

**PROJECT MANAGEMENT OF CAPITAL PROJECTS
(Report by Head of Environment & Transport)**

1. INTRODUCTION

- 1.1 Internal Audit issued their report on the project management of capital projects in June 2004. The audit identified nine risk areas and concluded that the residual risks in the system were unacceptably higher than the Council should be willing to accept.
- 1.2 This report updates the Panel on progress in respect of actions on the audit findings and the wider development of project management within the Council.

2. OUTLINE OF THE CURRENT PROJECT MANAGEMENT PROCESS

- 2.1 Heads of Service are responsible for the delivery of capital projects within their areas of responsibility. Typically they will nominate a project manager to be responsible for the day-to-day delivery of the project.
- 2.2 Depending on the size of the project a Project Board may be established, comprising a Director and/or the relevant Executive Councillor, with overall responsibility for delivering the project and realising the benefits proposed in the approved project appraisal. Where there are multi-disciplinary interests in the project a Project Team may also be established to assist in the management of the project.
- 2.3 All capital projects are subject to a monthly review by the Capital Programme Monitoring Group (CPMG), chaired by the Head of Environment and Transport. This considers progress against key project dates and financial outturn/forecasts against the approved project appraisal.
- 2.4 The CPMG routinely report to Executive Councillors and their reports form the detailed content of the quarterly capital programme monitoring reports to Cabinet.
- 2.5 Employees who are likely to be nominated as project managers have been trained in the use of 'activity charters'. This is an easy to use project management tool, which is adaptable to most of the projects promoted by the Council. The nationally recognised PRINCE2 project management system is used for information technology projects.

3. SUMMARY OF SPECIFIC ACTIONS

- 3.1 The following specific actions (using the notation of the audit report) have been taken in response to the audit's findings –
 - 1. all projects are now managed by use of either activity charters or PRINCE2;
 - 2. a draft project management protocol has been prepared, but remains to be finalised;

3. training has been given to relevant staff in the use of activity charters and project managers are recorded in the CPMG records;
4. project managers are required to prepare project plans identifying key project stages/dates;
5. key project dates are recorded in a database maintained by the CPMG with initially approved dates locked so that subsequent variations are properly recorded and accounted for;
6. budget forecast and variations are monitored and recorded by the CPMG in addition to the monitoring undertaken by the relevant budget holder;
7. project managers are charged with preparing and maintaining risk logs;
8. MTP project appraisals are to be revised such that more detail is required as the year in which the implementation of the scheme approaches compared with that in the initial appraisal – this will provide the basis for the detailed project brief; and
9. completed projects are to be subject to post-implementation reviews.

3.2 'Managing Projects – A Corporate Guide', the draft project management protocol (referred to in 2 above), is being developed to provide comprehensive guidance covering the whole life of a project from initial identification to post-implementation review. In addition to ensuring that projects are delivered on time and to budget there will be an emphasis on measures to ensure benefits realisation i.e. that projects deliver the service improvements promised in the initial bid for MTP funds.

4. RECOMMENDATIONS

4.1 The Panel are recommended to note

- (a) that arrangements are now in place which provide assurance that system risks relating to project management of capital projects are being properly managed; and
- (b) that the publication at a future date of 'Managing Projects – A Corporate Guide' will extend the project management process from scheme inception to post-implementation review.

Background papers

Internal Audit Report: Project Management of Capital Projects (June 2004)
'Managing Projects – A Corporate Guide' (working draft available from the Head of Environment & Transport)

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