reported in by projects and programmes, enabling the Portfolio Board to maintain a **live overview of the risk profile across the Portfolio.**
- **Through a central database of projects and programmes which will contain all related risk and assurance data and reporting, managed by Portfolio oversight functions (Portfolio Office and EPMO)**. This would link to the PPM data held by the other PMOs and allow each to support the other, make validation easier and provide the portfolio board with a holistic view.
- **The Portfolio Board will have oversight of the risk profile** across the portfolio and will mandate intervention where necessary, for example recommending that projects are stopped where risks are not being controlled.
- **Project tolerances clearly defined** at the outset of the project.
- **Risk and assurance will always be considered at 'gateways',** existing processes don't mandate formal review and considering it along with other PPM data should result in more effective gateways and controls.

The aim is to develop the skills needed at Service and Directorate level to allow them to be 'self-checking'. This is the same as the PPM model and the aim is that the central risk and assurance is there to check and validate what Services and Directorates have done and not to manage these risks or provide first line assurance – the centralised Portfolio functions will operate as second line assurance, with Audit operating as third line in the 3 lines of defence model.

Outcomes/Benefits:

- Strategic reporting which provides clear oversight of the type and where the greatest risk is held in the organisation.
- Transparent evidence-based recommendations for decision-making, approvals and funding which can be taken with a high degree of confidence.
- Integrated assurance though the Portfolio Ecosystem and good ppm governance standards
- Assurance and governance controls established at the start of the project or programme. Assurance reviews for closure would require a standardised Benefits plan, financial statement and tracker, as well as a transition plan to BAU.
- Assurance reviews will inform recommendations around finance and risk.
- Robust checkpoint process ensures that project and programme delivery is consistently high quality and cost effective across the Corporation.

Changes required:

- Standardised and consistent practice through the introduction of new Portfolio definition and delivery structures
- Introduction of Risk Tolerances into projects and programmes
- Risk and Assurance strategies defined in conjunction with corporate requirements.
- Templates, and tools facilitated and mandated through the new EPMO function.
- IT system that supports central logging and reporting on Risk, assurance
- A new Gateway review procedure that integrates the necessary checks and balance throughout the delivery lifecycle of projects and programmes
- Training to support staff in understanding their responsibilities (duties) to support the organisation manage and mitigate risks as well and learning to understand and apply the new processes.

3. Proposed - Definition and Categorisation

Deliverable for clear PPM Definition and Categorisation including an innovative approach to project thresholds and criteria considering value/risk based on best practice project management in similar public organisations as well as Tiering to facilitate future prioritisation of the Portfolio.

The review team worked with the CoL PMO team to map existing processes across Corporate and Major Projects and PMO and carried out a series of initial stakeholder interviews and workshops to check and validate the issues raised in the Project Brief. Next, we identified and engaged with stakeholders across the Corporation, including the Head of Audit and Assistance Director of Finance and worked in parallel with Chamberlain's Transformation programme lead to develop a tailored approach. Draft outputs were tested at weekly team meetings.

Our findings showed that currently there are no standard corporate definitions of what a project/programme is. The only determinant of what activity is drawn into the Gateway process is a financial threshold of £50k, which is very low and means that most if not all activity is drawn in. The challenges this leads to are:

- A fragmented Portfolio containing too many (350) projects with too much time spent on low risk items.
- Operational/BAU activity drawn into the Gateway process.
- Inefficient and bureaucratic process
- Nonalignment with industry standards
- Costed risk is difficult to assess accurately and limits the ability to respond in an agile, flexible way to project delivery challenges.

There is also a variation in the use of templates and documentation. The Gateway process has an existing set of standardised documentation, there is also an existing project management toolkit which is available on the Town Clerk's site. Although there are examples of good practice in developing business cases and initial project documentation, the feedback from project delivery staff is that it is not always clear which templates to use and they will often develop and use their own, which leads to inconsistent quality and standards.

