



Audit Committee Report

Report of: Simon Green

Date: 13th November 2014

Subject: Revised Approach for Capital Delivery and Reporting

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Summary: This report provides an overview of the progress that has been achieved to date in improving the delivery and management of the capital programme and summarises the key works that are in development to further improve the delivery of the capital programme.

Recommendations:

That the Audit Committee notes the progress that has been achieved to date in improving the delivery of the capital programme.

That the Audit Committee notes and supports the planned activity for implementing further and continual improvements in the delivery of the capital programme.

Background Papers: N/A

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO Cleared by:
Legal Implications
NO Cleared by:
Equality of Opportunity Implications
NO Cleared by:
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
N/A
Relevant Cabinet Portfolio Leader
Cllr Ben Curran
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
YES/NO
Press release
NO

REVISED APPROACH FOR CAPITAL DELIVERY AND REPORTING

1.0 INTRODUCTION

- 1.1 This report follows on from the audit that was undertaken relating to Risk Management and Reporting on Capital Schemes, the report for which was issued on 23rd December 2013.
- 1.2 The audit report coincided with the outcome of a review undertaken by the Head of Capital Delivery Service as to how the delivery of the capital programme could be improved, from which fundamental changes to the way in which the capital programme is delivered were proposed. As risk management is a key component of capital project management, the audit recommendations were incorporated into this strategic review of capital delivery and the subsequent improvement plan.
- 1.3 It was therefore agreed that an overarching report be brought to the Audit Committee to outline the strategic changes that are being implemented for the delivery of Capital Projects. This report covers these changes.

2.0 SUMMARY

- 2.1 The progress that has been achieved to date to improve capital delivery is summarised as follows:
- Appointment of a Private Sector Capital Delivery Partner;
 - Development of Project Prioritisation Matrix;
 - Development & implementation of Project Delivery Process;
 - Development and implementation of Capital Gateway Approval process;
 - Continued audit and challenge of projects in the capital programme;
 - CDS Project Manager training;
 - Development of a 3 year capital delivery improvement roadmap.
- 2.2 The further developments that are currently being progressed in order to improve the delivery of the capital programme are as follows:
- Development of a baseline programme to capture all projects;
 - Further review of the Capital Gateway Process;
 - Development of project reporting and monitoring;
 - Development of programme reporting;
 - Restructure of the Capital Delivery Service to improve project delivery, project monitoring and develop the Capital Programme Office function;
- 2.3 A summary highlight report showing the progress to date and future works is included at Appendix A.

3.0 CAPITAL DELIVERY IMPROVEMENT

3.1 Progress Achieved to Date

3.1.1 Capital Delivery Partner

A private sector capital delivery partner has been appointed to support the capital delivery service with the ongoing development and improvement of the delivery of the capital programme and provide additional resource support as part of the “core and flex” operation model. This provides valuable cross-sector expertise to support the ongoing development of the capital programme office and improvement of delivery of the capital programme whilst providing additional valuable expert resource as required.

3.1.2 Project Prioritisation Matrix

A project prioritisation matrix has been developed to help assess the deliverability of projects. This works by assessing the amount of effort that needs to be input into a project (for example resource requirements, risks, delivery costs) against the benefit the project will realise. This tool is currently being used to prioritise bids to the Corporate Resource Pool and it is anticipated that it could be used across the wider capital programme in future as resources become more limited to help ensure that resources are directed where they will have the greatest impact.

A copy of the matrix is included at Appendix B.

3.1.3 Project Delivery Process

An ISO9001 project delivery process has been developed and implemented within the Capital Delivery Service with certification planned for November 2014. All projects delivered by the Capital Delivery Service will be required to follow this process, which will be subject to both internal and external audit. Risk Management is an integral part of this process which will help to ensure that risk is well managed at all stages of project delivery.

3.1.4 Capital Gateway Process

A Capital Gateway Process has been developed which was rolled out across the Capital Programme in February 2014. This pulled together new and existing approvals and clarified the purpose of the reviews undertaken at each stage with the aim of ensuring that project risks are determined and addressed throughout the delivery lifecycle. This process is currently being reviewed again to determine whether there is scope for efficiency to be made and to develop the formal governance documentation around the process.

Once established, the CDS Capital Programme Management Office will be responsible for the management of the Gateway Process and will ensure that project reviews, including assessments of Risk Management, are undertaken at each Gateway prior to approval.

An overview of the Capital Gateway Process is included at Appendix C.

