Project Management Approach

To:	**Corporate Performance Working Party - 8 February 2016**
Main Portfolio Area:	**Financial Services and Estates**
By:	**Tim Willis, Director of Corporate Resources**
Classification:	**Unrestricted**
Ward:	**All wards**

Summary:	**This report outlines the current decision-making processes, risk management, good practice and resourcing of project management.**

For information

1.0   Introduction

1.1   The Corporate Performance Review Working Party has for some time had an outstanding item to consider the council's approach to project management. The Working Party received a verbal update at its July 2015 meeting, when the Director of Corporate Resources stated a plan to report in February 2016 on:

- What works and doesn't work, and why
- How to ensure the right projects are prioritised and resourced
- A draft toolkit for project management that is scaleable for project size/complexity (incorporating major/non-major definitions)
- Establish rules (for non-negotiables) and guidance (advisory).

1.2   Thanet is a relatively small local authority, seeking to ensure the delivery of successful projects whilst managing risks, prioritising scarce resources and avoiding unnecessarily burdensome bureaucracy.

1.3   This report outlines a draft toolkit for project management that can be used in Thanet. It also provides context for a decision-making process that aims to ensure the right projects are prioritised and resourced.

2.0   How projects are decided upon

2.1   Within service plans

2.1.1   Annual service plans are produced by each service. This year they were produced in tandem with the budget process, after the new corporate priorities were approved. This timing enabled service plans to contain actions that help deliver the corporate priorities as well as actions for which resources are in place. These actions are mostly "business as usual", i.e. services that are provided on an ongoing basis. However, some actions are projects: there is a defined outcome/set of outcomes that are aimed to be delivered within a set timeframe.

2.1.2   These projects are, in some cases, containable within the service – they deliver results that are wholly within the objectives of the service, they utilise people

employed within the service and they access budgets that are wholly within the control of the service. Projects of this nature do not require separate approval by an individual or body outside of the service, as they form part of the service plan, which requires sign-off by Corporate Management Team (CMT).

2.2   Corporate approval

2.2.1   There will be some projects that help deliver a broader range of corporate priorities, or that require staffing resource beyond the service in question, or require additional funding beyond what is available within the service. In these cases, CMT would make a decision and/or report as necessary to members.

2.3   Capital programme

2.3.1   The capital programme mostly comprises a list of projects and this is also subject to a decision-making process. Each proposed capital project is scored for inclusion in the overall capital programme, which is then presented to members. Projects can be proposed during the year, although there is an annual process to coincide with budget setting.

2.4   Via earmarked reserves

2.4.1   Some projects span a number of years, resembling a programme of small projects or works. The Destination Management Plan is an example. These projects tend to be funded by holding a reserve earmarked for these purposes. There are very few remaining, as earmarked reserves have been substantially reduced to meet the Council's financial challenges.

3.0   Observations on the project management process

3.1   It is recognised that CMT is not necessarily the most appropriate officer forum to receive individual bids for approval of new projects, it may be possible to delegate some decision-making to another officer group.

3.2   There is very little discretionary funding available to resource new projects, so in theory there should not be a large number of new projects to be considered.

3.3   Most aspects of project management are an officer responsibility, however there will be occasions when strategically important issues arising from projects will be subject to member involvement. This would relate to an issue or issues, rather than a project management process, but officers need to ensure there is a solid framework behind the reporting of issues.

3.4   Some projects funded from earmarked reserves were started prior to adoption of the new corporate plan and have not been subject to a formal review to ensure they deliver the council's new corporate priorities. These projects have been reviewed informally at officer level and it is anticipated that they will receive implicit Council approval when the budget is agreed, as all earmarked reserves are agreed.

3.5   The identification and resourcing of key projects (and rejection and termination of projects that do not meet specified criteria) is under-developed and there needs to be a formal method of prioritising projects. A list of current "projects" would include many that simply need to be deleted, because they are obsolete, or entirely unachievable, or do not meet any reasonable criteria, or are not projects at all, but "business as usual". A fresh list of projects is needed that helps us focus energies on what is important.

3.6   New projects will be identified in future, some of which will require resourcing, in particular projects that deliver efficiencies. For example, the development of a digital strategy; or the changing use or ownership of an asset or group of assets, under the strategic asset management strategy. The organisation needs to be mindful of these projects in the pipeline and ensure there are sufficient resources to fund them.

4.0   Projects and risk management

4.1   Large individual projects will have their own list of risks and will be managed within the project, unless a risk cannot be managed, in which case it would be escalated. This escalation may be to a project executive or sponsor, or to a project board, or to CMT, depending on the project infrastructure.

4.2   It is possible that a project may have risks that are so significant for the authority that the project itself will be on the corporate risk register, and this will be a consideration for the Governance & Audit Committee when it reviews the updated register in March.

4.3   Risk is a consideration when a project is being considered in the first place. This is especially true for the council at this time. Financial resources are depleted, ongoing budgets are subject to efficiencies and earmarked reserves have been reduced substantially. This has reduced our ability to pursue projects with uncertain deliverables or that do not directly support corporate priorities. Even if there are some potential benefits to a project, it may be judged that the risks of embarking upon it outweigh those benefits. Risks could include:

- Abortive costs if a project is terminated
- The opportunity cost of not working on something of greater benefit because resources are utilised on the project
- Uncertainty regarding the future, as yet unrealised benefits of a project, compared to the certainty of incurring immediate costs to deliver it
- Ongoing/future exposure to liabilities that would not otherwise arise.