Additionally, there are a number of interconnected issues with finance and project delivery, which are highlighted in the Chamberlain's Transformation Review:

- *Currently, all capital spends larger than £50K and smaller than £100m is defined as a capital project and subjected to the onerous gateway process.*

- *The existing project brief and project proposal requirements are not sufficiently robust to adequately support decision making. Consequently, projects that would not otherwise be considered feasible are progressed further down the gateway process than project fundamentals would dictate*

Proposals:

To mitigate these challenges and enable Portfolio management and effective focus on the right activity within the portfolio of work it is essential to consider:

- Adopting a set of clear definitions of what project/programme activity should be included in the Portfolio vs BAU activity which should be managed and monitored operationally by the business.
- Adopting a new scheme of financial delegation to better facilitate project budgeting and forecasting
- Adopting a standardised methodology for categorising and tiering projects and programmes to allow de facto prioritisation of the Portfolio and sub portfolios once established.
- Adopting a standardised documentation and templates for Opportunity Framing, Project Initiation and Business Cases

Recommendations:

In parallel with the recommendations from the Chamberlain's transformation review:

- *It is recommended that the project definition be amended to ensure that only complex transactions requiring project management skills and oversight are defined as projects. A project definition and categorisation tool has been suggested. It would need to be refined as part of implementation, along with a risk/complexity and value scoring matrix to help determine the Tiering of projects and programmes.*
- *It is recommended that an amended initial project filter be developed prior to member oversight that ensures that only projects that are likely to be feasible and best achieve stated outcomes are subjected to the full governance process. The Portfolio Office / EPO would undertake this.*
- *Feasibility Funding -. It is recommended that a portion of the capital funding available to the City be ringfenced for general pre-feasibility and feasibility activities and allocated to service departments on an objective basis. This would be delegated to the Portfolio Office function to provide that central oversight.*
- *Develop a new scheme of financial delegation. – (to also address the issue of Budget draw down with additional support via a senior accountant and mandatory finance training for project managers)*
- *Develop tools and methodology for categorisation and Tiering.*

Outcomes/Benefits

- Overall prioritisation of Portfolio activity
- Removal of BAU from the Portfolio Ecosystem
- More robust and accurate business cases
- Only feasible projects and programmes enter the Member arena.
- Improved analysis and grip on project and programme risk and complexity

Changes required:

- Standardised Opportunity Framing template (see Blueprint Annex for example)
- Assessment tools to be developed in implementation using objective criteria based on the priorities and needs of the Corporation (see Blueprint Annex for examples)
- Standardised Business Cases to be developed (see Blueprint Annex for examples)
- Develop a new scheme of financial delegation to support and underpin this process (see example in Blueprint Annexe). This will need to be developed in parallel with the Chamberlain's Transformation programme.

We have provided examples to illustrate the recommendations, however these products will need to be further defined and developed in implementation to best meet the needs of the Corporation in conjunction with key stakeholders such as Members and Chamberlains, for example.

4. Proposed - Skills and capability.

Understanding of organisational capability (PMO ecosystem) to deliver improvement plan inc. skills analysis.

The review team carried out a skills and capability survey to establish a baseline view of skills and capability within the organisation to inform what would be needed to support a portfolio approach to deliver the City of London improvement plan. The survey consisted of 35 questions, mostly multiple choice but with some free text boxes to provide both qualitative and quantitative data. This was sent to 70+ project and programme managers across the corporation and the institutions. 52 people responded which is statistically significant. The survey highlighted some good skills and capability but also a number of significant gaps. This was further evidenced through the stakeholder engagement activities.

Key quantitative data from the survey showed the following:

- Gaps in skills and capability for programme management, SRO, Change Management and Benefits Management.
- No evidence of skills or qualifications in portfolio management
- Good skills and capability in Project Management.
- Staff would welcome further training on programme and project management.
- Most projects are high risk or high value.

Key qualitative data showed:

- Change control management is elongated and unnecessarily complicated.
- Unhelpful level of gatekeeping
- Many projects and programmes are managed on top of the day job, which reduced capacity to do project management well and has led to stress and impact on health.
- Managing multiple stakeholders is a challenge.

Proposed
To support your PPM staff in their professional development and build internal capability, it is suggested that the corporation look to adopt a standard framework for key PPM roles which define core competencies and behaviours.

