

IMPROVING PROJECT MANAGEMENT – THE ROLE OF THE PORTFOLIO OFFICE

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1. Purpose

- 1.1 To inform the Committee of the role of the Portfolio Office and its contribution to improving project management at the Council.

2. Recommendations

- 2.1 That the progress made by the Portfolio Office in supporting and improving project management at the Council be noted.

3. Issues and ChoicesBackground

- 3.1 Reports from the Audit Commission and the Penn Report have highlighted the Council's weakness in the past of using project management processes. The Portfolio Office was established in response to these reports and has been tasked to improve project management processes. This work forms one of the work-streams of the Improvement Programme.
- 3.2 The Portfolio Office is using the Office of Government Commerce's (OGC) P3M3 (Portfolio, Programme and Project Management) Maturity Model to help guide improvement. There are various Maturity Models used by different organisations, however the OGC model is the one that the National Audit Office, Cabinet Office and HM Treasury all promote.
- 3.3 A self assessment rating in July 2008 was that the organisation was a Level 1 Maturity (where 1 is some awareness of processes and 5 is optimised processes).
- 3.4 The external reports highlighted the weakness of the organisation's project management processes and provided examples of some poor practice. However, underlying this is a cultural issue where officers have been confused about what a "project" is and what is "business as usual" (i.e. when they should be applying project management principles). This manifests itself through:
- (a) **No common project language:** officers have been confused about the language associated with projects, for instance what constitutes a project/ programme/ portfolio, or a project manager/ sponsor/ board/ steering group etc. This is because there is a lack of a project

management culture and a poor understanding of the role of projects. The impact is that the balance of maintaining current business operations and transforming the business (e.g. by introducing a new service, or by changing the way the Council provides a service) is likely to be poorly managed and implemented.

- (b) **No consistent project management methodology:** the success of a project has relied on the skills and knowledge of the officer responsible for delivery. Projects are run the way the officer is familiar with – this may be PRINCE2¹ (PProjects IN a Controlled Environment) or it may be the officer ‘feeling their way’ through the project journey. This is caused by the fact that there is no common approach for officers to use. To some extent this issue is fuelled by the fact that there is no defined Project Manager role, and because projects are not recognised as different from Business as Usual. The impact is that while there are pockets of very good practice around the organisation this is not consistent and lessons cannot be learned and applied.
- (c) **Corporate Services not understanding their role with delivering projects:** Corporate Services, for example Legal, Procurement, HR, ICT, Finance & Risk, all play a key role in the successful delivery of projects. With no consistent approach to running projects across the whole organisation, to date it has not been clear when these services should be engaged with projects and what their role is. The impact has meant that projects are seen to be ‘delayed’ due to unanticipated processes.

Together these expose the Council to organisational risks.

The Solution

- 3.5 It was identified that Portfolio Management was the approach that best suited the Council in terms of how to improve project management. Portfolio Management is in the same family as Programme and Project Management, and is a relatively new discipline with the official OGC and Cabinet Office guidance only being published this year (2009). The Portfolio Office continues to work with Sue Vowler, the lead author the OGC’s publication “Portfolio, Programme and Project Offices”.
- 3.6 The Portfolio Office uses Portfolio Management practices to:
 - (a) Support the whole organisation to improve project and programme management
 - (b) Provide Senior Management with a strategic view of the progress of key projects and programmes

¹ PRINCE 2 is a trademark of the Office of Government Commerce.

- (c) Support senior management to align the financial resources with the corporate strategy

Progress to date

A Corporate Approach to Managing Projects: The MK Approach

- 3.7 The MK Approach to managing projects was launched in June 2009 to provide a common language and a consistent project management methodology for all those involved in delivering projects. It is a user friendly, easy to use best practice guide to managing projects. It is a tailored version of PRINCE2, the government's methodology that is generally recognised as the standard approach to managing projects. It was developed by the Portfolio Office in consultation with a working group made up of representatives from each directorate as well as the core corporate services that support project delivery.
- 3.8 The MK Approach also includes a directory that makes it clear when corporate services like Risk, Procurement and Finance should engage with projects and how they contribute to their effective delivery.
- 3.9 Copies of the MK Approach are available to staff on the Portfolio Office staff portal site. The MK Approach is a living document and will evolve as the organisation matures. The first update is scheduled to be published by Easter 2010.

