

The Highland Council
Resources Committee – 23 November 2016

Agenda Item	11
Report No	RES/ 77/16

Capital Programme Management Arrangements

Report by Chief Executive

Summary

This report provides initial findings of a review into the current arrangements for planning and management of Care and Learning capital projects.

1. Background

- 1.1 Members will be aware of a number of issues recently with the delivery of educational capital projects. Issues include delays in completion and problems following opening of schools.
- 1.2 A short term review project commenced in October with a brief to review current arrangements for planning and management of Care and Learning capital projects and the delivery of these projects through Development and Infrastructure service. The review is to make recommendations for improving project delivery within existing resources.
- 1.3 The remit was to focus on the two key teams that undertake capital projects for Care and Learning Services:
 1. The Estates team within Care and Learning Service.
This team is the budget holder and client/project sponsor for capital projects. It has the key role in developing long term estate strategy and in the scoping of specific projects with the extensive stakeholder engagement required.
 2. Property team within Development and Infrastructure Service.
This team takes forward the operational delivery and project management of specific projects.

2. Initial findings

- 2.1 The initial work for the review has identified that a number of improvements have been made over the last few months including:
 - Recent recruitment to the Estates team (4 posts) funded through existing capital resources. These posts will support improved delivery of the capital programme.
 - Implementation of the Council's general Project Management Governance Policy that was approved by this Committee on 26 November 2015.

- Restructure within the Property team to meet challenges of ongoing capital and maintenance programmes.

2.2 Through discussions with key staff the review has identified areas where further improvement work could be progressed. These are summarised below and will be considered in more detail as the review progresses.

1. Further clarification of roles and responsibilities

The mandatory requirements of the Scottish Government's 'Construction Procurement Manual' have been incorporated into the Councils' project governance policy. This sets out key roles and responsibilities e.g. of client, project sponsor, project manager. The review has noted that internal guidance could be improved to ensure these generic roles and responsibilities are related to specific Council posts and the postholders are clear on their specific responsibilities.

2. Further improvement of governance arrangements

- a. Initial scoping – the review has identified clear agreement from all parties of the importance of establishing clear initial objectives, a clear brief and affordability of any project. Further guidance on this crucial stage may be beneficial. For example, emphasising the impact of capital projects on revenue budgets and to manage expectations of stakeholders on affordability of projects.
- b. Gateways – The Council's project management governance policy sets out a framework for use of governance checkpoints - 'gateways'. There may be improvements that can be made on the application of this framework to projects.
- c. Change management – procedures are in place but there may be further improvement that can be made to ensure proposed changes are subject to robust scrutiny particularly on affordability.

3. Improve communications

- a. Internal communications within project team and to key officers. There appears to be established procedures for major projects but there may be improvements that can be made for smaller projects.
- b. Communication with key stakeholders including members. The review found that significant demands can be placed on project teams to keep key stakeholders updated and to respond to enquiries. Improvements on establishing efficient update methods may reduce pressures in this area and reduce submitted enquiries. For example, an easily accessible website with regular updates on progress of projects.

4. Further improvement of capital monitoring reports to Resources Committee

All parties noted improvements could be made to reporting arrangements to members. This includes further reporting on smaller projects and further consideration of suggested capital reporting arrangements in the Audit Scotland report 'Major Capital investment in Councils'.

5. Review asset register

The review has noted that the Care and Learning asset register contains properties that may be more appropriate to be considered under other Directorate asset registers e.g. houses, playgrounds. It is noted that proposals are being considered for all assets to be held under one Directorate.

2.3 Further areas for improvement may be identified as the review progresses.

2.4 Both teams have procedures in place to ensure where permissible appropriate revenue costs are charged to capital. It is unlikely that the review will identify further opportunities to allocate costs from revenue to capital budgets.

2.5 The review will be concluded in January 2017 and its recommendations will be reported to the meeting of this Committee on 8th February 2017.

3. Implications

3.1 There are no specific Resource, Equalities, Legal, Climate Change/Carbon Clever, Risk, Gaelic or Rural implications arising from this report.

Recommendation

Members are invited to note progress of the review.

Designation: Chief Executive

Date: 14 November 2016

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Background Papers:

- a. The Highland Council 'Project Management Governance Policy'
http://www.highland.gov.uk/staffsite/info/34/information_and_communications_technology/187/project_management_governance
- b. Scottish Government 'Construction Procurement Manual'
<http://www.gov.scot/Publications/2005/11/28100404/04045>
- c. The Accounts Commission 'Major capital investment in councils - follow-up', Prepared by Audit Scotland, January 2016
<http://www.audit-scotland.gov.uk/report/major-capital-investment-in-councils-follow-up>