Recommended actions.
If you wish to move to a structured and comprehensive portfolio model, it is key to ensure the right skills and capability are in place. In the first instance this would involve conducting an organisation wide TNA.

To achieve this, it is recommended that you invest in your staff and adopt a structured and focused L and D model. You have in place the PM Academy which would provide an excellent building block for upskilling of PM's should you choose to continue with it. A suggested framework route would be to align with the Government Project Delivery Capability Framework. This is an excellent tool that describes job roles, capabilities, and learning, for project delivery professionals across government. It contains four elements:

- A career pathway/ common set of job roles
- A set of competencies
- A signpost for development opportunities specific to job roles
- The criteria and process to obtain accreditation as a Government Project Delivery Professional

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124745/PDCFv3.pdf

Benefits /Outcomes

- ✓ Workforce skilled to do the work efficiently and effectively.
- ✓ Career pathway to support retention of talent pool of skilled people to delivery projects and programmes.
- ✓ Skills and capabilities to meet the corporation's strategic objectives.

Key change required.

- ✓ Move to working within a structured L & D framework and Consider PM Academy to support.

5. Proposed - Community of Practice (PLG)

Proposal for future of project leadership group (community of practice)

The team carried out a Review of the Project Leadership Group terms of reference and membership, had discussions with PLG members and carried out a desktop review to inform options for the future of the group.

We found that the Project Leadership Group is currently operating as a Best Practice Community of Practice for senior officers and has a noticeably clear set of accountabilities and objectives. They have only had a couple of meetings in the current format so there is no measure of success to date.
PLG have little power and influence over changing any processes or rules but can change tools and templates that sit within processes. The Corporate Projects Board role, also an officer board, has more influence and power and needs to be considered in the context of the future of a COP so there is not duplication of activity.

Discussions at various workshops across the organisation and with Institutions indicated that project managers would also value a community of practice as a forum for sharing everyday work issues and as an opportunity for peer learning. (Helping Community of Practice)

Recommendations

In suggesting the future role for a COP, it is recommended that:

You consider the immediate requirement to support the transformation programme as it moves towards implementation. The PLG could repurpose to focus on supporting this activity, and its role may need to continue to flex as implementation progresses. Specifically, it could:

- Act as a mechanism for raising awareness of any changes during implementation of the Portfolio Ecosystem and taking a role as change champions. Being the driving force for the changes required to aid the transition to the new ways of working. Play a role in cascading information to teams.
- Use the group meetings as space to collaborate, innovate, challenge, and reflect and plan how they will prepare the ppm community for the change.
- Provide vital support to defining the EPO service catalogue and associated tools and templates supporting the move towards a Portfolio ecosystem.
- The PLG role should be considered in the context of the role of the Corporate Projects Board (CPB) going forward so there is no duplication of effort or accountability.

It is also recommended that you look to establish smaller communities of practise so information from the PLG can be cascaded to them directly, as part of the change management in implementation. The project managers, in their stakeholder workshops, reflected that they would value a community for practice to share learning.

Benefits and outcomes

- Improved project performance: By sharing best practices, tools, and techniques, a PM CoP can help project managers to improve their skills and knowledge, resulting in better project performance, reduced costs, and improved outcomes.
- Knowledge sharing and retention: A PM CoP provides a platform for project managers to share their knowledge and experience, which helps to retain critical knowledge within the organization. This is especially important when project managers leave the organization or retire.
- Improved collaboration: A PM CoP encourages collaboration between project managers and other stakeholders, leading to better communication, coordination, and alignment across the organization.
- Increased innovation: A PM CoP can foster a culture of innovation by providing a forum for project managers to share new ideas, approaches, and technologies, and to experiment with new methods and tools.

- Reduced risk: A PM CoP can help organizations to identify and manage project risks by sharing lessons learned and best practices, resulting in fewer errors, delays, and cost overruns.
- Professional development: A PM CoP can provide opportunities for professional development, such as training, mentoring, and coaching, which can improve employee satisfaction, engagement, and retention.
- Improved organizational performance: By improving project performance, knowledge sharing, collaboration, innovation, risk management, and professional development, a PM CoP can ultimately contribute to improved organizational performance, competitiveness, and sustainability.

