

<b>Committee(s):</b> Projects and Procurement sub-Committee – For decision	<b>Dated:</b> 16 October 2023
<b>Subject: Portfolio Management Implementation Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	All 1-12
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>£N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>N/A</b>
<b>Report of:</b> Emma Moore, Chief Operating Officer	<b>For Decision</b>
<b>Report author:</b> Genine Whitehorne Director, Commercial, Change and Portfolio Delivery	

### Summary

This report provides an update on the implementation of the portfolio management approach as agreed by the Policy and Resources Committee on 06 July 2023. The paper includes:

- Summary of the immediate and interim changes to date
- Overview of implementation approach
- Update on creation of the new Commercial, Change and Portfolio Delivery Division

### Recommendation(s)

Members are asked to:

- Note the updates provided in the report

### Main Report

#### Background

1. In July 2023, Policy and Resources Committee was presented with the findings of the project governance review and the proposal to introduce a portfolio approach to programme and project management. At that committee, Members endorsed the proposals for the creation of an Enterprise Portfolio Management Office (EPMO) as part of an integrated Commercial, Change and Portfolio Delivery directorate. It was also approved to introduce a Portfolio Board to be Chaired by Town Clerk that will act as the gateway to member governance.

2. Subsequent sections of this report provide an update to Members on progress and the approach to the delivery of the recommendations from the review. Immediate improvements to project and programme are currently being successfully implemented. However, this section of the report focuses upon the implementation of the longer-term solution.

## **Current Position**

### **Immediate and interim changes**

3. Since July a small portfolio management implementation team (2FTE) has been recruited. This team reports to the Director Commercial, Change and Portfolio Delivery who is the Senior Responsible Officer for this work. The Chief Operating Officer remains the Chief Officer sponsor.
4. Members should also note the immediate changes that have taken place following the decisions at Court on 20 July 2023. Alongside the officer-led review, an independent review of project-related Member governance was also undertaken. One of the key approved recommendations was the recognition of service committees as the sponsoring bodies for projects and programmes. An implication of this recommendation is a shift in remit for the new Project and Procurement sub-Committee (PPsC) away from individual project approvals, to a portfolio-wide governance and assurance role. This change took effect immediately. Therefore, project gateway reports will now be reported to the relevant service committee for decision. In the interim, these reports will also be reported to PPsC for information. PPsC retains the right to call-in any project.
5. Officers have also drafted proposed interim updates to the Project Procedure to formalise the tactical changes already agreed by Members in the July decision. This includes the descoping of routine procurement exercises and the embedding of the £1m delegation to trained officers. These changes will be approved via delegated authority as set out in July.

### **Development of an Enterprise Portfolio Management Office (EPMO)**

6. A key finding from the review was an urgent lack of capacity and internal capabilities to effectively embed a portfolio management approach. This being addressed through the development of an EPMO as part of the reorganisation of the Commercial and Project Governance divisions.

### **Portfolio management implementation**

7. The proposed approach to Portfolio management is best described through two related perspectives:
  - ***‘Doing the right things’*** – alignment with strategic objectives, allocation of resources in line with investment priorities and, management of benefits to deliver intended outcomes
  - ***‘Doing things right’*** – effective governance and project management framework ensuring excellence in delivery

8. Implementing new governance and the development of a new project, programme and portfolio management framework represents a significant ambition. The challenge of developing the new approach whilst maintaining and assuring existing ways of working, is substantial. The approach set out below aims to approach this challenge in a way that delivers at pace but ensures proposals are properly validated and tested before implementation and focusses on effective communications and engagement with the range of stakeholders involved.
9. The objectives of the work are to:
  - *Enable strategic oversight for Members* – a shift from operational detail to visibility of strategic risks and the decisions that are required to address them
  - *Enable the Corporation's project managers to successfully deliver* – proportionate processes that are more streamlined
  - *Create an overarching framework that works for different types of project* – including transformation projects, relevant ICT as well as major programmes and capital projects
  - *Introduce portfolio management structures* – comprising of the Corporation's programmes and projects prioritised to outcomes and with resources aligned to their delivery
  - *Better align project and programme management with capital planning and forecasting processes*
10. The priority areas of focus to deliver against these objectives will be the development of a revised project procedure, the introduction of new PPM framework, revised training for staff as well as a new EMPO system.
11. The following section provides more details regarding the proposed approach.

