

REPORT TO EXECUTIVE

PORTFOLIO AREA:

Date of Meeting: 26th July 2011

Public

Key Decision: No

Recorded in Forward Plan:

No

Inside Policy Framework

Title: CAPITAL PROJECTS TASK AND FINISH GROUP

Report of: Resources Overview and Scrutiny Panel – Capital Projects
Task and Finish Group

Report reference: OS 19/11

Summary:

This provides the final report of the Capital Projects task and finish group, which was endorsed by the Resources Overview and Scrutiny Panel on 16th June 2011. The Panel supported the recommendations of the task group, which are contained in page 5-6 of this report. The minute extract from the Resources O&S Panel meeting is also provided for information. The Panel agreed to forward the report to the Executive for a formal response to this Panel on the recommendations made.

Recommendations:

The Executive is asked to:

- Consider the attached report.
- Provide an initial response to the recommendations made within the report to the Resources O&S Panel on 25th August 2011.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. Background and Introduction

Members of the Resources Overview and Scrutiny Panel held a development session on 26th July 2010 to plan their work for the 2010/11 Civic Year. At this point in time Members of the Panel had concerns about the potential Sands Centre Development and were troubled that the public were being presented with a fait accompli rather than the early development of a proposed project.

Members at this time discussed with Senior Officers and Executive Members the potential of becoming involved in the upcoming review of the Capital Programme. It was envisaged that this review would also look at how projects were development, approached and monitored.

Members had also raised concerns both at the Development Session and during Panel Meetings regarding the lack of budget profiling of capital projects which resulted in year on year under-spends and carry forwards.

The Panel appointed Councillors Allison, Craig and Hendry to the Task Group. Councillor Hendry was subsequently was selected to Chair the Group.

The **Terms of Reference** for the group were agreed as follows:

The Task and Finish Group will scrutinise and where appropriate make recommendations upon the following:

- *The process, guidance and documentation for the initiation and management of projects within the council*
- *The development and monitoring of the capital programme*
- *The relationship between the need to communicate potentially exciting projects to the public and the competing necessity to carefully manage expectation in an environment of severe spending pressures*
- *The relationship with the Asset Review – in particular the need for sound project management to act as a route between the release of capital and the delivery of economic development results*
- *The productive involvement of elected members – the relationship between decision makers and scrutinisers*
- *The relationship between a programme of projects (either in progress or proposed as future opportunities) and a clear, unambiguous vision for Carlisle*
- *The role of partnerships with the private sector*
- *The preparation of a programme of schemes in anticipation of future funding opportunities*

2. Methodology:

The following meetings were held:

Date	Present	Purpose
25 th August 2010	Task Group Members Deputy Chief Executive Assistant Director, Resources	Initial meeting of the Task Group to appoint Chair of Group and determine Terms of Reference.
12 th October 2010	Task Group Members Deputy Chief Executive Assistant Director, Resources Project Support Officer	Evidence gathering to look at the process, guidance and documentation and the development, monitoring and review of the Capital Programme.
18 th October 2010	Task Group Members	Task Group meeting to identify projects where future information was required.
20 th December 2010	Task Group Members Group Accountant Scrutiny Officer	Evidence gathering. Information regarding the proposed changes to the Capital Programme.
16 th February 2011	Task Group	Meeting postponed
17 th March 2011	Task Group Deputy Chief Executive Scrutiny Officer	Drafting recommendations

In order to develop the evidence base for the review Task and Finish Group Members considered the following information and data:

2010/11 Capital Programme
2011/12-2015/16 Provisional Capital Programme
Business Case – Upper Viaduct Car Park
Pro Forma – Project Briefing Note
Pro Forma – Project Initiation Document
Pro Forma – Business Case

3. Process, Guidance and Documentation

Members of the Task Group were informed of the “Project Approval Flow” which begins with a proposal that supports the Council’s aims and priorities. Following consideration by Senior Management Team (SMT), a project sponsor from SMT will be nominated, and a project manager or individual projects board appointed. A business case will then be developed on a pro-forma. (Copy attached at Appendix 1).

The project is scored under the criteria detailed in the table below and the “score” will determine the level of project management required:

Criteria	Score 1	Score 2	Score 3	Score 4
Cost £	<10,000	10,000 – 50,000	50,000 – 250,000	>250,000
Timescale in months	<6	6 – 12	12 – 18	>18
Strategic Targets	No dependency	Contributing to other work that is linked	Direct contribution to a strategic target	Direct contribution to more than one strategic target
Impact on City Council	None or very minimal	Some new business processes and possibly some re-training	Significant re-structure of processes and work areas	Transfer of staff or outsourcing
External policy or legislation	No link	Some links to other work that is delivering policy or legislation	Direct links to policy or legislation	Fundamental to achievement of policy or legislation
Stakeholders	Internal and within single business area	Internal across more than one business area	Mainly external	Internal and external
Contract complexity	No contracts required	Single contract with known supplier	Multiple contracts with known supplier	Contract(s) with new supplier(s)
Track record	Have done this before many times	Have done this before once or twice	Have done similar before, but not the same	Have not done anything like this before

Scores under 18

- Project to be managed at Service Manager level
- Use of Prince2 project management principles (application tailored to size of project)
- Sound Business Case and defined planning including risk register
- Use of capital monitoring and Covalent for monitoring performance
- Major issues raised to SMT/ PAG (by exception)

Scores over 18

- Individual project board
- Project Sponsor is a member of SMT
- Use of Prince2 project management principles
- Detailed planning and monitoring arrangements with clearly defined management stages
- PAG to review project proposal including Business Case and PID
- Project to be closely monitored by PAG/ SMT

The Resources O&S Panel receive quarterly monitoring reports from the Projects Assurance Group which clearly highlights the current position of the individual projects.