3.1.5 3 year Capital Delivery Improvement Plan

A 3 year continual improvement plan for capital delivery has been developed which provides a framework for the ongoing review and development of the capital programme with the aim of delivering projects faster and cheaper whilst ensuring that the required outcomes and benefits are maximised. This is now integrated into the service plan for the capital delivery service and provides the development plan for the service over the next 3 years.

A copy of the improvement plan summary is included at Appendix D.

3.2 Ongoing and Planned Developments

3.2.1 Capital Programme Office

The Capital Delivery Service is developing a Capital Programme Management Office (PMO) function that will monitor and challenge the progress of all projects and ensure that audits are undertaken at key stages. The PMO will also provide support to Project Managers and develop best practice.

3.2.2 Capital Delivery Service Restructure

The Capital Delivery Service will be restructured by April 2015 in order to align the service to the Capital Programme and improve the capacity of the service to support programme delivery. This restructure will include a strong focus on improved project and programme management and will also formally create the Capital Programme Office function, some of which is already in place through a re-alignment of existing working arrangements.

3.2.3 Capital Project Reporting and Monitoring

Continued development is being made with regards to the monthly reporting on projects and programmes to facilitate project and programme management and monitoring.

Once established the programme office will be responsible for ensuring that all necessary reports are issued and that the content is challenged. This will in turn support the ongoing improvement of delivery by helping to identify common elements for improvement or risks and issues that need to be addressed or escalated.

3.2.4 Consolidation of delivery teams

It has been the recommendation of a number of previous internal and external reviews that capital delivery activity be amalgamated within a single service area to create a single centre of excellence and single area of accountability. To date, this has not yet been realised and the pace of improvement is being slowed by the disparate arrangements currently in place. This continues to be an area of discussion but no firm plans are currently in place for consolidating capital delivery activity.

4.0 RECOMMENDATIONS

- 4.1 That the Audit Committee notes the progress that has been achieved to date in improving the delivery of the capital programme.
- 4.2 That the Audit Committee notes and supports the planned activity for implementing further and continual improvements in the delivery of the capital programme.

Appendix A – Summary Capital Delivery Improvement Report

Objectives

To deliver improvements in Capital Delivery and Management to address issues relating to ongoing slippage on projects. The outcomes are as identified in the reports and presentation taken to EMT in Autumn 2013.

Programme - Original Tasks

Note - new tasks and activities are indicated in red text

Task	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
1. Project Audits																
Desktop review of projects	◆															
Identification of high risk projects	◆				Ongoing identification											
Monthly review - high risk projects	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★	★
2. Gateway Delivery Process																
New Projects Moratorium	★	★	◆		Complete											
Gateway Process Established			◆		Action complete - see below.											
Gateway Process Review & Update											◆	Initial review complete. To be finalised by end Nov.				
Capital Programme Management Office																
3. ProjMan Review																
Define Central/ Dispersed arrangements	◆				Addressed for Place portfolio											
Define PM Core skills & competence											Work ongoing - pick up in CDS restructure				◆	
PM Skills Audit											Work ongoing - pick up in CDS restructure				◆	
Training and Development Programme											Work ongoing - pick up in CDS restructure				◆	
CDS Restructure inc Programme Office																◆
Best Practice Project Delivery Approach									★							
Consolidation of Capital Project Management																◆
4. Project Monitoring and Reporting																
Develop CDS monthly project/ programme reports																
Develop baseline capital programme											◆	Work commenced.				
Develop monthly programme reporting																
Monthly performance monitoring by PMO																

Progress Summary

- Achieving Change for Sustainable Development Service agreed - to move under CDS from 1st November 14.
- Review of Gateway Process commenced. Will identify process improvements and develop governance docs. Hard roll out to staff proposed once this has been reviewed.
- Shadow PMO meetings continue between CDS & Finance to target schemes and identify improvements.
- Status reports for all CDS schemes and targeted non-CDS schemes being produced. This will now be a monthly activity and will inform programme / EMT / Cabinet reporting.
- Project Delivery Procedures have been implemented in CDS. External ISO9001 gap audit undertaken and no issues raised. ISO 9001 certification expected Nov14.
- Capital Delivery Transformation Roadmap has been completed. Forms core part of CDS service plan.
- CDS restructure is progressing. Achieving Change to be launched in Nov 14 with restructure planned for completion by Apr 15.
- Ongoing meetings between DL & Angie Cawkwell to align PM procedures/ best practice.

