Committee(s):	Dated:
Projects and Procurement sub-Committee – For Information	10/06/2024
Finance Committee – For Decision	23/07/2024
Subject: Update on Portfolio Management Implementation	**Public**
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1-12 (All)
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	**For Information**
Report author: Genine Whitehorne, Director, Commercial, Change and Portfolio Delivery, COO	

Introduction

In July 2023, the Policy and Resources Committee approved the recommendation to move to a portfolio management model. The new delivery model would include a refresh of the Project Procedure, investment in skills and training, introduction of a new enterprise-wide Portfolio Management Office (ePMO), ICT system, establishment of a comprehensive assurance framework, and integration of commercial and project governance. Establishing a single EPMO is fundamental to the required changes.

The objectives of the new governance structures are to:

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

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

3. Provide clarity on accountability and responsibility for delivery

4. Ensure the level of bureaucracy involved is proportionate to risk, thereby increasing the pace of delivery throughout the Corporation and reducing delivery costs

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

This report provides an update on the significant work undertaken to the end of May 2024. The most significant current issue is the lack of an agreement on commercially viable terms for a new EPMO system.

The team has undertaken health checks with a sample of Corporation projects and programmes. These have highlighted issues with the estimation of project costs, measuring the delivery of outcomes, commercial issues with contractors, lack of comprehensive strategic risk management, a need for clearly defined accountability and responsibility as well as boundary issues between Corporation departments. There are also growing compliance risks as has been raised on Chamberlain's departmental risk register.

The paper proposes to extend the timelines for the development and approval of the new project procedure to allow further time for more comprehensive engagement with officers and members. In addition, this approach would also allow time for a mini competition amongst suppliers for a new system if necessary. Such an extension would not cause any significant slippage to the timescales of the overall portfolio management implementation.

Recommendations

Members are asked to

- Note the progress made to date implementing the findings of the project governance review
- Note the proposed changes to the timescales set out in the portfolio management implementation plan

Key Achievements to date

The implementation of portfolio management is currently in the design phase. A considerable amount of work has been undertaken so far in the design of new portfolio management processes. This includes:

- Baselining – The team has undertaken work to baseline over 700 projects down to approximately 240 projects - the team has descoped routine procurement activity, tiered projects and sought both the available budget and the overall cost envelope for these projects
- Portfolio Design – For the first time it is possible to summarise all the projects and programmes within the Corporation into 13 departmental or institution portfolios – projects and programmes have been assigned into the portfolios with a clear definition as to whom is accountable and who is responsible for delivery (please see Appendix A for a summary)
- Project and programme health checks – the team has undertaken health checks on nine projects to inform the development of new processes using a structured methodology and approach (n.b. a summary of the results is provided below)
- Project Clean-Slate – the team has initiated a project to close dormant projects, ensuring resources are focused on active and impactful projects and any locked funding is released

- EPMO system – the team has defined requirements for a new EPMO system and undertaken a significant level of work to engage with a potential supplier for this system
- Development of a new streamlined project procedure - The team has produced an early draft of a new project procedure, including creating a flow chart of the gates and process steps involved
- Project training - Engagement with PM Academy on the development of new project management training for the Corporation
- Strengthened officer governance – the Corporation Portfolio Board is now in operation chaired by Town Clerk with a separate Chamberlain's Assurance Board bringing focus upon the assurance of the major programmes pipeline. There are, in addition, separate proposals for departmental portfolio boards to oversee each of the Corporation portfolios.

As a result of the above, we are building a firm foundation of portfolio management design. The work that remains at this stage is focused on developing a new project procedure and a transition plan to the new arrangements.

However, before approaching members for formal approval, we need to ensure that our proposals have been correctly stress-tested and ensure that the new framework provides a sound basis of officer accountability and compliance.

