

Report sponsor: Director of Policy, Insight and Communication
Report author: Head of Strategy and Performance

Programme Management Office Update

Purpose

- 1.1 There are many factors that contribute to the successful delivery of programmes and projects.
- 1.2 In September 2018, the Programme Management Office (PMO) was set up to *“help to enable effective project management delivery and to provide an overview of programme activity and outcomes”*.
- 1.3 The purpose of this report is to provide the Audit and Governance Committee with an update on developments with the PMO.
- 1.4 Presented at **Appendix 1** is a detailed overview of 2021/22 PMO priorities, and the progress that has been made to support the on-going development of an effective PMO function.

Recommendations

- 2.1 To note the significant developments that have been made in the PMO function over the last 12 months; as set out in paragraph 4.11 and Appendix 1.
- 2.2 To note the future priorities for improvement, set out in paragraph 4.16 and that an updated report will be presented to Audit and Governance Committee in July 2022.

Reasons

- 3.1 The purpose of the Audit and Governance Committee is to provide independent assurance to the council on the adequacy of the risk management framework and the internal control environment, and as part of this the committee reviews *“the council’s arrangements for corporate governance against the good governance framework”*.
- 3.2 A critical ‘ingredient’ of ‘good governance’ is effective project management, which supports in the achievement of positive outcomes for the city.

Supporting information

Background

- 4.1 A good programme management office (PMO) ensures that projects in a multi-project environment run as smoothly as possible, in line with agreed standards, to achieve better outcomes for the city (*Project Management Office (PMO): Definition, Advantages & When Is It Good? (theprojectgroup.com)*).
- 4.2 The types of activities covered by a PMO can include:
- **Centralised project support** - consistent templates, business case development, risk management
 - **Facilitation of project networks** - communication across project teams and escalation of issues where appropriate
 - **Reporting and assurance** - effective project oversight and control to minimise failures and improve the chance of overall success
 - **A 'Centre of Excellence'** - guidance on methods, standards, processes and tools, internal delivery and standards assurance, education and training to foster a culture of continuous improvement
 - **Enable business leadership** - the development of portfolio management structures, tools, processes and governance and strategic decision making.
- 4.3 Derby's PMO was established in September 2018, to develop a more consistent and robust corporate approach to managing projects.

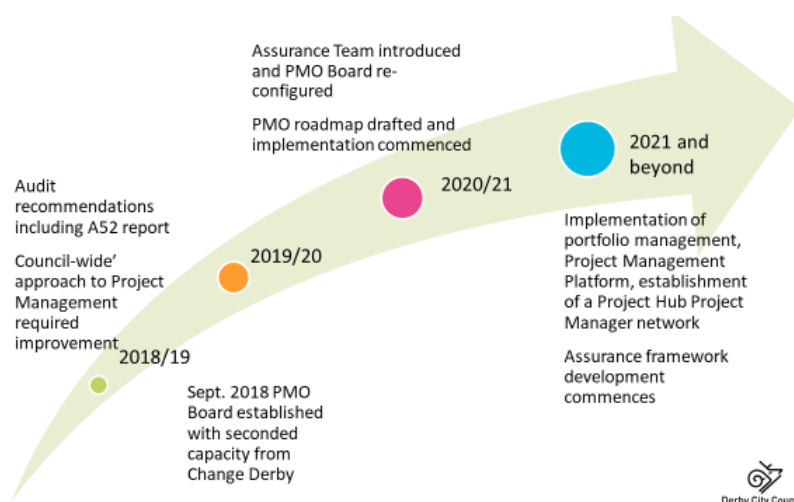
Derby's Programme Management Office

- 4.4 Since the introduction of the PMO, there has been a restructure within the Policy, Insight and Communications Department to embed the function within the Strategy and Performance Service. The Assurance Team was subsequently established in December 2020 to cover both project and risk management functions, bringing together a coordinated approach to two key foundations of our 'assurance activities'.
- 4.5 PMO functions of the Assurance Team include:
- defining and maintaining the standards for project management
 - providing expert guidance, support and insight on projects
 - building strong project management networks
 - maintaining oversight of project activity across the council, including projects not eligible for the gateway approval process
 - reporting to senior leaders and councillors on the effectiveness of programme and project management arrangements in Derby.
- 4.6 Alongside the establishment of the Assurance Team, the PMO Board was reviewed and re-defined in 2020.

