**PROJECT MANAGEMENT**
**(Report by the Head of Legal and Democratic Services)**

1.      **INTRODUCTION**

1.1    The Panel has previously identified a need for the Council to introduce internal guidelines on the kind of information, which should be included in the business case for large projects. This report refers to draft guidance on which a comprehensive project management guide might be based.

2.      **PROJECT MANAGEMENT METHODOLOGY**

2.1    During previous consideration of the business case for large scale projects, Members of the Panel have indicated that it would assist them if the Council adopted guidelines on the information that they would require to enable them to carry out this work effectively in the future.

2.2    Before he left the Council, the New Accommodation Project Co-ordinator completed a draft corporate guide to managing projects. Although the Panel has indicated that it would want to see a greater range of information than it currently includes, it is considered that the existing document represents a good starting point for this work. This approach would have the advantage of creating a document, which has wider application than solely the Scrutiny Panel's information requirements.

3.      **CONCLUSION**

3.1    Some work has already been undertaken in preparing a draft corporate guide to managing projects. It is suggested that the information required in business cases should be embedded in this guide. The Panel is requested to consider how the draft document might be developed to incorporate their information requirements when considering large projects.

**BACKGROUND PAPERS**

Minutes of previous meetings of the Overview and Scrutiny Panel (Economic Well-Being).

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# MANAGING PROJECTS

## – a corporate guide

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## INTRODUCTION

**Purpose**

To ensure that adequate arrangements are in place to allow projects to be completed, ensuring the delivery of their intended outcomes and the realisation of their forecast benefits.

Definitions of the terms used in this guide are provided at the end of this document.

**Context**

Change is an essential if we are to achieve the Council's financial strategy, maintain our standing as an excellent council and deliver continuous service improvement. To realise the full benefit of change it must be effectively managed and usually this will be achieved through one or more projects. Change must have realisable benefits for one or more stakeholder. Inevitably these will always include a financial component which may be improved performance at the same or additional cost, or the maintenance of existing performance at a reduced cost, or the reduction of costs to meet lower budgetary provision.

**Essentials**

For a project to be successful it must have a clearly stated outcome and there must be clarity about –

- the benefits that will delivered to stakeholders
- the resources that will be used to achieve the outcome
- the time in which the project will be delivered
- the tasks that need to be completed
- the risks to the satisfactory delivery of the project
- the capturing of issues that may need to be considered as the project progresses
- who is managing the project on a day-to-day basis
- who has responsibility for decisions at key stages in the project
- who has the authority to make changes to the project
- when the project starts and when it has been closed

The Council must learn from the experience of the projects it undertakes and they must be reviewed after any change has bedded down to verify that the outcome

has been achieved and the forecast benefits have been realised.

**Choices**      Choosing the right approach to managing projects is important.  The following pages provide a scalable approach to project management which will normally be integrated within the Council's Medium Term Plan (MTP) process.  Its components are adaptable to projects of all sizes.  PRINCE 2 is a nationally recognised project management tool, used extensively in public sector information management projects, and may be used as an alternative but would still operate within the constraints of the process described in this guide.

**Responsibilities**      Heads of Service are responsible for ensuring that appropriate project management arrangements are put in place for all projects within their area of responsibility.

The arrangements adopted need to be appropriate to the scale of the project and the risks associated with it.  All decisions relating to the arrangements adopted should be documented and retained on the project file.  The project file(s) should provide a comprehensive record of the project from inception until Project Close.

Project documents must be retained, and disposed of, in conformity with the approved document retention policy.

## PROJECT MANAGEMENT PROCESS

Very few projects will not have financial implications and as such they will normally have approved through the MTP process.  Our project management process starts, therefore, with the initial bid to secure funds for the project.  This does not mean that you cannot use appropriate elements of the process for projects that do not appear in the MTP e.g. restructuring working arrangements within existing budgets should be regarded as a project.

In order to be able to make an initial MTP bid, or to refine the project appraisal before finally obtaining commitment to a project already in the MTP, it may be necessary to complete a feasibility study.  This may be a project in its own right and could possibly be funded separately from the main project.

At each stage that the funding of the project/programme is considered as part of the annual MTP process a Project Appraisal in the form prescribed by the Head of Financial Services, will need to be completed.

