



## Belfast City Council

<b>Report to:</b>	Strategic Policy and Resources Committee
<b>Subject:</b>	<b>Governance of Major Projects</b>
<b>Date:</b>	4 September 2009
<b>Reporting Officer:</b>	Peter McNaney, Chief Executive
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### Relevant Background Information

In an increasingly challenging financial environment, the Strategic Policy and Resources Committee has recognised the need for greater organisational controls over the main financial risks within the Council. One of the biggest risks is the authorisation of spend on major projects and the governance of the project to ensure it is delivered on time and on budget.

In November 2008, the Local Government Auditor noted in his Annual Report that the Council had identified the governance of major projects such as Connswater Community Greenway, the new cemetery, Titanic Signature project and large capital builds as a key risk for the organisation. Such projects run financial risks of millions of pounds, through various factors, such as ill-defined decision making processes and paths, variation control, an aggressively litigious procurement environment as well as the normal risks to physical projects such as contamination, planning delay and so on that result in time, cost and specification underperformance. The need for Council to work increasingly with partners in delivering potential city-wide projects, e.g. Crusaders/Newington Sports Village, Tommy Patton/Blanchflower development and potential North, South, East and West projects etc., only adds to the above risk and ultimately to the Council's reputation and credibility.

As part of the debate on the corporate plan at the Strategic Policy and Resources Committee in June 2009, the Chief Executive informed Members that a review of the arrangements in place to deliver major projects had been commissioned to ensure that the role of the Committee in ensuring delivery and budget was assured.

The purpose of this report is to present to Members the findings of this review and to make a number of recommendations for improvement. The review was carried out by a leading firm in this field – Drivers Jonas.

## Key Issues

The review examined the current arrangements in the council for managing major projects. Major projects were defined at the outset as those projects which significantly affect the Council's budget, reputation and/or operation.

The key findings of the review are as follows:

- The current governance arrangements for major projects are fragmented across the council and this is due to the responsibility for projects resting across different departments and committees.
- The skills which the organisation need to bring together to make significant projects work currently sits across at least three departments.
- The role of Strategic Policy and Resource Committee in relation to cost control and oversight of project governance needs to be clarified and strengthened.
- The officer with whom overall responsibility rests for a particular project is not always clear.
- There is a lack of coherence in dealing with external parties.
- New governance arrangements are needed to ensure the most effective use of limited resources.
- Clearer roles, responsibilities and accountabilities for major projects need to be established.

Drivers Jonas have made a number of recommendations which are in line with the recommended government best practice guidance which is known as, "Office of Government Commerce Portfolio, Programme and Project Management best practice (P3O)". The key recommendations of the review are as follows:

- The Strategic Policy and Resources Committee should have overall responsibility for the allocation of resources and strategic oversight of major projects.
- COMT should provide officer oversight for all major projects.
- Every major project should have a named responsible officer as a client.
- The Strategic Policy and Resources Committee, COMT and responsible officers should be supported by a director who has the relevant project management skills to ensure delivery.
- This director should be supported by a team with project/programme management expertise.
- The team should be a source of good practice for all projects across the council.
- The adoption of Gateway risk rating to identify and categorise major projects risk status. (See Appendix 1)

The successful implementation of the recommendations made by Drivers Jonas is dependent on changes being made to the organisation structure. For this reason the organisational implications of the recommendations have been incorporated into the review of the centre report which will be discussed at today's meeting as part of a separate report. At this stage, therefore, Members are only being asked to agree in principle to the recommendations as outlined above and to consider the implementation issues as part of the review of the centre report.

**Recommendations**

Members are asked to agree to the following:

1. Note the findings of the Drivers Jonas report.
2. Agree in principle to the recommendations as outlined above.
3. Consider the implementation issues as part of the review of the centre report.

## Definitions of Gateway Risk Rating

### Mission Critical

A Mission Critical Programme or Project is one that, **regardless of size, value or complexity**, delivers:

- outputs that directly support the delivery of a major policy outcome
- a major internal business change that supports the administration of the Council or a major public sector organisation e.g. an Agency or major funding body
- a business criticality and/or major political sensitivity; or
- a significant resource commitment.

### High Risk

A High Risk Programme or Project is one that typically displays some or all of the following characteristics:

- a novel or untested approach to delivery;
- lack of experience of similar project delivery;
- a complex matrix of project interdependencies;
- a significant impact on the public and other organisations;
- a business criticality and/or political sensitivity; or
- a significant resource commitment.

### Medium Risk

A Medium Risk Programme or Project is one that typically displays some or all of the following characteristics:

- a previously tested approach to delivery;
- a structured delivery team with some relevant experience;
- a well defined project with clear and uncomplicated boundaries;
- some impact on the public and other organisations;
- an important but non-critical business support function and/or some political sensitivity; or
- some degree of resource commitment.

### Low Risk

A Low Risk Programme or Project is one that typically displays some or all of the following characteristics:

- a routine and well-tested approach to delivery;
- an experienced delivery team;
- clear project boundaries with little or no interdependency on other projects;
- minimal external impact on the public and other organisations; or limited resource requirements.