In summary, a PM CoP can provide a range of benefits to an organisation, including improved project performance, knowledge sharing and retention, improved collaboration, increased innovation, reduced risk, professional development, and improved organizational performance.

Key changes

- ✓ Invite further discussion with PPM colleagues to understand what they need from a community of practice to help shape its role as it goes forward.
- ✓ Refocus ToR so the group has a role and accountability in shaping and delivering the change.

6. Proposed - funding for PM Academy

Proposal for future of Corporation PM Academy

Current
The team carried out a review of the existing funding model, had discussions with the project team who set up PM Academy and explored options for future funding model.
In addition, during the various workshops held, further insight was gleaned from stakeholders about their views on the PM Academy.

We found the PM Academy to be a well-constructed model with a clear pathway, set up to deliver good, accredited training, customised to the organisation.

- It is valued by those in the organisation who have undertaken the training. (evidenced through stakeholder interviews and workshops)
- Its set up and initial delivery was via the PMO lead as a project (15 modules delivered x6)
- Believed to be funded as a project with no ongoing budget (Not able to confirm)

The course has not been run since 2020 due to:

- Lack of resource to administer - people and funding.
- TOM work was due to look at ownership /delivery of the training in the wider context - this work has not yet provided an outcome.

Current costs for PM Academy - £10K which includes:

- Fifty licences
- Administration / hosting
- Accreditation to APM
- There is an additional cost of £400 / module.
- The course consists of 15 modules and each module has a 30-45minute video and a live session with external trainer (classroom/virtual)
- Minimal input is required to start it running again as the bulk of the development work has been done.
- It may need some adjustments to reflect changes in practices over the last two years.
- If a portfolio approach is adopted, the content would need to reflect the changes in approval routes and other enhancements to support the new way of working.
- Costs would need to be factored into any changes.

Currently the following is not clear:

- Which service owns the training module?
- Where the budget would come from for ongoing delivery
- How it would be resourced to administer the training and to develop any changes

Options on Funding models
We considered all the information gathered including feedback from stakeholders and propose the following options:
Option one - Recharge each directorate (including institutions) for individuals that attend to support development, hosting, and maintenance. This would provide an ongoing funding stream for hosting and maintenance but would impacts on service budgets.
Option two - Cost each project and programme so that a specific portion or percentage is allocated to the PM Academy for development, hosting, and maintenance. This would create a funding stream to support the PM Academy and could be capitalised against the project so less impact on service budgets. This would need to be agreed with L&D.
Option three - Offer training outside the organisation – the following would need further consideration to support the development of a ‘go to market’ proposal:

- Is your current training model maturing enough to support offering training externally.
- What is your value proposition for this training / why should they come to you.
- How will this be funded, administered, and costed.
- How will you build awareness of the training and how will you track its success.

- Who is your customer – inside the organisation you have a defined customer base, how will you target your audience externally.

Recommendations on Funding
Options 1 and 2 of the funding models are considered and costed up in detail for best comparison. External training should be a longer-term aspiration for when the Portfolio Ecosystem and good ppm governance standards are more mature. At which point the organisation is demonstrating high standards of PPM delivery to showcase as part of this external offering.

Assess the level of demand for PM Academy training for project managers as the skills survey indicated a good level of project management skills and capability within the organisation. Programme management capability in this survey was low. This will help inform if it would have a return on investment. The skills survey showed 35 out of the 55 who responded had more than 5 years PM experience and most of these had a PM qualification.

Recommendations on Ownership
Should the PM Academy be reinstated, it is recommended that initial ownership could reside withing the Centre of Excellence function as part of the Portfolio Office. It should however be linked to HR and L& D with a view to it being part of the wider corporate training portfolio and aligned to any PPM job descriptions. This will ensure the PM Academy has clearly defined learning objectives and outcomes and effectiveness of the training program me is evaluated and feedback fed into future iterations.

Recommendations on Learning Modules
The training offer for PM Academy should be reviewed to establish if it needs to be pivoted to meet demand in other areas such SRO/change management / finance where there is currently a gap. Additional costs for development would then apply.

