

Project guidance

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Version number	Date	Change summary
0.1	13/08/2010	
0.2	16/09/2010	Amendments based on feedback from Amanda Attfield
1	28/09/2010	Final version based on feedback from SLT: Extra threshold criterion added regarding escalating project costs; Alternative threshold values added for high value, low complexity property development projects; documentation requirements updated; corporate resource planning detail added to project formality definitions.
1.1	04/10/2010	Added discretionary powers for Assistant Directors following feedback from Mike Redman.

This document requires the following approvals:

SLT

This document has been distributed to:

SLT, Ken Dale, Ian Watkins

Introduction

The KPMG public interest report which included recommendation R20, was produced following the council's unsuccessful high court action against its former Managing Director. R20 states that *“The council should review its scheme of delegation to consider at what level formal project management techniques should be employed. This does not necessarily apply only to capital programmes, IT development or major change projects – but could apply (as in this legal case) to revenue activities.”*

This document sets out guidance for project management, starting with an explanation of the sort of activity that constitutes a project, and then presenting a formula for determining whether a project is large, complex, or risky enough to warrant 'more rigorous project management techniques'. The document concludes with recommended project management approaches for the handling of large and small projects.

Is it a project?

It is helpful to review the definition of a project. Prince2 offers two definitions. A project is...:

- a management environment that is created for the purpose of delivering one or more business products according to a specified business case
- a temporary organisation that is needed to produce a unique and predefined outcome or result at a pre-specified time using predetermined resources

Put simply, a project

- has a start and an end
- is often completed by a multi-disciplinary team
- has constraints of cost, time and quality
- has a scope of work that is unique and involves uncertainty

Understanding whether or not a piece of work constitutes a project is the first step. For those activities that do qualify as projects, the next task is to ascertain the level of project management rigour that should be applied.

Threshold calculation formula

The 'threshold calculation formula' to identify the required level of project management rigour is as follows. If any of the conditions apply, then a more robust project management approach should be adopted:

Criteria	Threshold value	
	High expenditure, low complexity property development projects	All other projects
Capital or revenue budgets exceed	£200,000	£100,000

Anticipated cashable benefits exceed	£200,000	£100,000
Project has three or more red risks (scores of 16 – 24) AND capital / revenue budgets, or cashable benefits in excess of	£140,000	£70,000
Due to unforeseen circumstances, cumulative project costs escalate beyond	£200,000	£100,000

These criteria should be applied to all projects (including complex business as usual activity such as legal casework, as explained above) during the start-up phase, and at end of stage reviews to ensure that the appropriate level of project management rigour is applied for each phase of the project. A significant change to the risk profile of a smaller, less complex project must also trigger a review of the project against these criteria.

Project management formality

Now that we can distinguish projects requiring a more rigorous project management approach from those requiring less formality, it is helpful to define what more and less ‘formality’ means.

Prince2 is a scalable project management methodology. It is therefore recommended that CBC’s Prince2 based approach (as defined in the [project management guide](#)) is used for all projects, large and small, complex and simple. Specific differences between the recommended governance arrangements for larger, riskier, more complex projects versus smaller projects are listed below.

Assistant Directors are empowered to authorise deviations from the recommended approach for projects within their remit, where there is a compelling reason to do so. AD’s will however be accountable for such decisions and may be required to provide a justification, especially where projects are under-performing. There is no element of discretion however regarding the production of the Project Initiation Document incorporating the business case (evidence of how the benefits outweigh the costs) and a high level project plan (who will do what, by when) - this is compulsory for all projects.

Project attribute	Large , complex, high risk projects	Smaller, less complex, low risk projects
Experience and qualifications of the project manager	<p>The project manager must have good knowledge and understanding of CBC’s Prince2 based project management approach.</p> <p>The project manager should hold the Prince2 practitioner qualification and have experience of delivering projects of a similar scale and complexity to the new project being undertaken.</p>	<p>The project manager must have good knowledge and understanding of CBC’s Prince2 based project management approach.</p> <p>The project manager should possess the Prince2 foundation qualification, or equivalent knowledge and experience (i.e. knowledge of project management fundamentals and some experience of their practical</p>