The key requirement is that any project however funded, whether revenue or capital, is properly managed.  Accordingly, the relevant Head of Service is required to ensure compliance with the process detailed below.

| Purpose | Action | Notes |
|---|---|---|
| **Project Identification** | Approval by Council of the Project Appraisal prepared to secure (retain) funding in the MTP.<br><br>Stage 1 Appraisal | MTP bid for funding identifying the proposed outcomes and the overall budget requirement.  This should include an assessment of whole life costs.  It may need to be revised annually to reflect changes up until the Project Confirmation. |
| **Feasibility Study**<br><br>*(May have been completed before Project Identification)* | Sign-off by responsible Director. | Identifies the detailed need, evaluates qualitatively and quantitatively the available options for addressing the needs, confirms the preferred option and details the benefits to be delivered. |
| **Project Mandate** | Approval by Council of Project Appraisal.<br><br>Stage 2 Appraisal | Final MTP bidding document in year prior to financial year containing the first expenditure. |
| **Project Start-Up/ Initiation** | Approval by Project Board/responsible Head of Service of Project Overview and supporting documentation | Appraisal names Project Manager and identifies key project dates.  Also required at this time depending on the scale of the project –<br>• Benefits Realisation Plan<br>• Project Plan<br>• Risk Register<br>• Issues Log |

| Purpose | Action | Notes |
| --- | --- | --- |
| **Day-to-Day Management of the Project** | Required tasks authorised and managed by Project Manager. | Any deviation from approved Stage 2 Appraisals and approved project documentation to be reported to/signed-off by responsible Head of Service and/or Project Board |
| **Interim Review** | Project Board/ responsible Head of Service authorises any changes to the project within their delegated powers or seeks Cabinet approval to any other variation. | Project Board/responsible Head of Service receives report from Project Manager and takes appropriate action to ensure compliance with Stage 2 Appraisal. |
| **Financial Monitoring Reports** | Project Managers are responsible for ensuring that the corporate database (currently CORVU) is updated monthly with the latest financial and programme information.<br><br>Project Managers should identify any problems for inclusion in the quarterly performance report of the responsible head to Head of Service.<br><br>Heads of Service will ensure that relevant Executive Councillors are regularly informed of progress in delivering approved MTP schemes. | The Head of Financial Services distributes monitoring reports to Executive Councillors on a regular basis. |

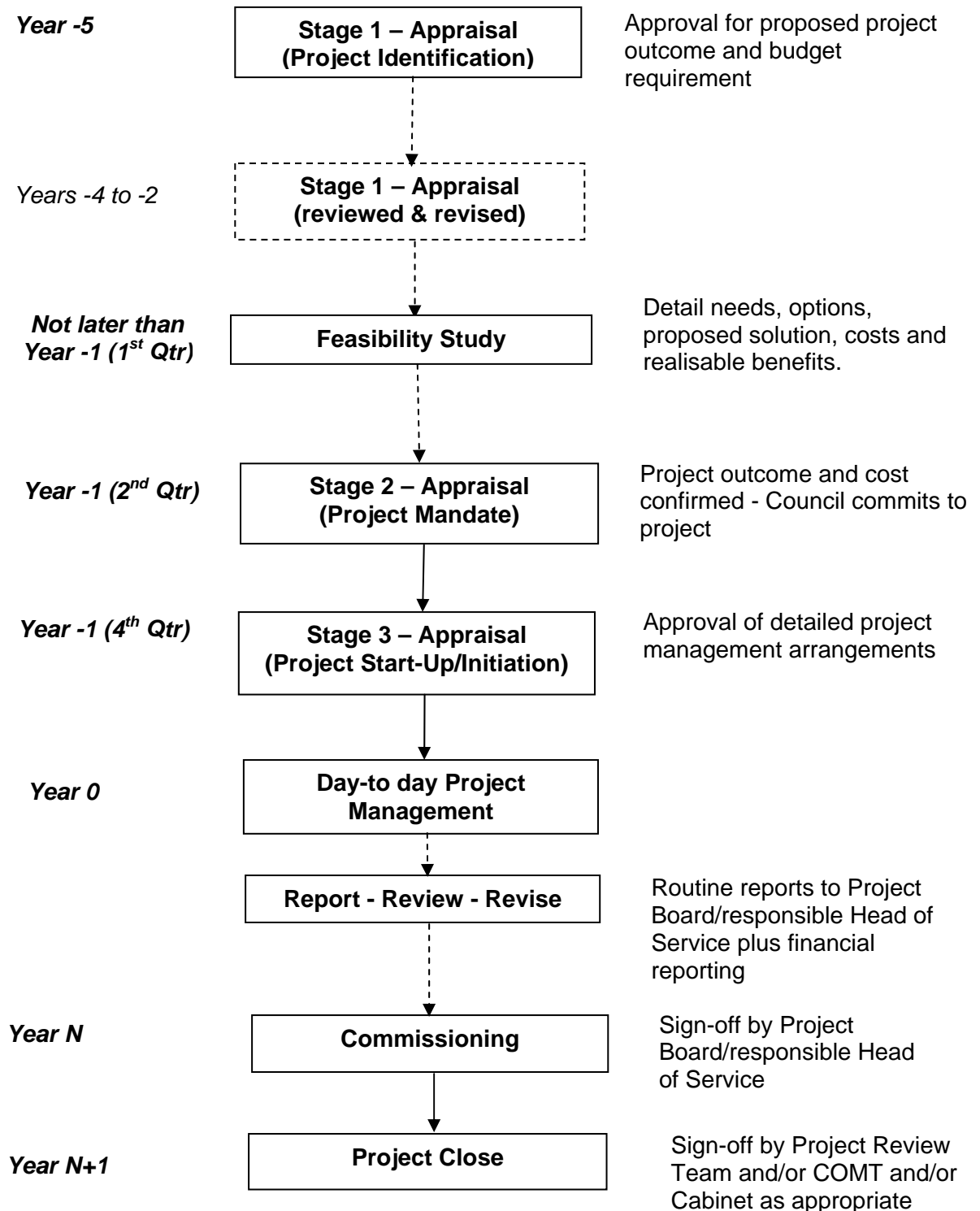| Purpose | Action | Notes |
|---|---|---|
| **Commissioning** | Customer accepts and Project Board and/or responsible Head of Service signs-off new process/system/asset as operational and passes day-to-day responsibility to service management. | Unless identified as an outstanding commitment at the time of sign-off no further expenditure can be charged to the project budget. |
| **Project Close** | Responsible Head of Service reports to Project Review Team on delivery of the project and its effectiveness in achieving performance improvements forecast in Stage 2 Appraisal. | A project close report should be completed not less than 12 months nor more than 18 months from the certified commissioning date.<br><br>Project Review Team may include representation from Internal Audit. Policy, Procurement and Risk Management. |

