

Bromsgrove

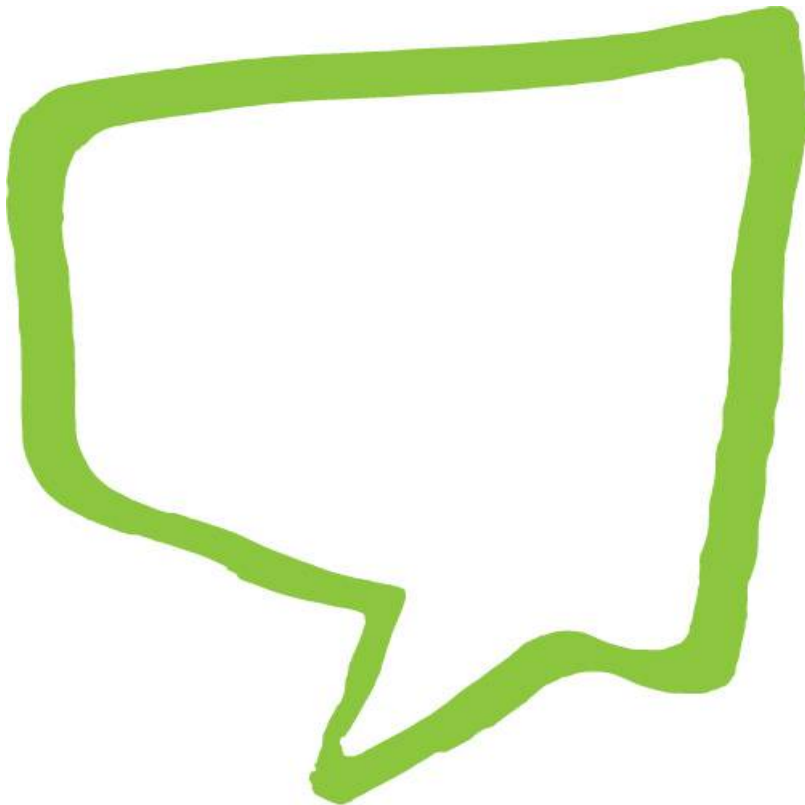
Project

Management

Bromsgrove District Council

Audit 2008/09

May 2009



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Introduction

- 1 Bromsgrove District Council is managing some key projects to help deliver its objectives, several involving other partners. Weaknesses in project management in Bromsgrove District Council have been identified in the past in audit and inspection work. As at March 2008 there was a lack of a formal project management methodology for non-information technology (IT) projects, with inadequate option appraisals, benefits realisation, and formal governance. These present a risk to the Council delivering its plans in the most effective and efficient way and maximising the benefits to users.
- 2 The Council has since improved how it manages projects. It has recruited an improvement manager to address this area, implemented a new project management framework based on the principles of PRINCE 2, and set up a programme board to oversee projects. Training for staff is planned in March 2009.
- 3 This audit has assessed recent progress on project management within the Council. It has reviewed project management arrangements at a corporate level, and assessed application of the approach in particular projects managed by the Council, including town centre regeneration, transfer of leisure centres, and the Spatial project. It should be noted that the workforce planning payroll transfer and community transport projects have also been included in this review. Although not mentioned in the original assessment brief, these are important projects which deliver the Council's objectives. The Longbridge project has been omitted as it is not directly managed by the Council.

Background

4 Barriers to successful project management include:

- large, complex projects with unrealistic goals;
- poor project management, often by inexperienced staff;
- mismanagement of contractors and suppliers;
- poor risk management and no benefits management; and
- cultural, political and multi-agency issues.

5 Poor delivery of projects can lead to:

- waste of already scarce resources;
- damage to staff and public perception; and
- the opportunity for fraud.

6 Bromsgrove District Council (BDC) is managing some key projects, including implementing new ICT systems and business changes, and working with partners. Some key risks have been identified in project management in BDC as part of earlier audit and inspection work, with regard to four projects that are underway:

- town centre redevelopment;
- Longbridge redevelopment (with Birmingham);
- Spatial project; and
- leisure centre rebuild.