## **Proposals**

### **Portfolio management implementation phasing and timelines**

12. It is intended to implement the required changes in two phases. The first phase will run to the end of January 2024 and covers the preparation and development of the new framework this will create the basis of the future operating environment and enable transition to the new model. This will include:
  - Taking a baseline of our current projects – ensuring that we have an accurate understanding of those that are active, the tiering as well as confirming those which are genuine projects and those that are effectively business as usual (BAU)
  - Creating a portfolio definition – The Corporation's portfolios comprising of programmes and projects aligned to the delivery of outcomes
  - Development of a revised project procedure that addresses the new requirements of portfolio management and governance structures
  - Procuring a new EPMO system that supports project managers in the administration of their work and enables the new project procedure

- The recruitment to the new EMPO team including training and induction
- Commence health-checks on the tier 1 projects and programmes that are in currently in operation

13. The implementation will inevitably be complex. There are numerous inflight programmes and projects with both a new framework to be adopted together with changes to governance structures. During the first phase of work, the implementation team will create a detailed transition plan to the new operational governance structures.

14. The second phase of work will then implement this plan and will comprise of overlapping implementation phases delivering new project management capabilities. This phase of work will include the transition to new operational governance structures, the introduction of the new PPM framework, the delivery of the new EPPO system and updated training. The implementation will initially prioritise those activities that support effective reporting to governance structures.

15. Appendix 1 sets out more detail regarding the implementation approach.

### **Developing the new Commercial, Change and Portfolio Delivery division**

16. The Director of Commercial and Acting Director Project Governance was confirmed in the new post of Director Commercial, Change and Portfolio Delivery in August 2023. Following this appointment, the Director has been working on designing the structure of the new integrated division. The proposed structure builds on the synergies identified over the past 18 months and makes most effective use of the resource budget available.

17. The diagram below shows the proposed functional structure of the new division. Staff engagement on the proposals is due to commence mid-October with the aim of implementing the new structure by end of November 2023. It is anticipated that there will be very limited impact on existing staff and in fact the new structure should provide greater opportunities for personal development and career progression. This process is being supported by HR colleagues and is being managed in line with organisational policy.

Commercial	Portfolio governance and assurance	Business transformation
<ul style="list-style-type: none"> <li>• Strategic procurement and contract management</li> <li>• Supplier relationship management</li> <li>• Social value outcomes</li> <li>Market analysis and risk management</li> <li>• Market shaping and capacity building</li> <li>• Commercialisation and service delivery model development</li> <li>• Procurement governance</li> <li>• Internal knowledge and capability</li> </ul>	<ul style="list-style-type: none"> <li>• Project governance</li> <li>• Portfolio, programme and project assurance and reporting</li> <li>• Project risk management</li> <li>• Corporate project delivery</li> <li>• Stakeholder management and communications</li> <li>• Project finance support</li> <li>• Internal knowledge and capability</li> </ul>	<ul style="list-style-type: none"> <li>• Organisational effectiveness and transformation framework</li> <li>• Continuous improvement framework</li> <li>• Productivity model</li> <li>• New business opportunities development</li> <li>• Change management</li> <li>• Behaviour change</li> <li>• Internal knowledge and capability</li> </ul>
<b>Impact and reporting – social value, sustainability, ESG</b>		
PPM benefits monitoring and reporting Responsible procurement monitoring and reporting Scope 3 Carbon monitoring and reporting Thought leadership and network development Annual report production Internal knowledge and capability framework management		

## Governance

18. The plan is to present a revised project procedure together with the overall structure of the Corporation's portfolios to Projects and Procurement sub-Committee in February 2024. Prior to this date, the intention is also to establish an informal working group with key members to enable engagement and feedback throughout the work. Communication will be circulated to Members very shortly requesting volunteers for involvement in this group.
19. The Town Clerk's Portfolio Board will commence from November 2023 and will comprise of SLT members sitting as a separate board. Its initial focus will be overseeing the implementation of portfolio management before transitioning to an operational board with delegated authority. A Chamberlain's Finance Assurance Board will also be utilised to ensure that proposals have sufficient challenge in conjunction with Portfolio Board.
20. Implementation progress will be reported to PPsC on a monthly basis.

## Key Data

21. There are currently 255 projects in the corporate project system. There are an additional three approved major projects. The number of transformation/business change projects is unknown. The baselining work currently underway will establish a clear view of the corporate portfolio.

## Corporate & Strategic Implications –

### **[Sub-headings]**

Financial implications – none. The implementation plan remains within budget envelope available.

Resource implications – the proposed reorganisation will impact on existing members of the Commercial and Project Governance divisions. Any adverse impact will be mitigated wherever possible. The process is being managed in accordance with HR policy and the Trade Unions have been engaged.

Legal implications – none.

Risk implications – the changes proposed represent a significant change to established ways of working. A comprehensive engagement and communications plan is being developed to support the change and ensure all stakeholders understand the implications. This will be shared with Members at a future Committee meeting.

Equalities implications – none.

Climate implications - none.

Security implications – none.

### **Conclusion**

22. The implementation of the new portfolio management approach is a comprehensive and complex activity. The proposed approach attempts to manage this complexity and allow for the phased implementation aligned to risk.

### **Appendices**

- Appendix 1 – PG implementation approach

### **Background Papers**

[06 July Policy and Resources Committee – Project Governance review](#)

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