Where there is a requirement to procure works, goods, or services Project Managers are responsible for ensuring compliance with the Council's Code of Procurement and in that context shall ensure –

- the tendering process is compliant with European Union competition requirements, if the relevant contract value thresholds are exceeded
- decisions on the selection of tenderers are fully recorded and retained on the project file
- where the award criteria is the 'most economically advantageous' tender (rather than lowest price received) that the tender evaluation criteria are developed before tenders are issued
- that the tender evaluation criteria are disclosed in any invitation to tender subject to the EU regulations

The EU procurement timetable can be shortened if a Prior Information Notice (PIN) has been published. Heads of Service should consider the potential requirement for EU compliant procurement concurrently with the preparation of the Stage 2 Appraisal. As a general rule a PIN should be issued where there is a potential for EU procurement regulations to apply to any subsequent procurement.

## PROCESS SCHEMATIC

| | | |
|---|---|---|
| *Year -5* | **Stage 1 – Appraisal (Project Identification)** | Approval for proposed project outcome and budget requirement |
| *Years -4 to -2* | **Stage 1 – Appraisal (reviewed & revised)** | |
| ***Not later than Year -1 (1<sup>st</sup> Qtr)*** | **Feasibility Study** | Detail needs, options, proposed solution, costs and realisable benefits. |
| *Year -1 (2<sup>nd</sup> Qtr)* | **Stage 2 – Appraisal (Project Mandate)** | Project outcome and cost confirmed - Council commits to project |
| *Year -1 (4<sup>th</sup> Qtr)* | **Stage 3 – Appraisal (Project Start-Up/Initiation)** | Approval of detailed project management arrangements |
| *Year 0* | **Day-to day Project Management** | |
| | **Report - Review - Revise** | Routine reports to Project Board/responsible Head of Service plus financial reporting |
| *Year N* | **Commissioning** | Sign-off by Project Board/responsible Head of Service |
| *Year N+1* | **Project Close** | Sign-off by Project Review Team and/or COMT and/or Cabinet as appropriate |

**PROJECT OVERVIEW**

You must record the information that is critical to managing the project. The information should be concise and can be recorded on a single page in the form at Annex A. You need to capture:-

**Aims/Objectives**

These need to be clear and concise and not more than five in number and may, amongst other things, include –

- What will be different for service users?
- What will be different for employees?
- What new/improved asset will be created?
- What new legislation will be complied with?