A budget should be set for the PM Academy, which should include:
- appropriate FTE to administer the PM academy and to measure and assess the impact of the learning intervention. (approx. 1 day / week)
- sufficient funding to allow for PM Academy development of new modules, hosting costs and updating as processes change. (Cost of changes and approx. 1 FTE / week to deliver)

This is an estimate based on all fifteen modules being run 3 x / year.

Benefits and outcomes
In-house project management (PM) training courses can be an effective way to support an organization's project portfolio management (PPM) community. Potential benefits:

- Consistency: In-house PM training courses can ensure that all members of the PPM community have a consistent understanding of project management principles, processes, and tools. This can improve communication and collaboration among team members, as well as the quality of project deliverables.
- Tailored content: In-house PM training courses can be tailored to the specific needs and challenges of the organization's PPM community. This can help to address gaps in knowledge and skills, as well as provide opportunities for professional development and career growth.
- Enhanced team building: In-house PM training courses can provide opportunities for team members to learn together and build relationships, which can improve collaboration and teamwork across the PPM community.

Overall, in-house PM training courses can be an effective way to support an organization's PPM community, improving consistency, knowledge retention, and team building, while also being cost-effective and tailored to the organization's specific needs.

Key change

- ✓ Set up L& D process for training – PM academy to be considered as part of this alongside options to expand remit of PM Academy

7. Proposed - PPM Systems and Reporting

Proposal for effective project systems and reporting

Current

A range of stakeholder workshops were conducted to understand the current position for PPM systems and reporting. These reflected that the current IT system used to manage projects does not effectively support project management activities is out of date and not used robustly, therefore hampering efforts to deliver a portfolio function. It also lacks some tools, templates, and integration with other systems, which can create challenges in managing projects in a consistent and efficient way. Additionally, there are resourcing implications for making improvements to the system despite an upgrade being available and paid for. Compounding this, there is only one individual who has the expertise to complete updates and provide system support which is a single point of failure.

Reporting practices and templates also appear to be inconsistent across projects, with information often missing and the level of detail provided is not always appropriate for the audience. For example, committees get too much detailed information. Good project management practice involves the use of a RAID log for tracking Risks, Issues, Assumptions and Decisions and at present there are gaps in this practice. Decisions are embedded in committee reports, which often results in the Town Clerks office having to track back through multiple reports to find these.

Stakeholder workshops highlighted that project managers use a range of different tools for project management including, excel spreadsheets, MS project, PowerPoint and contractors do not have access to necessary systems so MPMO officers have to do it for them.

Proposed
Implement an effective IT system to manage PPM and portfolio reporting in the Portfolio Ecosystem.

Recommended
It is recommended that you implement an effective IT system to manage projects as an important step in improving the Corporation's portfolio management approach. The system should be able to provide a centralised and standardised platform for managing all projects and programmes, including the ability to capture data on project performance, resources, risks, issues, decisions, and dependencies.

The system should also be able to generate standardised templates to support the Portfolio Ecosystem. Additionally, there should be a centrally located file store for saving key project documents such as project initiation documents, business cases, and project plans which the new EPO is able to access. This will ensure that all projects and programmes are following a consistent approach, making it easier to compare, assess and track progress. The IT system should also be designed to support the new Portfolio Management framework, with features such as dashboards for monitoring project performance, alerts for risks and issues, and the ability to track dependencies and benefits, as well as ensure integration with finance systems. It should also be user-friendly and accessible to all project teams, making it easier to collaborate and share information.