- 4.7 The Board is now chaired by the Strategic Director of Corporate Resources, with representatives from all Directorates, and alongside the Assurance Teams covers the functions of Derby's PMO; with the Board's responsibilities including:
- embedding a consistent, strategic and robust approach to project decision making across the Council to promote delivery of community outcomes
 - defining, considering and signing off major decisions within the Gateway process
 - providing enhanced assurance for programme delivery, including financial management, using an embedded audit approach
 - promoting learning and good practice.

Developing our Programme Management Office

- 4.8 Following the review of the PMO Board and the establishment of the Assurance Team a 'roadmap' of development activities was agreed for 2021/22.
- 4.9 The basis for the development of the roadmap was the completion of activities that would take the council from having a 'developing' PMO function, to a more embedded offer, as we seek to develop an 'embedded assurance framework'. The diagram below provides a summary of our journey to date.



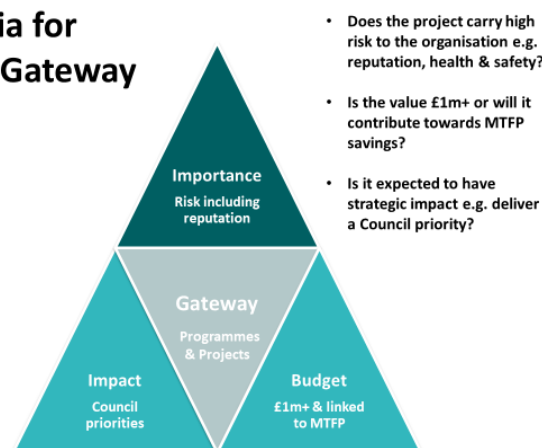
- 4.10 Presented in **Appendix 1** is a full overview of priorities for improvement identified at the start of 2021, alongside an update on the progress achieved to date.
- 4.11 Key achievements over the last nine months, aided by targeted Change Derby support, have included:
- the establishment of a **PMO Sounding Board Network**, with professionals from across directorates to support project development activities
 - a review of **project tools and templates**, with all key documents being re-drafted incorporating 'best practice' and streamlining to reduce duplication
 - the development, and piloting of, a new **Project Management Platform** for document storage and the management of programmes and projects
 - updating programme and project **roles and responsibilities**, with refreshed guidelines on MiDerby to aid clarity and consistency

- a review of the **gateway guidance**, including the criteria for projects to be considered by the PMO Board to make sure that the Board has oversight of the 'right projects'
- a desk-top review of **project capacity** to support the development of the refreshed Project Manager Network and the Project Hub
- A **strengthening assurance role** for the PMO Board, with an improved focus on learning and sharing good practice.

An effective Gateway Process

- 4.12 A robust and owned project gateway process ensures that each potential programme or project has been appropriately scoped, evaluated, planned and delivered with checkpoints at various points in the project life-cycle. Each defined stage looks ahead to provide assurance that programmes and projects can progress successfully to the next stage.
- 4.13 Derby's project gateway was previous based on four key stages:
- **Gateway 1** – To adopt project and recommend feasibility work and governance arrangements
 - **Gateway 2** – To approve in principle project development subject to feasibility work and solid business case
 - **Gateway 3** – Final project approval subject to full business case, investment and procurement
 - **Gateway 4** – Programme/project review – review lessons learnt and embed best practices
- 4.14 The criteria used to identify projects for gateway decisions was based on three areas – budget, importance and impact.

Criteria for using Gateway



- 4.15 Following a review of the guidance, gateway stages and the criteria a number of changes have been made:
- the phases of projects are now aligned to the **gateway stages** to reduce confusion, which means that there are now five project gateway stages that have also been aligned to the RIBA work stages...