7 Risks identified included a potential lack of a formal project management methodology for non-IT projects, with a possible lack of option appraisals, benefits realisation, and formal governance in place. Several projects had not been through a tendering procedure which had saved tendering costs and time but there is a risk that the Council may have not obtained the best deal and value for money (VFM) over the longer term.

8 This audit has assessed current practices within the Council on managing projects, both at a corporate level and on particular projects. Areas for improvement have been identified and recommendations made accordingly.

Audit approach

- 9 The audit involved reviewing project management processes at a corporate level and then assessing their application in practice in specific projects. It assessed performance at different stages in the project lifecycle:
- conception (project set up and initiation);
 - planning and design including procurement;
 - implementation and project management; and
 - review and benefits realisation.
- 10 The audit included:
- examination of documents and plans;
 - a review of corporate methodologies;
 - structured interviews with key project staff to evaluate their plans and actions;
 - an evaluation of whether the key risks of projects had been identified and were being appropriately managed; and
 - the extent to which VFM was being considered in the management of projects.

Main conclusions

- 11** The Council now has a sound framework in place to support the planning, implementation and completion of projects which is becoming increasingly embedded. It has made good progress on implementing the framework which was first introduced in July 2008, and was finalised and approved by the programme board in March 2009. The framework includes key components of Project Management (PM) such as producing a project initiation document, business case, project plan, highlight reporting, risk register, issue log, and closure report.
- 12** A programme board was also set up in July 2008, comprising of the Chief Executive and heads of service, to strengthen the governance of projects across the council, make key decisions, manage risks at a corporate level and oversee benefits realisation. The programme board reviews all project initiation documents and decides which move to full business case. Training is planned for March 2009 to increase skills and knowledge in managing projects, for heads of service, corporate management team and project managers. Members are to receive awareness training to enable them to provide a challenge role.
- 13** However, at the time of the audit the Council recognised there were still some key areas to be fully developed and embedded. These included a more robust approach to risk management, using issues logs, options appraisals, identifying resource requirements and considering value for money in projects. Although several projects are linked to objectives in corporate business plans and financial plans, these links are not yet explicit in key project management documentation.
- 14** Considering the four main stages of project management (PM) the key findings from the audit are as follows.
 - Conception - A framework is in place for setting up and initiating projects but options appraisals are limited and the identification of resources on projects is not yet embedded.
 - Planning and design - A sound structure is in place but project plans could be more detailed in some cases and the consideration of quality is still being embedded.
 - Implementation and project management - A comprehensive and structured approach to monitoring projects is being embedded but reports differ in levels of detail and analysis of risks could be more extensive.
 - Review and benefits realisation - A framework is in place for project review and benefits realisation but is still in its infancy.
- 15** The Council is aware of these areas for development and is making improvements

Conception

- 16** The Council has a clear and comprehensive framework to support the conception and set up of projects but this is not yet fully embedded. The approved framework specifies that project initiation documents (PIDs) are prepared containing the purpose, background, definition, current position, proposal and resources required. These are reviewed by the project board who decide if a full business case is required. Risks and mitigating actions are captured using a risk scoring matrix in the business case.
- 17** The approach to PIDs and business cases is not yet embedded and there are differences in approach and level of detail in existing PIDs and business cases. Some business cases are detailed as follows.
- On the Spatial IT project which outlines the objectives, timescale, costs and benefits in broad terms, although lacks details on staff resources and stakeholder involvement.
 - The PID for the leisure centres project has some of the components of a PID such as background and risks, and outlines the advantages and risks of three options, but there is a danger of bias towards one option.
 - The PID for workforce planning is very broad and outlines the purpose, background, risks, current position and drivers. However, it does not provide clear details about timescales, resources, roles and responsibilities, or communication with stakeholders.
- 18** There is clear stakeholder involvement in projects. Key stakeholders are defined and project managers and sponsors assigned at the start of the project. Customers are included in new projects, such as on the town centre development, community transport and customer panels are being used for some projects. A Member is the project sponsor for the community transport project. A Member board was in place for the Spatial project to provide reassurance that costs were controlled, and a user group was set up who are now administrators in the new systems. Performance monitoring requires monthly reports to inform stakeholders.
- 19** Options appraisal is a developing area at present. Some assessments of options, such as in the Spatial project, involve a limited range of options and therefore could appear to be biased towards a favoured option. There is evidence in other projects of limited analysis of options to potentially avoid the tendering process. It is accepted that for some projects, there is a limited market place particularly in specialists areas, but a more explicit appraisal of the few options available is prudent. This aspect has been insufficiently challenged in the past, but is recognised as an area for development and is starting to be challenged by the programme board.

