



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Governance of Major Projects
Date:	18 May 2010
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Relevant Background Information

In 2006 Council took the decision that the Strategic Policy and Resources Committee would become the main Committee for overall policy, resource allocation and performance to ensure implementation of Council policies and strategies. In essence the Committee is in control of finance, people and assets including major projects as well as associated key risks across the Council.

In November 2008, the Local Government Auditor noted that the Council had identified the governance of major projects such as Connswater Community Greenway, the new cemetery, Titanic Signature project, Velodrome, North Foreshore etc 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, an aggressively litigious procurement environment as well as the normal risks to physical projects such as time, cost and specification underperformance. The need for Council to work increasingly with a range of partners in delivering such projects only adds to the above risk and ultimately to the Councils reputation and credibility.

Leading property consultants Drivers Jonas were commissioned to provide best practice advice on governance and their findings and recommendations were incorporated into the Review of the Centre report to Committee in June 2009.

The purpose of this report is to update Members on the implementation of this review.

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 finding of the review were as follows:

- The current governance arrangements for major projects were 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 the Strategic Policy and Resource Committee in relation to 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 to 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, Chief Officers Management Team 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.

The findings of the review were incorporated in the Review of the Centre which has addressed some of the recommendations with the setting up of the Property and Projects department.

Since the date of this report there has been a much stronger focus on strategic asset management, with the formation of a cross departmental Asset Management Group; increased compliance with revised Standing Orders resulting in a requirement for all property related matters being reported to the Strategic Policy & Resources Committee; the use of the corporate landbank process; the ongoing development of a corporate Asset Management Strategy; a cross departmental Assets Realisation Team; and much more collaborative working both across departments and with external partners.

A key recommendation was to reinforce the role of the Strategic Policy and Resources Committee as the Councils 'Investment Decision Maker'.

The key functions of the Strategic Policy and Resources Committee in this respect are as detailed below:

Strategic Policy and Resources Committee (Investment Decision Maker)

The role of Strategic Policy & Resources is as follows:

- To formulate and agree the 5 year rolling Capital Programme and City Investment Programme.
- Following recommendations from the Strategic Oversight Board (known as Chief Officers Management Team) Strategic Policy & Resources decides whether or not a proposed investment in a project should be made.
- As the Investment Decision Maker Strategic Policy & Resources should be satisfied that:
 - There is a business need for the project
 - Success criteria have been defined
 - The business drivers and expected benefits have been established with stakeholders
 - All options (including PFI) for meeting the business needs have been evaluated, together with the risks and the consequences of their occurrence associated with each option
 - The risks are clearly defined together with their potential impact on the project in terms of quality, cost and time
 - The estimated cost is made up of the whole-life costs

(including life-cycle costs) of the project, including allowances and base estimates

- The estimated cost includes fees, in-house costs and financing costs
- There is clear understanding of the key issues on which the business case and investment proposals are based
- That it has been identified what effect the programme/project will have on the rates
- An appropriate management structure (lines of accountability and delegated authority) is in place and named individuals have been appointed as Portfolio SRO and Project SRO
- The project is likely to provide whole life value for money
- The right skills are in place for delivery – or where gaps are in place
- Adequate funding is available for initial capital expenditure and anticipated future operational expenditure.

The Corporate Plan 2008- 2011 also focused strongly on thematic cross departmental working for the benefit of the city. This collaborative approach has been adopted with many of the major projects within the Council inc Grove Well Being Centre, Connswater, Girdwood Community Hub proposals etc.

It should be stressed at this point that many of the major projects the Council are involved in are, besides having huge risk and cost, multi faceted in terms of broader social and economic outcomes. They involve a range of Council departments as well as other partners from the private, public and community sectors and therefore need careful project management. Two examples of management structures for Titanic Signature Project and Connswater Community Greenway are attached as **appendix 1 and 2** to demonstrate the complexity involved.

A similar arrangement is now being put in place for the North Foreshore with a cross departmental officer group chaired by the Chief Executive and the North Foreshore resources and other surveyors being realigned into the Property and Projects Department as per the Strategic Policy and Resources Committee decision and Drivers Jonas recommendations.

The cross departmental officer group needs an equivalent Members group from which to seek and agree direction and given the varied Council interests in the North Foreshore a group led by the Chair of Strategic Policy and Resources together with the Chairs of Health and Environmental Services, Parks and Leisure and Development may be the best approach.

The Connswater Community Greenway has a political sub-group of East Belfast Councillors that meets informally for breakfast every two months and a similar

communication forum on an all Party basis would be useful for the Titanic Signature Project.

To formally support the Strategic Policy and Resources Committee in fulfilling its Investment Decision Maker role the Property and Projects department will operate a project portfolio office that involves all departments as required with final decision making going via Chief Officers Management Team to the Strategic Policy & Resources Committee and where appropriate to other standing Committees eg Connswater Community Greenway reports also go to Parks and Leisure Committee, economic development and waste aspects of North Foreshore development also going to the Development Committee and Health and Environmental Services Committee respectively etc.

The portfolio office approach will ensure that core project management skills are applied at the outset and throughout any major project with involvement from departments and key advice on legal, finance, insurance etc as and when required.

The Property and Projects department will report regularly to Strategic Policy & Resources Committee on progress, costs, variations and also in terms of follow up and lessons learned.

Appendix 3 provides a schematic of the overall governance arrangements for major projects.

Resource Implications

- There are no financial implications
- There are no HR implications as this is a reorganisation of existing roles.

Recommendations

Committee is asked to note the report, to agree to a Members North Foreshore Group as suggested and to consider an all Party Group to meet informally regarding Titanic Signature Project progress.

Documents Attached

Appendix 1 – Connswater Community Greenway Structure
Appendix 2 – Titanic Signature Project Structure
Appendix 3 – Governance Model