DCC Project Stages	RIBA Plan of Work Stages	Gateway
Stage 1 - Concept	0 – Strategic Definition	Gateway 1 - Concept
Stage 2 – Feasibility	1 – Preparation and Briefing	Gateway 2 – Feasibility
Stage 3 - Development	2 – Concept Design	Gateway 3 - Development
	3 – Spatial Coordination	
	4 – Technical Design	
Stage 4 – Delivery	5 - Manufacturing and Construction	Gateway 4 - Delivery
Stage 5 - Closure	6 – Handover	Gateway 5 - Closure
	7 - Use	

- the gateway criteria has been updated, being made more specific and aligned to related documents, and is available at **Appendix 2**. Key changes have included:
 - the financial criteria has been widened to include revenue activity and external funding opportunities (in line with Cabinet approvals)
 - the impact criteria has been widened out to include internal implications and external implications, which have been aligned to the criteria for a 'key decision'
 - the importance criteria has been re-defined and linked to the Risk Management Strategy
 - there has been an introduction of an 'outcomes' criteria, in line with Performance Management Strategy.
- there is the addition of guidance on partnerships, to provide clarity on the management of partnership programmes and projects
- more guidance on decision making has been included, linked to the Constitution and Scheme of Delegation, to support project leads on navigating successful delivery.

Next steps

4.16 To support the on-going development of the PMO, ensuring effective project delivery, priorities for the end of March 2022 include:

- implementation of a **portfolio and programme management approach**, that aligns city and council activities
- the phased implementation of the Project Management Platform**
- progressing plans to establish a **Project Management Hub**
- the development of a **project management training schedule**, for both councillors and officers, informed by the completion of a **skills audit**
- coordination of the **Project Manager network**.

4.17 An update report will be presented to Audit and Governance Committee in July 2022.

Public/stakeholder engagement

- 5.1 The development of the PMO Roadmap was informed through feedback received from colleagues across all departments, alongside incorporating recommendations from audit activities.
- 5.2 Plans for improvement have been developed alongside the Senior Leadership Team, the Corporate Leadership Team, the PMO Board, the PMO Sounding Board, Change Derby colleagues, alongside via targeted service discussions with project and service leads.

Other options

- 6.1 None.

Financial and value for money issues

- 7.1 The PMO functions support the Council to ensure there is appropriate challenge of business cases and project activity through a Gateway process, with robust monitoring of spend and deliverables, overseen by the PMO Board.

Legal implications

- 8.1 None arising from this report.

Climate implications

- 9.1 None arising from this report.

Other significant implications

- 10.1 The strategic risk register currently includes a risk on the management of projects. The PMO is a key control to mitigate this risk.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan - Director of Legal, Procurement and Democratic Services and Monitoring Officer	10 September 2021
Finance	Simon Riley – Strategic Director Corporate Resources	20 September 2021
Service Director(s)		
Report sponsor	Heather Greenan – Director Policy, Insight and Communications	07 September 2021
Other(s)	Richard Boneham – Head of Internal Audit	14 September 2021

Background papers:	
List of appendices:	Appendix 1 – 2021/22 PMO priorities and progress update Appendix 2 – PMO Gateway criteria

2021/22 PMO priorities and progress update (September 2021)

Identified actions	Progress September 2021	Supporting information	Next steps
Governance			
Review the terms of reference for the PMO Board to re-focus the activities of the Board	Completed	The terms of reference were updated in October 2020 and the focus of the Board has become more balanced between compliance, assurance and support.	<i>Review the terms of reference on an annual basis.</i>
Introduce a projects pipeline to inform the activities of the PMO Board, alongside a forward work programme	Completed	A project pipeline is in place and developing relationships between the Assurance Team and project personnel across the Council is informing effective planning.	<i>Establishment of a PMO working group to support the PMO Board, enabling more informed project planning.</i>
Development of project gateway checklists	Completed	Guidance was drafted to shape the refresh of the gateway document, and to inform the questions asked by Assurance Team colleagues before an item is to be considered by the PMO Board.	<i>Checklist to be reviewed by the PMO working group and used to inform / support discussions.</i>
Recruitment to vacant roles within the Assurance Team	Completed	All roles have been recruited to and colleagues are now in post. There are however on-going challenges in recruiting Project Managers that is reflected within the strategic risk register.	<i>Team development plan to be established.</i>
Establish a Project Management Sounding Board to inform project development activities	Completed	A Sounding Board was established at the end of March 2021, and meetings have taken place to inform the development of priorities, alongside shaping key workstreams (i.e., a review of tools and reporting, the review of the gateway criteria, development of proposals on portfolio management and project roles and responsibilities). Targeted communications and collaborations have also been completed to further informed developments.	<i>Development of the Project Manager Network. Establishment of a PMO working group to support the PMO Board.</i>
Complete a review of current project governance, including completing programme / project mapping, in line with the Recovery Plan outcomes and Medium Term Financial Plan	Completed	The review has been completed and used to inform the development of a portfolio management approach.	<i>Implementation of the Portfolio and Programme Boards including the 'redesign of project board/working group accountabilities and reporting lines'.</i>
Complete a review of project management roles and responsibilities	Completed	Review completed and updated guidance has been issued on MiDerby.	<i>The document will remain under regular review by the Assurance Team to ensure that it remains up to date.</i>