Outputs over next 2 months

- | | | |
|---|-------------|-----------|
| 1. Complete review of Gateway Process and launch docs / briefings. | DL / Del Pr | 30-Nov-14 |
| 2. Develop master capital programme. | DL / Del Pr | 30-Nov-14 |
| 3. Complete scope for Capital Hub and develop formal structure. | DL | 30-Nov-14 |
| 4. PM skills / training plan included in CDS restructure proposals. | DL | 30-Nov-14 |
| 5. Identify all PM's across each Portfolio & clarify in QTier - status cleanse. | DL/Del Pr | 31-Oct-14 |
| 6. Continue chasing PM's for project status updates. | DL / Del Pr | ongoing |
| 7. ISO9001 Certification of Project Delivery Procedures | DL | 30-Nov-14 |
| 8. Develop and pilot improved way of working with CYPF Portfolio | DL | 30-Nov-14 |

Issues

- Resourcing improvements continues to present a challenge due to fire fighting and resource constraints.
- Consolidation of delivery needs to be progressed or benefit of changes/ ongoing improvements will not be realised.
- Planning and resourcing of works remains an issue across the programme.
- Endorsement as to future role and purpose of CDS would benefit change realisation.

Appendix B – Project Assessment Matrix

PROJECT NAME

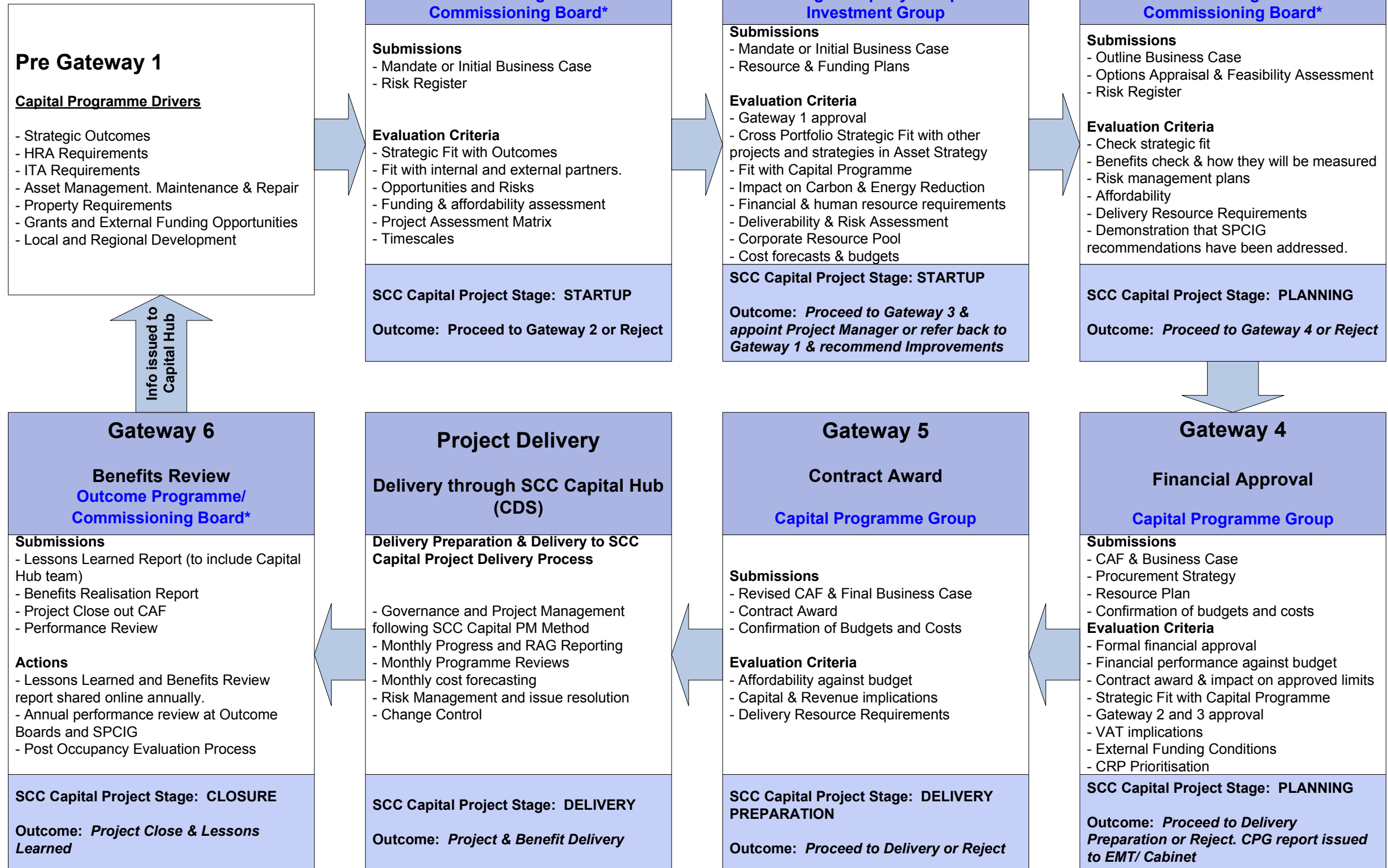
Sample Assessment

	CRITERIA	WEIGHT	SCORING	PROJECT SCORE	WEIGHTED SCORE	SUPPORTING COMMENTS & EVIDENCE / NOTES
Effort	Delivery Resources	20	0: Heavy resource requirements across multiple service areas, limited skills in house 3: Heavy resource requirements across multiple services, skills in house or can be supplemented 6: Low resource requirements across multiple areas, capacity to outsource additional support 9: Low resource requirements across few service areas, high availability in-house		0	
	Project Risks including approvals and planning	20	0: Risks not identified or no management plan in place 3: High risk, management plan in place 6: Moderate risk, management plan in place 9: Low risk, robust management plan in place		0	
	Feasibility Funding established	10	0: No funding identified 3: Funds identified, costs > £50k 6: Funds identified, costs £25k - £50k 9: Funds identified, costs < £25k		0	
	Project Funding Availability	20	0: Funding dependant on trading income or cost savings 3: Fully funded through mixture of internal and external funds, including grants 6: Fully funded through single allocated external grant funding eg ERDF, CIL, S106 9: Fully funded through internally allocated budgets, eg HRA, LGF, CRP		0	
	Cost Certainty	15	0: lots of unknown or hidden costs 3: some high level costs are known, 6: many/ detailed costs are known 9: all costs, direct & indirect, are known and tabulated		0	