Key Considerations

We need to ensure that we have engaged adequately with officers and members before submitting plans in several areas. These include ensuring that:

1. The benefits and impact of the proposed new gateways are appropriately understood (n.b. we intend to use real examples from the Corporation's projects and programmes to demonstrate before and after scenarios)
2. We have undertaken a sufficient level of detailed transition planning to understand at a more granular level how projects and programmes that are already on a trajectory to one set of gates will adapt to moving to revised gateways
3. We have properly aligned the new project gateways to the capital planning process so that they are integrated
4. The new EPMO organisation is embedded within the organisation before undertaking the required transition
5. The new arrangements provide a sound basis for compliance and that defined accountability for outcomes is robust – therefore officer procedures and oversight of reporting needs to be built into the process
6. We further develop our change management interventions and provide an increased level of communication to ensure proposal buy-in.

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

The team has recently lost key resources and has limited capacity which inevitably involves prioritising work.   Given the importance of the work, we do not wish to sacrifice quality of deliverables for the sake of expediency.

We therefore propose extending the timelines for developing and approving the new project procedure.   Please note that there is limited slippage to the overall implementation due to these proposals.   The original proposal was for member approval before recess but changes to the existing governance framework would not take place until after recess, September 2024 at the earliest. Instead, we are now proposing to seek approval for the changes after recess allowing time over the Summer for proposals to be further stress-tested. This would have little impact on the proposed go-live date.   There is preparatory work that can be undertaken in parallel to member approval, for example, on the preparation for the implementation of the new EPMO system.   The revised dates do, however, provide the opportunity for even wider engagement before formal submission of the proposals.

Key Dates

	Purpose	Date
Update to PPsC on proposed revised timelines	Update	10th June 2024
Update to Finance Committee on proposed revised timelines	For decision	23rd July 2024
Update to portfolio board on new gateways	Obtain feedback	18th June 2024
Further engagement with members on the new gateways	Informal feedback	July – August 2024
New project procedure to Portfolio Board (including scenarios and transition plan)	For approval	3rd September 2024
New project procedure to Finance Committee (including Scenarios)	For approval	24th September 2024

New project procedure to Court of Common Council	For approval	10th October 2024

Health-check results

Health checks were undertaken on a sample of projects and programmes between March and April 2024.   The purpose of the health checks was to inform the development of the project procedure and the wider development of the EPMO at the City of London Corporation.

The health checks utilised a methodology to explore issues and recommendations as related to project planning, sponsorship, objectives, stakeholder management, business cases and resources/expertise. They triangulated opinion on the project or programme from the project manager, the SRO and the EPMO team
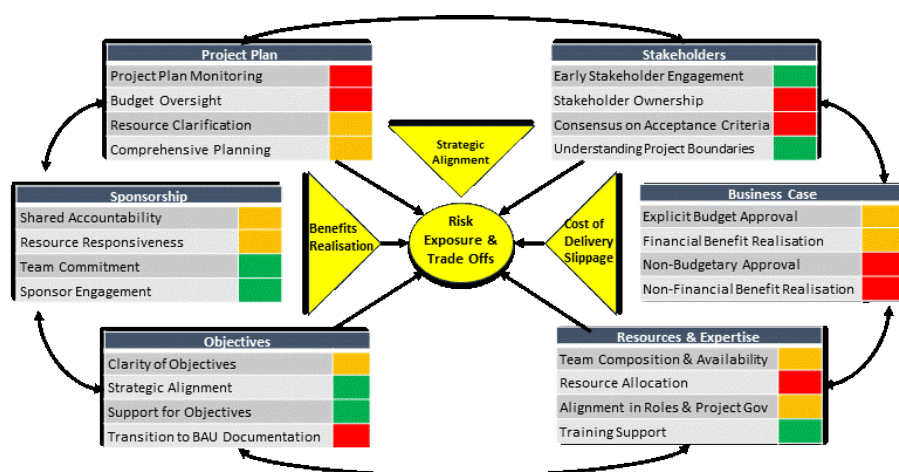

Figure 1:Summary of health-check results across sample of nine projects and programmes