Identified actions	Progress September 2021	Supporting information	Next steps
Review the project management templates linked to Gateway process from 'highlight reports' to 'business cases'	Completed	Gateway guidance updated and approved by the PMO Board in June 2021. Supporting tools have also been updated.	<i>Regular review of the criteria, led by the Assurance Team, to ensure that the appropriate projects are identified for a gateway review through the PMO Board.</i>
Re-establish the Project Manager Network	Some slippage	<i>This will be progressed in quarter 3 of 2021/22, alongside implementation of the PMP, the portfolio management approach and Project Hub.</i>	
Complete a skills audit for project personnel to inform the development of a project management training plan	Not started	<i>Action planned for quarters 3 and 4.</i>	
Tools			
Review project management tools and templates	Completed	Templates have been reviewed and streamlined with new documents issued in September 2021, which also reflect best practice.	<i>Annual review of templates informed by coordinated feedback through the Project Manager Network once this is re-established.</i>
Complete a review of iDerby support and guidance for project and programme management	Completed	All guidance and support pages have been reviewed and updated, in collaboration with Change Derby colleagues.	<i>Annual plan of review to be developed</i>
Review document storage and reporting options	Completed	A bespoke system has been developed in SharePoint to allow the management and reporting of programme and project activities. Training sessions held throughout September to support a phased migration of open projects.	<i>Implementation of the Project Management Platform (PMP).</i>
Development of a good practice library	Not started	<i>Action planned for quarters 3 and 4.</i>	
Assurance activities			
Follow-up audit report recommendations in PMO development activities	In progress	The PMP addresses a number of audit recommendations relating to projects. Closer working relationships between Strategy and Performance and Audit will further develop our collective oversight of progress, issues and risks.	N/A – action remains in progress.
Scope the development of an Assurance Framework alongside colleagues from Internal Audit	Some slippage	<i>Delayed due to capacity – to be progressed during quarters 3 and 4.</i>	
Risk based project reviews	In progress	Targeted support is provided in line with identified areas of risk and the gateway decisions made by the PMO Board. A decision log for the PMO Board will strengthen oversight and organisational learning.	N/A – action remains in progress.

Identified actions	Progress September 2021	Supporting information	Next steps
Regular review and challenge of risk registers, ensuring any risks are reflected on departmental, directorate or strategic risk registers, as appropriate	In progress	Review of risk logs are completed by the Assurance Team as part of gateway decisions. Furthermore, a schedule of regular review is to be developed. Risks are escalated as required from project risk registers.	N/A – action remains in progress.

PMO Gateway Criteria

All programmes and projects should be assessed against each criterion below to determine whether the Programme Management Office Board needs to consider it.

Budget

Impact

Importance

Outcome

Gateway criteria		Assessment for PMO
Budget	- Capital projects of £1million or more - Revenue projects of £250,000 or more - Programme/project required to achieve agreed Medium Term Financial Plan (MTFP) savings External funding opportunity has been identified that will be in line with the defined project costs above	If your proposed programme/project meets any of the budget criteria it <u>must</u> be presented to the PMO Board for gateway consideration.
Impact	A significant positive or negative impact - more than 25,000 residents will be impacted or 2 or more wards - more than 1,000 colleagues or 3 or more departments	If the programme/project does not meet any of the identified budget criteria but meets <u>at least two</u> of the identified criteria for 'impact, importance or outcome' it <u>must</u> be presented to the PMO Board for gateway consideration. If the programme/project only meets one of the 'impact, importance or outcome' criteria, please seek advice from the Assurance Team on whether the programme/project should be considered through the PMO Board.
Importance	Not delivering the project will result in a significant strategic risk scored at 12 or more within the next 12 to 24 months (for example, significant negative impact in physical, social, environmental or economic terms)	
Outcome	Project contained within the latest Council Plan or is a strategic opportunity recommended by senior leadership (for example, Cabinet or a Director) for inclusion in a future strategic plan (i.e., within the next 12 months)	