5.0   Good practice in project management

5.1   There is evidence of good practice in project management and Thanet has some expertise in this area, but not everyone can become highly skilled and experienced project managers. Part of the solution to this is to adopt a toolkit approach. Thanet currently uses a project management toolkit, with accompanied training, that helps managers to discharge their responsibilities as a project manager, as well as spread good practice across the organisation.

5.2   The toolkit, or framework, covers all aspects of project management:

- The rationale: "this project is driven by …….. in order to achieve ……….. and will involve these activities …….."
- Who does what: identification of the key personnel, e.g. project manager, sponsor, any other project team members, the end user/s, stakeholders
- What will be achieved: "the following will change as a result of the project ……… by delivering these outputs …… and be measured in this way ……."
- Identification of resources: availability of staff and/or consultants, budget, time constraints
- Risk: what could go wrong, how likely it is to go wrong, what the impact would be if it did, what can be done to reduce risk
- Planning: an implementation plan, who does what and when, critical path identification, managing changes, monitoring
- Review: evaluation and feedback.

5.3 One dilemma regarding project management is that some projects are small, simple, low-cost and low-risk: these will be below the radar for the rest of the organisation. Some projects will be high profile, high-risk, drawing on multiple people from within and outside TDC: these will typically be of interest to members and CMT. But most projects are in between, and to devise a project management framework for only (for example) large complex projects would be to create an overly bureaucratic approach which inhibited the delivery of project benefits.

5.4 Therefore, the toolkit is available for project managers but it is not mandatory. It can be used as a checklist, to ensure all bases are covered. It is not the intention to create a regulatory environment where a team supervises the adherence to project management rules. There are already rules to follow, which are monitored - e.g. financial and procurement rules - and projects are not exempt from following these.

6.0   Resourcing project management

6.1 Whilst it is true that not all events can be anticipated and projects can be blown off track, it is recognised that some projects do not always go according plan. This may, for example, relate to a project overspend or a failure to achieve outcomes within an agreed timetable. There will also have been projects that were started with a fanfare but for a variety of reasons, never delivered the expected benefits. This can result in a failure to deliver service improvements and it can be damaging to the council's credibility. When a project misses a deadline, or overspends, or needs to be aborted, it doesn't mean it has failed. But there should be proper recognition of the change and a conscious decision to extend the project deadline, or identify extra funding, or terminate the project – and to communicate the fact to stakeholders.

6.2 In addition to the toolkit, project management capacity will be increased by the establishment of a small team whose job it will be to manage some of the larger projects of corporate significance. This will have the obvious benefit of improving the quality of project management of the most important, complex or high-risk projects. It is expected that projects of a more specialist nature, such as ICT or financial projects or restructuring, will be managed by the relevant manager with knowledge and/or experience, rather than a member of this team.

6.3 Over time, the team will increase their project management expertise and this can be shared throughout the organisation. Indeed, part of its function will be to help spread good practice, providing advice to new project managers and managers of ongoing projects on such matters as project structure, roles, decision-making, action planning, etc. Its function will also include a role to:

- Co-ordinate projects across the council, to enable corporate reporting and monitoring of projects
- Act as gatekeeper in the decision-making process, by deciding (by use of a set of criteria) which projects should go ahead, and (where necessary) recommending approval to CMT
- Be the keeper of the project toolkit, ensuring it remains up to date and includes standard, templated documents to aid good project management and corporate monitoring
- Act as lead liaison on projects with other teams such as audit, procurement and legal services as well as staff leading on partnerships with external bodies
- Act as lead on project management for reporting to members and external bodies.

7.0   Next steps

7.1   The following is a summary of next steps in relation to project management:

- Consider the creation of a scoring system to use when considering new projects
- Establish criteria for escalating project risks
- Decide the structure for decision-making regarding new projects (excluding capital projects for which there is already a process)
- Review current projects to establish a list of properly resourced live and pipeline projects that deliver clear outcomes and achieve corporate priorities
- Continue training project managers using the approved toolkit
- Define the role of the new project management team.

8.0   Corporate Implications

8.1   Financial and VAT

8.1.1   As a part of the establishment and approval of a project, funding and risks must be identified in respect of the life of the project.

8.2   Legal

8.2.1   There are no specific legal implications to this report.

8.3   Corporate

8.3.1   This report provides members with an update in respect of project management. Projects are an important way of delivering the council's corporate objectives.

8.4   Equity and Equalities

8.4.1   The equality implications of each project will be considered as part of the project planning process.

9.0   Recommendation(s)

9.1   To note the council's approach to project management.

Contact Officer:	Tim Willis Director of Corporate Resources & s151 officer
Reporting to:	Madeline Homer, Chief Executive

Corporate Consultation Undertaken

Finance	Tim Willis Director of Corporate Resources & s151 officer
Legal	Tim Howes, Director of Corporate Governance
Communications	Hannah Thorpe, Interim Head Of Communications