

MAIDSTONE BOROUGH COUNCIL

CABINET

14 JANUARY 2009

REPORT OF HEAD OF BUSINESS IMPROVEMENT

Report prepared by Alasdair Robertson

1. Project Management Arrangements

1.1 Issue for decision

1.1.1 Project management arrangements within the authority have received a 'Limited' assurance following a review by Internal Audit. Subsequently a reference to Cabinet has been made from the Audit Committee. This report sets out the response to address the issues that have been identified.

1.2 Recommendation of the Head of Business Improvement

1.2.1 That the new arrangements established for project management be noted.

1.2.2 That the new arrangements are commended to the Audit Committee.

1.3 Reasons for recommendation

Background

1.3.1 Effective project management arrangements are vital to ensure projects deliver on value for money and achieve the desired objectives. They must be simple to use, avoid excessive 'form filling' and documentation, and be flexible and proportionate. Project risks need to be identified and with key triggers or milestones which will also improve the quality of management of individual projects.

1.3.2 Additionally, current best practice focuses more on ensuring corporate visibility of the total costs of projects throughout an organisation (including the opportunity costs associated with staff time) and other aspects of managing the wider 'portfolio' of projects.

1.3.3 Internal Audit reported on the arrangements for project management in 2008 and gave the current arrangements a 'Limited' level of assurance. Given that the authority has an increasing range of high profile projects to undertake this represents a significant risk to the achievement of some of the Council priorities. These issues have been reviewed by the Audit Committee who have made reference to the need to strengthen arrangements.

1.3.4 The key identified weakness was a lack of overall 'ownership' of project management within the authority (Exception 1) with no clear client who could respond. The Head of Business Improvement agreed to provide a response including a report to management team. To ensure recommendations are practical and widely relevant they have been compiled in discussion with the:

- Director of Change and Support Services;
- Head of Finance;
- Policy and Performance Officer;
- Assistant Director of Regulatory and Environmental Services;
- Property and Procurement Manager;
- Economic Development Manager;
- IT Manager;
- Head of Internal Audit; and
- Training Manager.

1.3.5 The corporate issues have been addressed by the Corporate Management Team who approved the proposals below on 9 December. Since then a number of actions have been completed and the implementation plan (Appendix E) is on target for being fully delivered.

2. Proposals

1.3.6 In reviewing the approach to project management it was agreed that the arrangements must meet the following criteria:

- Be flexible and simple to apply;
- Provide a corporate overview of the value, scope and costs of existing projects;
- Inform decisions on project selection;
- Allow for monitoring of progress within projects and at strategic levels;
- Minimise project risks;
- Allow the full costs of projects to be appraised consistently to allow comparison and prioritisation;
- Provide for a simple review mechanism for both the process of project management and the outcomes achieved; and
- Be consistent with established good practice guidelines such as Prince 2, Use of Resources criteria and wider trends in project management.

1.3.7 The proposals made met these criteria and incur no additional costs. Most can be implemented rapidly and will significantly improve the quality of project management.

1.3.8 The proposals would apply to all projects defined in the current methodology as 'corporate projects' (roughly those costing in excess of £100k including staff time) and any further projects which have either high levels of risk or complexity.

Coordinated monitoring and review

1.3.9 The identified requirements will be met by:

- Establishing a monitoring responsibility within the Performance and Policy Manager post. This will include reviewing and updating the project documentation, maintaining the database of projects, 'spot checking' compliance with the elements of project management tested within the audit and providing a summary update on a quarterly basis to management team on each project to align with other financial and performance reports;
- Project managers will provide reports to CMT at key decision stages in the project or if significant exceptions or variances have occurred;
- Establishment of a project management sharepoint site where core documents can be stored using templates where appropriate;

1.3.10 There was an need to commence establishing a database of existing projects. Following this report to Management Team it is recommended that a review is undertaken to establish what resources are available for the management of these projects.

Sponsoring and quality assurance

1.3.11 The sponsorship role involves accepting the business case including its:

- cost benefit analysis;
- risk assessment;
- method of approach;
- agreeing the allocation of resources;
- monitoring of progress and resources used; and
- being prepared to close down of the project if the business case is at risk or resource costs escalate unacceptably;
- Additionally sponsors should be responsible for ensuring that all the areas tested in the audit are in place.

1.3.12 For the major projects it was agreed that sponsorship should be undertaken by a director and a named project manager be identified. However there are also a number of groups in place which will provide support. Essentially this should be to quality control the way projects are run and to make sure that lessons are learned and applied across similar projects. The groups involved are the IT Steering Group, Corporate Property and Capital Programme Group, Corporate Procurement Group and the Value for Money Steering Group. This gatekeeper role will support

and assist project managers and sponsors to develop the areas tested in the audit, most notably the business case or equivalent, project initiation document (including a resource and project plan), ongoing monitoring and post implementation review. In some cases these groups will act as the sponsor for smaller projects (e.g. IT implementations through the IT Steering Group).