	Stakeholders	10	0: Multiple Stakeholders, low support for scheme 3: Limited Stakeholders, low/ medium support for scheme 6: Multiple Stakeholders, moderate or high support for scheme 9: Limited stakeholders, high support for scheme		0	
	Complexity	5	0: Highly complex, innovative, unique and new scheme 3: Complex, some similarity to previous schemes 6: Limited complexity, similar to previous schemes 9: Low complexity, Business as Usual, repeat project, tried and tested methods		0	
Total Effort Score				0	0	
Benefit	Strategic Outcome Alignment	20	0: No alignment with outcomes 3: Alignment with 1 outcome but is not driven by outcomes 6: Alignment with 1 or more outcome, driven by outcome programme 9: Achieves 2 or more outcome benefits, HRA or ITA funded		0	
	Improves Economic Sustainability	10	0: No benefit/ impact 3: Improves sustainability of service / function / neighbourhood within limited area 6: Improves sustainability of service / function / neighbourhood within neighbourhood area 9: Improves sustainability of multiple services across neighbourhood areas with economic and environmental benefits		0	
	Reduces Energy Consumption / Carbon Emissions	10	0: No benefit/ impact 3: Reduces energy consumption and/ or carbon emissions by <10% 6: Reduces energy consumption and/ or carbon emissions by 10-25% 9: Reduces energy consumption and/ or carbon emissions by >25%		0	
	Addresses existing issues including Asset Management & Maintenance	10	0: Does not address any existing issues / no benefit 3: Addresses single specific identified issue 6: Addresses multiple existing issues 9: Precautionary, planned, remedial or emergency works to address identified asset maintenance issues		0	
	Users and Impact	10	0: low impact, low number of users (1 ward or less) 3: low impact, high number of users (more than 1 ward) 6: high impact, low number of users (1 ward or less) 9: high impact, high number of users (more than 1 ward)		0	
	Financial Benefit: Investment Payback	20	0: No benefit/ impact 3: payback beyond 5 years 6: payback within 3-5 years 9: payback within <3 years		0	
	Financial Benefit: Revenue Benefits	20	0: No benefit/ impact 3: Reduces revenue costs by/ generates income of < £50k p.a. 6: Reduces revenue costs by/ generates income of £50k - £100k p.a. 9: Reduces revenue costs by/ generates income of > £100k p.a.		0	
Total Benefit Score				0	0	
Total Score				0	0	



SHEFFIELD CITY COUNCIL CAPITAL PROGRAMME GATEWAY PROCESS

Version 2.0
17th June 2014



* Outcome Programme/ Commissioning Boards include: Strategic Outcome Programme Boards, HRA Board, Resources Leadership Team, Combined Authority Transport Committee



Better, Faster, Cheaper – Capital Delivery Transformation Plan