Project attribute	Large , complex, high risk projects	Smaller, less complex, low risk projects
		application).
Seniority of the project sponsor	The project sponsor should be at Assistant Director level (or equivalent), or above.	The project sponsor should be at service manager level or equivalent.
Project documentation	<p>For large, complex, high risk and high value projects, the justification for the commitment of resources to the attainment of the stated objectives must be evidenced. Progress must be carefully monitored, and effective risk management and issue resolution processes must be in place.</p> <p>The following documents should therefore be produced and maintained:</p> <ul style="list-style-type: none"> • Project initiation document (incorporating the business case) • Risk and issue logs • Project plans • Highlight reports (submitted to project board on a monthly basis) • End of project report including lessons learned • Project board meeting minutes. • Project board decision log. 	<p>Less documentation is required for smaller, less complex and lower risk projects. The format of optional items is at the discretion of the project sponsor (i.e. could just be verbal updates). 'Required items' should still be documented.</p> <p>Required</p> <ul style="list-style-type: none"> • Project initiation document (incorporating the business case) • Risk and issue logs • Project plans (could just be a high level list of deadlines for the completion of key deliverables) • End of project report including lessons learned <p>Optional</p> <ul style="list-style-type: none"> • Highlight reports (could just be a verbal update to the project sponsor) • Log of meetings held and key decisions taken.
Project board	<p>A full project board must be in place. Named individuals must be provided for the following roles:</p> <ul style="list-style-type: none"> • Project sponsor 	<p>A project board must be in place. Named individuals must be specified for the following roles:</p> <ul style="list-style-type: none"> • Project sponsor • Senior user

Project attribute	Large , complex, high risk projects	Smaller, less complex, low risk projects
	<ul style="list-style-type: none"> • Senior user • Senior supplier • Project assurance • Project manager • Business change manager <p>These roles will usually be fulfilled by different people.</p> <p>The project board must meet on a regular basis to review project progress, resolve issues, monitor risks and stakeholder engagement and confirm plans for next steps.</p>	<ul style="list-style-type: none"> • Senior supplier • Project assurance • Project manager <p>One person may fulfil more than one role (e.g. project manager and project sponsor).</p> <p>The project board may just meet at key stages during the project lifecycle (e.g. start-up, at stage boundaries, and to confirm project closure). Issues may be resolved outside of project board meetings through face to face, phone, or email communication between team members.</p>
Project team	<p>An individual or individuals should be identified to fulfil the project support role.</p> <p>Expert leads (who may or may not form part of the project board) must be defined for all relevant specialist fields including:</p> <ul style="list-style-type: none"> • Finance • HR • Legal • ICT • Communications • Procurement 	<p>The project support role will usually be fulfilled by the project manager.</p> <p>Dedicated expert leads are optional, however relevant departments (such as those listed below) must be notified about the project's existence during the start-up phase.</p> <ul style="list-style-type: none"> • Finance • HR • Legal • ICT • Communications • Procurement
Gateway reviews	<p>Formal gateway review meetings must be held at project stage boundaries e.g. to confirm that the business case is valid; to approve the transition from procurement to implementation; to approve project closure.</p> <p>The gateway review must</p>	<p>Formal gateway reviews are optional on smaller, less complex projects.</p>

Project attribute	Large , complex, high risk projects	Smaller, less complex, low risk projects
	be scrutinised by a project assurance officer who is not involved in the day to day running of the project. Independent external gate reviewers may be appointed for the largest, most complex and highest risk projects.	
Corporate resource planning	All corporate projects and programmes must submit project plans adhering to the planning standards, for the quarterly resource planning exercise.	All corporate projects and programmes must submit project plans adhering to the planning standards, for the quarterly resource planning exercise.

Appendix A) Risk scorecards

Each identified risk should be scored using the impact and likelihood scorecards presented below. These figures should then be multiplied to arrive at the overall 'severity score' for each risk. A figure of 16 or above equates to a red risk. Projects with three or more red risks may be eligible for a more rigorous project management approach.

Impact scorecard

Risk Category	Impacts	Impact	Score
Resources	<10% financial cost impact due to legal issues,	1	1
Resources	<10% of objective's budget,	1	1
Resources	<10% resource cost,	1	1
Resources	Low morale is contained within team and managed.	1	1
Resources	Minimal negative impact on value for money,	1	1
Resources	Risk to personal health & safety is no more serious than a sticking plaster,	1	1
Quality	Brief interruption of non-core service provision,	1	1
Quality	Minor breakdown of joint services or contracts.	1	1
Quality	Negative assessments that do not impact on overall outcome,	1	1
Outcomes	Minimal impact on delivering customer needs.	1	1
Outcomes	No media coverage/minor complaints,	1	1
Outcomes	Poor governance but zero impact on outcomes,	1	1
Outcomes	Targets are missed but only marginally with no impact on other targets or objectives.	1	1
Time	10% or less reduction in capacity with minimal impact on overall outcomes,	1	1
Time	<10% delay in schedule with no impact on other targets,	1	1
Time	<10% staff time with minimal impact on service delivery,	1	1