Members of the Task Group agreed that the process and documentation was robust

4. Capital Budget and Projects

Members of the Task Group were guided through the individual projects by the Group Accountant at a meeting on 20th December 2010. Members were reassured that projects had been re-profiled during the first stage of the Capital programme review. The new procedures are designed to ensure that Project Managers are more accountable to their budgets and all are to use PRINCE2 methodology which requires clear budget profiling.

Members were informed that historically there have been no criteria to prioritise the capital programme. Those projects which are part or fully funded by external means tended to be given priority due to time constraints attached to the monies. Task Group Members were assured that in future any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved. (Report RD62/12 Executive 22/12/10).

Members of the Task Group discussed the implications of the Asset Management Plan on the Capital Programme and in particular expressed an interest in the Morton Site.

5. Recommendations

The Task Group would wish to make the following recommendations to the Executive:

1. The proposed major development and sale of land at the site at the top of Wigton Road should be done in such a way to maximise revenue for the long term.
2. That full consideration to social accountability and consequences for the local community be given when progressing with the Asset Management Plan.
3. That the allocation of capital funding for specific projects should only be made after a full, detailed and rigorous examination of each project, its time scale, value for money and longer term revenue implications are examined.
4. That the development of a long term Capital Programme should seek political consensus and full public consultation when this programme is drawn up and when it is being reviewed. This would facilitate an agreed longer term vision and economic plan for the future of Carlisle.

5. That land and other assets listed on the Council's Asset Register should be sold off, if not an integral part of the Council's subsequent economic strategy. Particularly for the improvement of the City's industrial estates for the longer term creation of jobs and economic prosperity. That where possible, brown field sites in the City's ownership which are suitable for future affordable housing should be designated and where possible the planning permission process brought forward to facilitate such development should funding be available in the near future.



[Content of the PID can be maintained as separate documents (eg Project Plan can be held separate to enable information to be easily updated during course of project. PID needs to represent the entire project at any point during project so if some parts are to be maintained separately, their impact on other parts of the PID also need to be updated accordingly)]

[Information provided in the PID can be tailored according to the significance of the project. The minimum requirement for smaller projects is a project plan with agreed tolerances, budget profile, reporting lines and reporting schedule, and risk register]

Please delete the text in [...] using the information in red for guidance on completing the form.

[PROJECT NAME]

PROJECT INITIATION DOCUMENT

(PID)

Version: [...eg. Draft, v1.0]

Author: [.....]

Project Manager: [.....]

Project Sponsor: [.....]

1. Background

[Provide a description of the background to the project here]

[Include any history of events and a brief summary of any current system that is to be replaced]

[Briefly state the purpose of the project]

2. Outline Business Case

[Describe how this project supports the business strategy, plans or programmes]

[Describe in simple terms the key benefits of the project]

[Explain the reasons for the selection of the chosen solution (where appropriate)]

[Make reference to the full business case document where possible]

3. Project Definition

3.1 Project objectives

[Explain what the project needs to achieve in terms of performance and quality, budget and time to completion]

[Describe what will be in place once the project is completed]

3.2 Project scope

[Define the scope of the project. Specify inclusions and exclusions. Define any boundaries and/or dependencies]

[Define:

- any exclusions from scope
- constraints on the project (e.g. resource availability)
- interfaces to other projects and/or systems
- dependencies on other projects or parts of the business]

3.3 Project deliverables

[Provide a list of the key deliverables (products) of the project. Where possible indicate the responsibilities for delivering the products (e.g. Supplier, User) and the expected timescale]

<p>3.4 Project approach</p> <p>[Explain how the project will be organised in terms of stages and product delivery]</p> <p>[Identify any standard process models that are to be used for stages of the project (e.g. PRINCE2, ISO 12207, DSDM)]</p>

4. Project Plan
<p>[Provide an overall plan for the project. This should at least provide a high-level view of the stages and the timescales]</p> <p>[The PID should include the detailed plan for the project as an appendix, preferably produced using Covalent]</p>

5. Organisation – roles and responsibilities
<p>[Describe the project organisation and specific roles and responsibilities (including the Project Board). For a small project state the reporting lines]</p>

6. Project Tolerances
<p>[What are the agreed deviations above and below the project's plan in terms of time and cost?]</p> <p>[Tolerance is applied at project, stage and team levels]</p> <p>[There may also be tolerance levels for quality, scope, benefit and risk]</p> <p>[To whom and how will deviances be communicated?]</p>

7. Project Controls
<p>[Define any controls on the project e.g. Project Board reviews, management reporting]</p> <p>[Specify any project specific review points during the project process, including reporting schedule to the Project Assurance Group]</p>

8. Resource requirements
<p>[Provide an indication of the expected resource requirements for the proposed project]</p>

9. Project costs

[Please provide a detailed breakdown and description of costs with profile of expenditure]

[This should reflect the month or quarter invoices are expected to be paid]

[The breakdown should be realistic and make allowances for agreed time tolerances such as adverse weather conditions]

		Anticipated Expenditure by Month or Quarter (show multiple years if applicable)											
Description/ Cost code	YEAR	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month
		April - June			July – Sept			Oct – Dec			Jan - Mar		

10. Project quality

[Define any standards or ways of working that need to be met (e.g. ISO standards, quality systems)]

[Identify any quality reviews or audits to be conducted and who will be responsible for conducting them]

[Define any management processes needed to support the project (e.g. change control, configuration management)]

11. Communication Plan

[Provide details of any interested parties]

[Describe the means and frequency of communication between them and the project team]

12. Risk Management

[Describe any known risks in terms of the risk, its probability, its potential impact and explain how each risk will be managed. This should use the standard corporate Risk Register format and can be attached as an appendix]