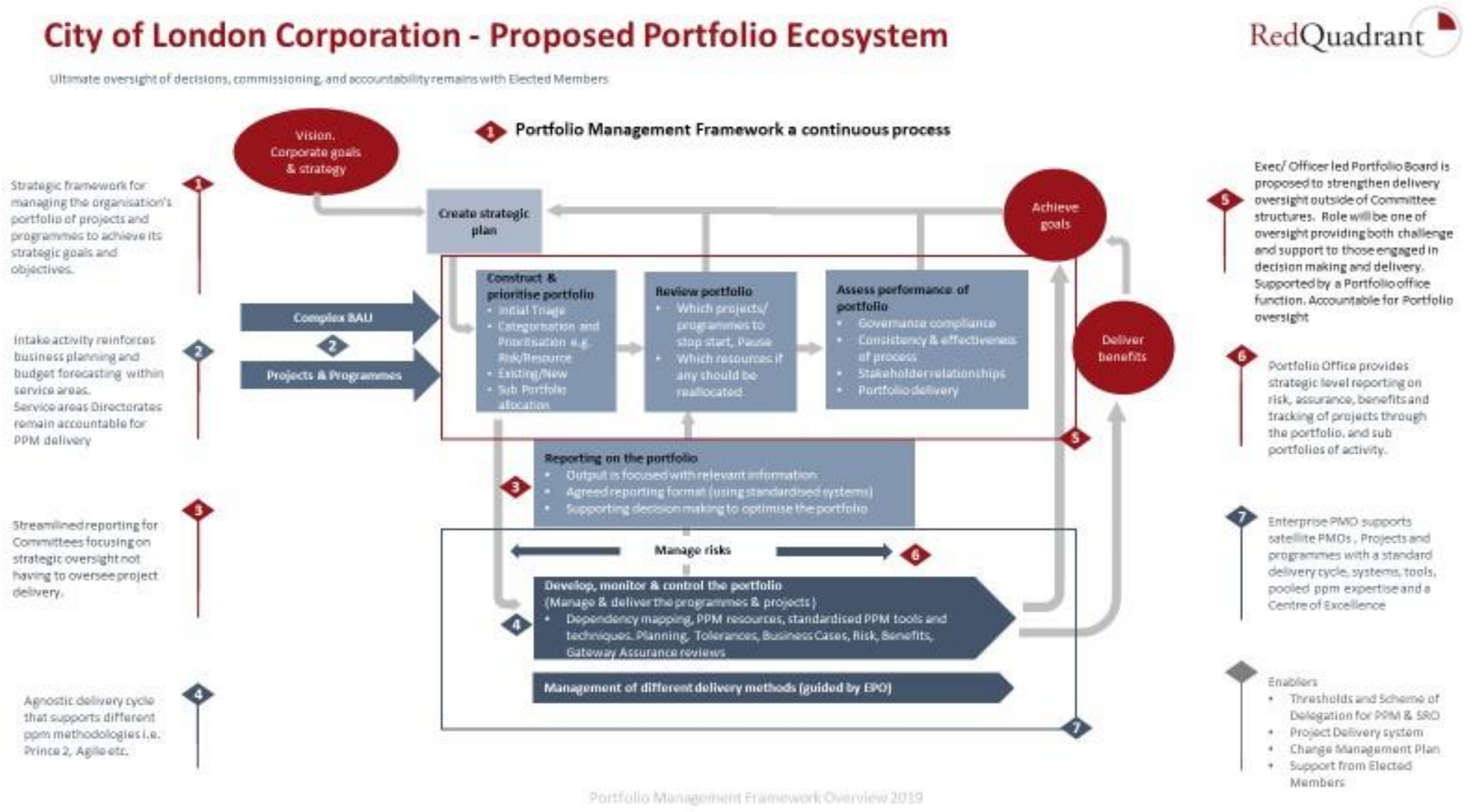
We worked with stakeholders to identify the potential options available for an effective IT system. This is a core foundational capability that would need to be in place so any decision would need to be taken in view of the Corporations urgency to move to a portfolio management approach. The most time and cost-effective options is to upgrade the current Project Vision system to the web version which is already paid for.
Proposed Benefits:

- ✓ System supports a portfolio management approach and brings the organisation closer to achieving that vision.
- ✓ It would provide a centralised location for capturing key project documents.
- ✓ It would provide greater opportunity for staff to collaborate.

Key changes required.

- ✓ Requirement to plan for an implementation with costed resource to deliver.
- ✓ Considerable work will be required to set the system up (design) to meet project and reporting requirements.

Figure 1 - Portfolio Operating Model



***Note:** BAU/Cyclical activity could be tracked, monitored, and reported via the Portfolio Office as Sub portfolios of work. It would however not drop down into section 7 which incorporates new programme and project management practices – Portfolio Deliver.*

Figure 2 - Portfolio Building Blocks