Training

1.3.13 Provision of training to a limited number of staff in Prince 2 should be provided. Consideration should be given to practitioner training for several staff rather than just the foundation training.

Documentation

1.3.14 The current toolkit is basic but sufficient for most projects. It does require updating and this can be done through the Policy and Performance Manager and Head of Business Improvement.

1.3.15 However documentation can easily become cumbersome if over applied and is not appropriate for larger projects or if working on shared projects with other councils where different approaches may be in place. It is therefore recommended that the approach should be minimal, simply that there is a list of required documents which can be in whatever form is most suitable. The toolkit will be the default starting point and it is the responsibility of the sponsor to ensure that whatever is provided is sufficient and fit for purpose. The key documents and the criteria they should meet is shown in Appendix B.

Adding visibility to cost and resource demands

1.3.16 Costs for project management should be specifically included within major projects and where necessary allow for external, specialist project managers to be procured.

1.3.17 The only standard documentation that should be used in all cases is a simple resource planning tool based on approaches taken within best practice, project based organisations. It allows for assessment of estimated costs and indicates the time-scales when resources are likely to be required. Making these estimates at the planning stage will ensure that the opportunity costs are clear and allow those involved to plan for their availability. Heavily used resources, such as IT and Finance staff, will be able to see where their input will be needed to avoid overloads and consequent delays. Additionally, it will allow for robust comparison of projects for project selection. At the monitoring stage updated estimates will verify progress and costs remain commensurate to the benefits. Use at review stage will help ensure future estimates for regular exercises such as IT and procurement projects become more accurate. It is considered that this is the single most important step to improve the delivery of projects and reduce the risk of cost or time overruns. An example is included at Appendix C using the hourly costs shown at Appendix D. It would be possible to obtain a web based corporate resource planning tool that also allows for indications of forward availability but this is considered to be more complex than required.

1.3.18 In addition there will need to be a mechanism for halting projects if the objectives can no longer be achieved.

1.4 Communicating and embedding the changes

1.4.1 Directors in their role as project sponsors are asked to ensure that project managers are aware of the arrangements as required. In addition a revised toolkit will be placed on the project management site. Finally, briefings will be provided at unit managers and Heads of Service meetings.

1.5 Alternative Action and why not Recommended

1.5.1 The authority could reject the audit findings and recommendations. However this may lead to capacity issues or risks to project delivery. Alternative project arrangements could be devised but the proposals are considered practical and proportionate.

1.6 Impact on Corporate Objectives

1.6.1 The cost effective delivery and selection of projects should assist with the delivery of all corporate objectives.

1.7 Risk Management

1.6.1 The proposals are designed to mitigate project risks identified within the audit report and no separate risk assessment is required. Additionally, the Head of Internal Audit is considering the implications of project management arrangements within the context of the Corporate Risk register.

1.8 Other Implications

1.	Financial	x
2.	Staffing	X
3.	Legal	
4.	Social Inclusion	
5.	Environmental/Sustainable Development	

- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

1.8.1 The proposals will assist with ensuring the financial viability of projects at selection and implementation stages. Better staff planning will assist with delivery.

1.9 Background Documents

1.9.1 Audit Review: Project management, June 2008

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes No

Reason for Urgency

Appendix A:

Projects of sufficient size or complexity to be covered within the scope of the proposed arrangements:

Core Corporate Projects

- High Street Design
- New depot
- New cremulator
- Museum extension
- Mote Park leisure centre renovations
- Local Development Framework documents

Other Corporate Projects

- Business Transformation projects
- MKIP partnerships
- New IT systems developments and projects
- Major procurement exercises

Appendix B – List of required project documentation

The toolkit can be used to meet the following requirements but if not used then any equivalent documentation providing the following information is sufficient. Project managers should prepare the documents and sponsors ensure that they are fit for purpose:

1. A business case/ proposal indicating:

- The proposed sponsor
- Anticipated costs, benefits and/or savings
- Initial scope
- Key risks and implications
- Overall proposed approach
- Key resources involved
- Impact on corporate objectives

This will often be in the form of a Management Team, Cabinet Member or Cabinet report using the current templates.