**Business Benefits**

These should provide the qualitative and quantitative impact of the objectives including at least some of the following –

- Which corporate performance measure will benefit and by how much?
- What improvement is expected in user satisfaction?
- Which business processes will be improved?
- What additional income will be achieved?
- What ongoing savings will result?
- What penalties/sanctions will be avoided?

**Service Inputs / Key Activities**

These should reflect between 5 and 8 major accountabilities (what has to be decided or measured) and responsibilities (what has to be done) by the team

**Critical Success Factors**

These should include key support, resources, finance or personnel needed for the objectives to be successful.

**Deliverables and Lead Measures**

Deliverables should be simply stated, achievable and realistic. Time frames and key performance indicators should be included.

**BENEFITS REALISATION PLAN**

Before a project is undertaken a business case must be developed which is then used in the MTP decision making process to determine whether or not to proceed with the project or programme. The business case will identify the desired outcome and the benefits to be realised through the successful execution of the project. At the end of the project an evaluation of the benefits realised should be undertaken and an assessment made as to the success or failure of the project. This assessment forms part of the project close report.

If the only assessment of benefit realisation is made at the end of the project there is little or no opportunity to influence the delivery of benefits. Therefore it is better to undertake periodic reviews of benefit realisation throughout the project to allow remedial action to be taken. In other words the process of benefit realisation needs to be proactively managed throughout the duration of the project.

Project benefits may only be benefits to certain stakeholder groups … … for others there may be dis-benefits. Through an analysis of perceived benefits or dis-benefits against the different groups of stakeholders it becomes feasible to start to address any negative impact of a project. This may be done through a combination of communication (to sell the idea that the benefits outweigh the dis-benefits) or review of the project's objectives (to mitigate the dis-benefits).

The objective of the Benefits Realisation Management Process is to optimise the realisation of benefits (and minimisation of dis-benefits) without generating a disproportionate management overhead. Therefore, although a large number of benefits (and, hopefully, a smaller number of dis-benefits) will be identified only a relatively small proportion – the most significant ones - will be tracked throughout the project.

A project should be owned by the Division which is promoting the project. Therefore the benefits identified, tracked and realised must be owned by the divisional management. Typically some, or even the majority, of the benefits may not be delivered until the new capability that the project brings has bedded down within the user Division. This means that the BRM process needs to be continued beyond the end of the project to ensure that benefits are realised, and the project deliverables being used to best advantage. For this reason alone the involvement and commitment of the divisional management is crucial to the optimal delivery of benefits.

The process below should be followed –

  a. Brainstorm as many project benefits and dis-benefits as possible – through facilitated brainstorm with key project stakeholders;
  b. Rationalise to identify key benefits/dis-benefits – to establish focus on the most significant;

c. Analysis of key benefits/dis-benefits – through generation of stakeholder matrix (benefits/dis-benefits against stakeholders)

This process will enable the production and approval of a Benefits Realisation Plan for the project – i.e. what is expected to be delivered when and by whom. This will need to be regularly reviewed throughout the project, and beyond the end of the project as part of a benefits review process.


**PROJECT PLAN**

Although an outline programme will have been considered as part of the early MTP process to allow funding to be assigned to the correct years this will need to be refined and expanded at project start-up/initiation. The Project Manager will need to have given some thought to the timing of the processes and individual tasks that have to be completed.

Initially the project plan may be restricted to a five key dates that must be included for the project in the corporate database. The key dates will vary for different types of project but must include the proposed date of completion at Key Date 4 and of the Post Implementation Appraisal at Key Date 5. The Project Manager will be required to declare the project events to which the Key Dates relate and possible options are illustrated in the table below –

|  | **New/Revised Business Process** | **New/Revised Information System Implementation** | **Construction Project** |
|---|---|---|---|
| Key Date 1 *Customers Quality Expectations Confirmed* | Client signs-off project brief | Client signs-off project brief | Client signs-off project brief |
| Key Date 2 | Redesigned business process sign-off | Specification agreed | Detailed design completed |
| Key Date 3 | Pilot implementation completed | Order Placed | Construction start |
| Key Date 4 Commissioning | Process goes live | Acceptance Testing Completed | Asset operational |
| Key Date 5 | Project Close Appraisal completed | Project Close Appraisal completed | Project Close Appraisal completed |

Depending on the complexity of the project a more detailed project plan will need to be prepared to enable the Project Manger to satisfactorily manage the resources employed on the project, initiate concurrent actions at the

appropriate time, secure stage approvals and generally ensure that the project runs on time.