Risk Category	Impacts	Impact	Score
Resources	11-30% financial cost impact due to legal issues,	2	2
Resources	11-30% of objective's budget,	2	2
Resources	11-30% resource cost,	2	2

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Resources	Risk to personal health & safety may result in broken bones/illness,	2	2
Resources	Some hostility from staff and minor non-cooperation.	2	2
Resources	Some negative impact on value for money,	2	2
Quality	Poor assessments with marginal impact on overall outcome,	2	2
Quality	Slightly reduced service provision with marginal disruption,	2	2
Quality	Some breakdown of joint services or contracts with disruption to progress,	2	2
Outcomes	Adverse local media/negative local opinion/formal complaints,	2	2
Outcomes	Governance has been missed/misunderstood/not up-to-date with marginal impact on improvement,	2	2
Outcomes	Some customer needs or expectations may not be met either in time or quality.	2	2
Outcomes	Targets are missed with marginal impact on other targets or objectives and resources,	2	2
Time	11-30% delay in schedule with marginal impact on other targets,	2	2
Time	11-30% reduction in capacity with some disruption to overall outcomes,	2	2
Time	11-30% staff time with marginal impact on service delivery,	2	2

Risk Category	Impacts	Impact	Score
Resources	31-60% financial cost impact due to legal issues,	3	3
Resources	31-60% of budget,	3	3
Resources	31-60% resource cost,	3	3
Resources	Industrial action in the short term/staff leaving.	3	3
Resources	Risk to personal health & safety includes sustained or major illness of 1 or more people,	3	3
Resources	Severe negative impact on value for money inc. risk to reputation & external intervention,	3	3
Quality	Collapse of at least one aspect of joint service or contract with significant disruption or temporary suspended service.	3	3
Quality	Negative assessment require temporary intervention into service service/qualified audit opinions,	3	3
Quality	Service suspended in short term with noticeable disruption,	3	3
Outcomes	Adverse local & national media/member's/senior staff position threatened,	3	3
Outcomes	Governance arrangements have failed with some reputation/legal implication and cost to recover	3	3
Outcomes	Key customer needs or expectations may not be significantly met either in time or quality.	3	3
Outcomes	Targets are missed with significant reputation/legal implication and cost to recover,	3	3
Time	31-60% delay in schedule with significant impact on other targets,	3	3
Time	31-60% reduction in capacity with temporary suspension of services or questionable to proceed,	3	3
Time	31-60% staff time with significant impact on service delivery.	3	3

Risk Category	Impacts	Impact	Score
Resources	61-100% financial cost impact due to legal issues,	4	4
Resources	61-100% of budget,	4	4
Resources	61-100% resource cost,	4	4
Resources	Failure to provide value for money with major risk to reputation & external intervention,	4	4
Resources	Prolonged industrial action.	4	4
Resources	Risk to personal health & safety includes loss of life/large scale illness,	4	4
Quality	Joint service or contract delivery fails, is suspended long term or is a non-starter with major disruption.	4	4
Quality	Negative assessment require long term and high level intervention into service,	4	4
Quality	Service suspended for long term with major disruption,	4	4
Outcomes	Customer needs or expectations are not met.	4	4
Outcomes	Governance arrangements have failed with major reputation/legal implication and	4	4

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	cost to recover,		
Outcomes	Situation is remembered for years/members and/or senior staff resign,	4	4
Outcomes	Targets are missed continuously/data is unreliable; major impact on reputation/legal implication and cost to recover,	4	4
Time	61-100% delay in schedule with cancellation of other targets,	4	4
Time	61-100% reduction in capacity with long term suspension or cancellation of services,	4	4
Time	61-100% staff time with major delay or cancellation of other activities.	4	4

Likelihood scorecard

How likely is it that the risk will occur? The likelihood of a risk is given a rating depending on how possible it is. This is 1-6 (6 being most likely). Use the second table below to identify the risks likelihood.

Probability	Likelihood Description	Likelihood	Score
0% - 5%	Almost impossible	1	1
5% - 15%	Very low	2	2
15% - 30%	Low	3	3
30% - 60%	Significant	4	4
60% - 90%	High	5	5
> 90%	Very high	6	6