- 20** The identification of adequate resources on projects is not yet embedded. The PM framework requires resources to be identified at an early stage and the business case should link to corporate objectives. However, the allocation of resources to projects does not yet explicitly link to priorities or financial planning procedures. The Council recognises that resources could be better estimated and projects are often resourced by existing staff eg the community transport project. Project managers use external resources to boost capacity when needed, such as using consultants on workforce planning. The approach to identifying contingencies when resourcing projects is a weakness, such as on the transfer of leisure centres. Contingency is built into some larger projects but is not affordable in most cases. This can put pressure on capacity in the Council.
- 21** Consideration of value for money (VFM) in projects is an area for development. The principles are in place, for example in the payroll project where the aim was to make savings, but the post project evaluation indicated that the project actually delivered an enhancement to the service rather than savings in the first year - the Council predicts future savings however. VFM in the procurement and the delivery of the project, was not a key consideration in the Spatial project as there were few suppliers available to provide a range of delivery options. However, selection was based on clear criteria and the price was reduced following negotiation with the provider.

Planning and design

- 22** There is a sound structure in place for planning and designing projects. A new framework based on PRINCE2 is in place with standard templates and procedures for staff to follow. Additional training is being provided for staff in March 2009. This should help the Council manage projects more effectively.
- 23** Project plans are prepared with clear activities and milestones. There is a simple system for staff to use with standard templates. Gantt charts show projects broken down into activities with resources needed, completion dates and responsible officers. Colour coding is used to show completed and not completed projects. A project summary chart gives a clear indication of progress of projects, tracking overall progress and enabling a clear awareness of progress and problems. Key milestones and critical dates are highlighted in some cases, but in most charts they could be more detailed and it is not always clear which activities are critical to success and how projects depend on each other.
- 24** Roles and responsibilities are identified in the PM process. There are set roles including senior responsible officer, sponsor and project manager. The project team is then assembled from existing staff or in some cases, specialist contractors are used, such as in the spatial project and workforce planning.

Main conclusions

- 25** Governance is built into the PM process. There is a programme board, risk management processes, performance management and defined roles and responsibilities. Members are more involved through reporting and performance management processes. The programme board, which was set up in July 2008 with a clear terms of reference, is having a positive effect on embedding the new PM structure and raising the status of PM in the Council. It comprises the Chief Executive and heads of service, is chaired by the improvement manager and makes key decisions. Programme board meetings are well structured and focused on progress and delivery of benefits from projects. High level commitment is helping to remove barriers to progress, such as agreeing £30,000 for a consultant to review workforce planning to supplement capacity in the Council. Heads of service are responsible for progress and have to explain slippage. This is providing a better overview and control of projects.
- 26** Quality issues are a key part of the PM framework. There is a structured approach to the inclusion of quality in projects as specified in the framework which covers both quality of process and quality of product and responsibilities. However, this aspect is still being developed and embedded in projects.

Implementation and project management

- 27** The Council has a comprehensive and structured approach to monitoring projects which is becoming embedded. Staff are supported through the provision of PM guidance, help from the improvement manager in preparing PIDs, business cases and plans, and training is planned in March 2009.
- 28** There is effective monitoring of projects. Project managers prepare monthly progress reports (highlight reports) and updated project plans which are monitored by the programme board. Project managers are requested to attend programme board meetings when needed based on highlight report findings or variances to plan. Updated risks and issues are also reviewed each month. However, there are differing levels of detail in highlight reports suggesting this approach is not yet fully embedded.
- 29** The new approach to project management is helping the Council manage risks and issues more effectively. Risk and issues logs are developed for each project in the initial business case and are managed via the highlight reporting system and a corporate risk register. Risk logs are enabling the Council to tackle issues more proactively. For example, issues with a supplier on the Spatial project were escalated to the project board by the project manager who helped solve problems to minimise delays by approving a change of supplier. The risk log on the transfer of payroll to Redditch project highlights and ranks risks with mitigating actions. However, analysis of risks could be more extensive, such as detail on mitigating actions, for example one action is 'ensure adequate resources' even though this refers to a high risk of failure.
- 30** Communications planning is part of the PM framework and is developing. Progress on a corporate communications plan is presented to corporate management team (CMT) on a weekly basis. Key messages from projects are also reported to CMT and to staff in newsletters.