The summary of findings are as follows:

- Business Cases – five out of nine projects more than doubled estimated delivery cost. Inflation and increases in scope were contributory factors although project cost estimates can also vary over significantly over the lifetime of a project.   In addition, there is a need to measure the quantifiable delivery of outcomes and have a defined phase for benefits realisation.
- Stakeholders – Slippages due to commercial issues with contractors which, in some cases, are preventing transition of the project to an operational state.
- Project Planning – The Corporation's risk management process are not sufficiently identifying risks that materialise e.g. the current risk process places emphasis upon operational rather than strategic risk
- Governance - historically a lack of clearly defined accountability and responsibility for delivery of projects and programmes (i.e. clear expectations as to the role of the programme SRO)
- Resources and expertise – There has been some lack of continuity of project and programme managers .   In addition, there are often boundary issues

between departments and key resources to support delivery at a programme level.

Some of the health checks would benefit from further in-depth study to explore how any crisis points within projects developed over time and when the issues involved were first identified.

ePMO system procurement

The upgrade of the current ePMO system is critical to achieving the Corporation's ambitions for portfolio management.   Such a system will enable the Corporation to gain transparency into portfolio delivery, align projects and programmes to Corporation goals, produce dashboards, can integrate with financial systems and will provide a toolkit for project managers.   The system will normally also have the ability to route authorisations and workflows at each of the project gates.

The team has produced a set of requirements for a new ePMO tool and has been engaging with a particular supplier.   These discussions are now at a crucial stage and we need to be assured that the system can be provided to the Corporation on commercially viable terms.

Should an agreement with this supplier not be able to be reached, then it is our intention to go to mini-competition for the procurement of such a tool.   For the reasons outlined previously we would not expect the overall go-live date for portfolio management to be significantly delayed as a result.

It will be important to put in place a robust transition plan to ensure that projects and programmes move to new gateways in a seamless manner.   This plan will inevitably be phased to manage risk, will require hands-on support to project managers and the co-operation of other Corporate departments.

Workstream updates

Workstream	Summary of progress	Next Steps
Baselining/ Project Clean Slate	• Approved process for closure of projects – paper prepared for this committee • Work essentially now closed	• Will need refresh of baselining ahead of portfolio management implementation • Determine unspent budget of closed projects
Portfolio Design	• Workstream now essentially closed • Approved by CoL Portfolio Board in February 2024	• Align portfolios to Corporation outcomes

Project Procedure	• Currently drafting new project procedure • Currently drafting scenarios • Currently developing detailed flowchart for the new project procedure	• Develop before and after scenarios using real life projects and programmes • Member approvals ahead of October Court of Common Council
Healthchecks	• Work now complete • Completed health-checks on a cross section of projects and programmes	• Lessons to be learned for roll out of new governance structures
ePMO System	• Systems requirements produced • Engagement with supplier • Procurement governance in process	• Agree cost of new system or seek alternative supplier • Determine roll out plan in alignment with training, governance changes and roll out of project procedure • May need to run mini-competition amongst suppliers
Transition Plan	• Outline plan has been developed • Further more detailed transition planning required	• Workshops to complete transition plan – with suppliers and also with departments • Resource requirements and hands on-support for project managers through new EPMO team
Change Management and Training	• Intranet page development for updates on Portfolio Management • Initial specification for PM Academy developed • Wider change management plan in development	• Fortnightly emails to project managers and heads of PMO • Further engagement with PM Academy to agree proposals

Next Steps

The critical next steps are as follows:

1. Develop the new project procedure

- Develop before-and-after scenarios for a group of projects—these are proposed to be a selection of six projects covering current complex, regular and light pathways, one from an institution as well as covering a reasonable spread of construction and transformation projects
- Develop a one-page summary of the new gateways in flowchart form, also showing how new proposed project processes interrelate to commercial, contract management, governance, and Chamberlains processes.
- Develop a new written project procedure for approval by members
- Impact test the proposals against existing standing orders and terms of reference for committees
- Ensure alignment with capital planning processes