2. Project initiation document containing:

- Detailed, objectives and benefits and method to test the achievement of these
- Final scope
- Resource plan (using the resource planning tool)
- Action plan or Gantt chart including the key milestones
- Constraints
- Risks
- Dependencies and links to other projects
- Roles
- Quality assurance and review method
- Scope
- Events that would trigger cancellation (e.g. occurrence of major risks, excessive resource overruns etc)
- Communication plan

3. Status reports

- CMT updates at key stages
- Between CMT updates these can be in what ever format is agreed with the sponsor covering progress against the plan, use of resources and risks
- (In addition a template has been devised to provide quarterly updates on any exceptions or deviations from the project plan)

4. Change control

- A standard management team/ member report or similar as agreed with the sponsor suitable for controlling and assessing any major changes to the project objectives, costs or delivery date.

5. Closure report/ post implementation review

- Assessment of the achievement of the objectives or justification within the business case
- Final cost outturn including staff time
- Lessons learnt for future projects

Appendix C – Sample resource Planner and cost calculator

Project x

Team member	Grade	Q1	Q2	Q3	Q4	Total days	Day rate	Resource cost
A	8	10	10	10	2	42	£ 238.5	£ 10,017
B	9	8	8	6	6	28	£ 264.9	£ 7,418
C (IT)	11	5	10	15	5	40	£ 335.3	£ 13,412
D (Finance)	11	4	6	6	6	22	£ 335.3	£ 7,376
Total						132		£ 38,223

Appendix D

CORPORATE HOURLY RATES 2008/09

Grade	Salary	Salary Oncosts	Total Salary + Oncosts	Hours per week	Hours per Year	Leave Days	Leave Hours	Bank Holidays Hours	Total Productive Hours	Productive Time 85%	Hourly Rate exc. Overheads	Overheads	Hourly Rate inc. Overheads
01	12,313	3,300	15,613	37	1,924	22	163	59	1,702	1,447	10.79	9,009	17.02
02	13,023	3,490	16,513	37	1,924	22	163	59	1,702	1,447	11.41	9,528	18.00
03	14,126	3,786	17,911	37	1,924	22	163	59	1,702	1,447	12.38	10,335	19.52
04	14,935	4,002	18,937	37	1,924	22	163	59	1,702	1,447	13.09	10,927	20.64
05	16,101	4,315	20,415	37	1,924	22	163	59	1,702	1,447	14.11	11,780	22.25
06	18,150	4,864	23,014	37	1,924	22	163	59	1,702	1,447	15.91	13,279	25.09
07	20,750	5,561	26,311	37	1,924	22	163	59	1,702	1,447	18.19	15,181	28.68
08	23,114	6,194	29,308	37	1,924	24	178	59	1,687	1,434	20.44	16,911	32.23
09	25,677	6,882	32,559	37	1,924	24	178	59	1,687	1,434	22.70	18,786	35.80
10	29,318	7,857	37,175	37	1,924	24	178	59	1,687	1,434	25.92	21,450	40.88
11	32,496	8,709	41,205	37	1,924	24	178	59	1,687	1,434	28.73	23,775	45.31
12	36,714	9,839	46,553	37	1,924	27	200	59	1,665	1,415	32.89	26,861	51.87
13	42,304	11,337	53,641	37	1,924	27	200	59	1,665	1,415	37.90	30,951	59.77
14	49,936	13,383	63,319	37	1,924	27	200	59	1,665	1,415	44.74	36,535	70.56

Assumptions:

Average salary for each grade

Average oncosts and overheads

37 hours per week

Leave is basic leave only - excludes additional 5 days

8 Bank Holidays per year

85% productive time

Appendix E - Project Management Action Plan

No.	Action	Responsible Officer	Deadline	Status
Coordinated monitoring and review, sponsorship and quality assurance				
1	Identify core corporate projects	AR	Dec 09	Complete – Dec 09
2	Devise process for project managers to provide updates on progress of projects	AR/GH	Dec 09	Complete – Dec 09
3	Allocate corporate projects to sponsors	CMT	Dec 09	Complete – Dec 09
4	Allocate each corporate project to an oversight group e.g. IT steering group, Corporate Property Group	AR	Dec 09	Complete – Dec 09
5	Establish project management sharepoint site	GH	Jan 09	Not started
6	First quarterly report to management team (to include assessment of arrangements in place for the Core Projects)	GH	Feb 09	Not started
Communication and training				
1	Identify staff for Prince 2 training	GH/TE	Jan 09	Not started
2	Arrange Prince 2 training	GH/TE	Feb 09	Not started
3	Revise generic project management training for all managers	GH/AR/TE	Feb 09	Not started
4	Briefing to Unit Managers meeting on new project management arrangements	GH/AR	Feb 09	Not started
Documentation				
1	Review current project management documentation	AR/GH	Jan 09	In progress
Adding visibility to cost and resource demands				
1	Devise resource planning tool	AR	Dec 09	Complete – Dec 09
2	Develop a cost/benefit assessment	AR/GH	Jan 09	In progress
3	Assess compliance of current corporate projects with new standards	AR/GH	Feb 09	Not started