For large and complex projects MSProject is a software application that is widely used in the council for preparing project plans.  For smaller projects a simple chart may be used.  At its simplest the list of key dates may be expanded by the inclusion of other tasks and their associated dates.

The important thing is for the Project Manager to be able to compare actual progress with the original plan, and to be able routinely to report variations to the Project Board/responsible Head of Service.  Changes to the Key Dates will be recorded in the corporate database and routinely reported to Cabinet.

**RISK REGISTER**

Any number of events may impact adversely on the delivery of the project and the realisation of benefits.  External events such as partnership funding being withdrawn, changes to relevant legislation or market forces making prices more volatile are all a risk to the delivery the project as initially proposed/approved.  Internal events could include essential resources not being available when required, decisions being delayed or a changes being made to a key aspect of the project.

To successfully manage the potential impact of these risks they should be identified and recorded and their likely impact calculated.  Once this has been done consideration can be given to how the risks could be mitigated.

The Council maintains a corporate risk register (4Risk) and the Head of Service with responsibility for the project should ensure that significant risks risks to the achievement of the project outcomes and benefits are evaluated and recorded in this risk register.  Lower level risks should be recorded in a risk register by the Project Manager.  The status of all risks should routinely be reported to the Project Board.

**ISSUES LOG**

During the life of a project it is inevitable that interested stakeholders may question or challenge aspects of the project.  To ensure that these issues are fully addressed it is important that they are recorded in a way that is accessible to all involved in the delivery of the project.  A shared project log allows all involved with the project to review the issue and consider if there are any related matters that need to considered in determining a response to the issue.

## DEFINITIONS

**Actions**
Things to be done to deliver a project – these will be achieved by completing tasks and processes.

**Benefit**
A quantifiable and measurable improvement resulting from an outcome which is perceived as positive by a stakeholder and which may have a tangible value expressed in monetary terms.

**Benefits Realisation Management**
A continuous management process running throughout the project which attempts to maximise the realisation of benefits and to minimise impact of dis-benefits. It provides the project or programme with a set of targets and a means of monitoring achievement against those targets on a regular basis.

**Benefits Realisation Plan**
A plan showing who is responsible and the programme for delivering the benefits forecast for the project.

**Inputs**
The resources that will be used to deliver a project – money, people, existing systems, premises.

**Issues Log**
A list identifying issues that may need to be addressed to secure the proper delivery of the project.

**Outcome**
What we want to achieve as a result of the project – how things will be better and/or different for stakeholders.

**Output**
What will be delivered – improved service frequency, tangible assets, revised business systems or processes.

**Process**
A sequence of interrelated tasks that include inputs, outputs leading to a required deliverable.

**Programme**
Two or more related projects that together achieve a beneficial change for the Council.

| | |
|---|---|
| **Project** | A temporary organisation (i.e. people and processes) that is needed to produce a predefined outcome on time and to budget. |
| **Programme Board** | Group which includes a Chief Officer and/or Executive Councillor with responsibility for directing a programme. |
| **Project Appraisal** | Corporate pro-forma defined for the reporting of project information at defined stages in the life of a project. |
| **Project Board** | Group which includes the Head of Service with responsibility for directing the delivery of a project. |
| **Project Manager** | Person with day-to-day responsibility for the delivery of the project. |
| **Project Plan** | At its simplest a list of target dates for key events in the project. For more complex projects a plan is required that identifies the critical dependencies between the tasks that must be completed to deliver the project's outcome. |
| **Risk Register** | A list of the risks which could disrupt the delivery of the project, proposed mitigation measures and current status of the risk. |
| **Stakeholder** | A person, or group of people, who with respect to the programme or project fall within one or more of the following categories – |
| | • they will experience benefits or dis-benefits |
| | • they are responsible for giving authority or approvals for some or all elements of the project |
| | • they will have an ongoing management / operational responsibility or involvement in the outcome/outputs. |
| **Tasks** | Individual activities or actions – may be completed by people or business systems. |

## PROJECT NAME

| **Aims/Objectives** | **Service Inputs / Key Activities** | **Critical Success Factors** |
|---|---|---|
| | | |
| **Business Benefits** | | **Deliverables and Lead Measures** |
| | | |