2. Develop a detailed transition plan for the new gateways – this will include a phased rollout of:
   - New governance structures, e.g. departmental portfolio boards and establishment of portfolio dashboards
   - Project and programme management training
   - Procurement and rollout of the new EPMO system
   - Transition to the new gateways (incl. hands-on support to project managers)
   - Migration of data and data quality
   - Recruitment to the new EPMO

3. Procure new ePMO system

   - Decision to go mini-competition or to procure directly – including the procurement framework to utilise
   - Engagement with supplier to develop transition plan aligned to training requirements and changes in governance

4. Commence broader engagement within the Corporation.

   - Attendance at departmental leadership meetings
   - Communications
   - Change management interventions

Corporate & Strategic Implications –

Financial implications – Recommendation to fund the ePMO system from the Project Reserve Contingency, submit to Finance Committee approval.
Resource implications – none.
Legal implications – none.
Risk implications – the proposals contained within this document are designed to mitigate against the risks involved in introducing new project management gateways
Equalities implications – none

Climate implications - none
Security implications – none

Conclusion

A considerable level of work has been undertaken in the design of new portfolio management processes and governance structures.   The proposals in this document are to allow for a more significant period of engagement and to mitigate risk without noticeable impact on the go-live for the new governance structures.

Appendices

Appendix 1 – Portfolio Design

Appendix 2 – May Portfolio Management Implementation Dashboard

Appendix 3 – Updated Portfolio Management Roadmap

Background Papers

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Appendix 1 – City of London Corporation Portfolios

	Departmental Portfolios					Institution Portfolios					Tier 0 Delivery Programmes and Portfolios	
City Surveyor and Property	Community & Childrens Services	Chamberlain	Environment	Innovation and Growth	Town Clerk	CoL Police	CoL Schools	Barbican Centre	City Bridge Foundation	MoL L/lord Works	Future police estate	Markets Co-location
Paul Wilkinson	Judith Finlay	Caroline Al-Beyerty	Bob Roberts	Damian Nussbaum	Ian Thomas	Alix Newbold	John Hall	Claire Spencer	David Farnsworth	Paul Wilkinson	PW/ A McC	Michael Cogher
Portfolio containing 23 projects including 1 tier one project	Portfolio containing 35 projects including 3 tier one projects	Portfolio containing 19 projects including 2 tier one projects	Portfolio containing 86 projects including 3 tier one projects	Portfolio containing 6 projects including 0 tier one projects	Portfolio containing 9 projects including 3 tier one projects	Portfolio containing 13 projects including 0 tier one projects	Portfolio containing 6 projects including 2 tier one projects	Portfolio containing 9 projects including 2 tier one projects	Portfolio containing 8 projects including 2 tier one projects	A Tier 0 Programme	A portfolio containing 14 projects	A Tier 0 programme containing 7 workstreams and 3 projects
Investment Property SubP Operational property SubP	• Housing delivery • Barbican estate projects • Health and Social Care Projects • Homeless-ness	• Guildhall Refurbish-ment • Chamber-lain Trans. • ERP DITS SubP	City Operations SubP Natural Env't SubP Port Health SubP Planning and Devt SubP	• Climate action • Destination City	• Health and Safety HR SubP	• Technology enabled Police projects • Command & Control • Fraud & Cyber Crime	• COLFS Masterplan • CoL School for girls • CoL School • Freeman School	• Barbican renewal design works • Barbican Centre fire safety	• Bridge projects • Other CBF funded projects	• Poultry Market Roof • Tunnel Lids & NR • Road-Rail Vehicle Access • Annexe Buildings • ABP relocation	• Salisbury Sq. Dev't • Guildhall Yard East • Firearms Training • Eastern Base • Mounted Unit Accom • ICT	• Design & Construct • Transport & Logistics • Parliament • Existing Sites & Disposal • Legacy & Engagemnt • Finance