- 31** Closing down projects is part of the PM process. A formalised project closure and lessons learnt methodology was introduced in July 2008, but there has been limited experience of applying this to date. Lessons learnt have been reviewed on the payroll transfer project, and a review of progress on the Spatial project to date. Project management arrangements are being strengthened as a result of review, for example, governance and strategic monitoring and control of projects is being enhanced through the establishment of project board. VFM and procurement are also more rigorously considered by the board although this is yet to be fully embedded.

Review and benefits realisation

- 32** Project closure is part of the PM framework. It requires a review of outcomes based on the original objectives, costs and recommendations. The review of lessons learnt is still in its infancy so there is limited evidence of application to projects. However, a structure is in place to ensure this happens from now on. A log of lessons learnt may be beneficial for the Council to record and share key lessons learnt from projects.
- 33** Benefits realisation is part of the PM structure and is developing. A clear definition of success is required within the PID and in a more detailed version within the business case. This includes how the project will support the business strategy, why the solution was sought, outline costs, deliverables and associated risks. Evidence of benefits realisation is limited to date due to the recent introduction of this process. It is being undertaken for the Spatial project but there is more work to do after embedding of the systems.
- 34** A change control process is in place to manage any change to scope of projects. This is notified through the senior responsible officer and the programme board. However, there was limited evidence of this process being applied to date.

Recommendations

35 It is recommended that the Council continues to embed and reinforce its PM framework across all existing and new projects with the support of the programme board. In particular the Council should act on the following recommendations. It is noted that the Council is aware of these areas of improvement and is already addressing the key weaknesses.

Recommendations	Priority	Timescale	Responsibility	Agreed	Comments	Date
R1 Ensure project management training is provided for staff and members from March 2009 to help them understand the new framework and roles and responsibilities.	High	March 2009	Improvement Manager	Yes		
R2 Ensure thorough option appraisals are carried out on projects to ensure the most appropriate solution is sought.	Medium	December 2009	Senior responsible owners and Improvement Manager	Yes		
R3 Carry out more analysis of risks with the development of robust mitigating actions and contingency plans and more comprehensive use of issues logs.	Medium	September 2009	Improvement Manager	Yes	Processes in place as part of the PM framework - include risk register and issue logs. This process requires further embedding.	

Recommendations

Recommendations	Priority	Timescale	Responsibility	Agreed	Comments	Date
R4 Ensure there are adequate resources available for projects and that resource allocation links to corporate objectives and financial planning procedures.	Medium	September 2009	Improvement Manager	Yes	Current PM processes include this aspect - further strengthening and embedding are required to be fully effective.	
R5 Compile a lessons learnt log to record and share key lessons learnt from projects which is readily available to project owners.	Medium	September 2009	Improvement Manager	Yes		
R6 Ensure greater consideration of value for money in projects and explicitly link projects to corporate priorities and the business and financial planning frameworks.	Medium	September 2009	Chief Executive and Assistant Chief Executive	Yes	This recommendation also supports the Council's Improvement Plan and VFM review.	

Appendix 1 – Documents reviewed and interviews

Document reviewed

- Self-assessment provided by Bromsgrove District Council.
- Project initiation documents (workforce planning, community transport and town centre regeneration).
- Business cases (market hall, leisure centres).
- Sample of minutes to project board (September, October and November 2008).
- Sample of Project team minutes (payroll transfer project).
- Organisation charts.
- Risk and issues logs (payroll transfer project).
- Project office arrangements (project management framework document).
- Assurance arrangements (seven highlight reports from various projects).
- Project plans - administration review, payroll transfer, community transport and workforce planning.
- Lessons learnt document - payroll transfer project.
- Benefits analysis - Spatial project.
- Programme monitoring report.

Interviews

- Improvement manager.
- Project managers and sponsors.
- Users.

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