A Corporate View of the Progress of Projects and Programmes: Quarterly Dashboard Report

- 3.10 The Portfolio Office reports regularly on the progress of key projects within the Council. Over the past year this has been trialled with 16 key projects and programmes. This has recently been changed to a quarterly report of all major projects and programmes, as identified by each Directorate.
- 3.11 The dashboard provides an overview of the progress of the projects with a RAG (Red/Amber/Green) rating and comment from the Project Sponsor justifying the status. This reporting process puts an emphasis on Directorate Management Teams (DMT) to monitor and challenge progress on a quarterly basis, using standard Project Management tools such as highlight reports. The Portfolio Office also analyses highlight reports to assess project issue and risk trends across the whole organisation. The first quarterly report will be produced in the New Year and will go to Members.

The Project Manager's Network

- 3.12 Following best practice approaches, the Portfolio Office has established a Project Manager's Network to help develop the community of officers involved in delivering projects and programmes.
- 3.13 The purpose of the Network is to enable members to be exposed to practices they should be adhering to, case study examples of how it works in the real world as well as lessons that have already been identified, and an opportunity to explore the theory of project management and how it should be applied to our organisation.

- 3.14 The network also enables those involved in projects to meet with others in a similar role in order that they can share experiences and access support.
- 3.15 To date the Portfolio Office has run three well attended network meetings, plus additional smaller workshops and discussions.
- 3.16 The Portfolio Office provides a key point of contact for the group, facilitating discussions and meetings, and providing a centre of excellence for officers to turn to when they are unsure of how to proceed with anything to do with their project.

Training

- 3.17 The Portfolio Office has worked with HR to establish an effective training programme for project managers. This is a two stage process.
- 3.18 Initially the role of the training is to up-skill officers and disseminate common processes and language. This is aimed at two audiences: existing project managers with experience who need to become aware of the corporate process and language, and officers who are not aware of project management processes and need to learn these skills as well as the corporate process and language. There are two courses available.
 - (a) The MK Approach training will explain how projects are expected to be managed at MKC. This one day course will go live with a pilot on 14 December and will then be followed with further courses in the New Year.
 - (b) Also available for project managers is an e-learning module for PRINCE2 foundation and practitioner. PRINCE2 is a recognised professional project management qualification. These training modules will up-skill project managers in developing a common language and methodology.
- 3.19 The second stage of the process is to combine these two courses and introduce one course that explains the tools and techniques for running a project and the expectations of the organisation.
- 3.20 Additionally training has also been provided for Project Sponsors, which virtually all members of CLT and their direct reports have now attended, and the already established Introduction to Project Management training course has been updated for project support officers.

Strengthening the Management of the Capital Programme

- 3.21 As part of its remit the Portfolio Office continues to work with Capital Finance strengthening the management of the Capital Programme. All projects identified in the Capital Programme must now use the MK Approach and go through a six point review process, based on OGCs Gateway™ Process, to ensure projects are robust. A new Panel has been established to monitor and challenge the progress of the Capital Programme. The Capital Programme Review Panel is chaired by the Corporate Director for Finance and Risk (Tim Hannam)

4. Implications

4.1 Policy

CLT has agreed that the MK Approach should be used by all projects.

It is a scalable approach, which is a minimum standard. This means smaller projects should use the framework, while larger and more complex projects should use it as a foundation in conjunction with the specific needs of their own project.

4.2 Resources and Risk

(a) Resources

The Portfolio Office sits within the Finance & Risk Management Directorate and is staffed by 3 posts (2.8 FTE).

In order to up-skill the organisation, it will be necessary for relevant staff to undertake project management training. This will require PRINCE2 and MK Approach training, both which are available within the corporate training programme.

N	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	N	Asset Management

(b) Risks

If the Council decides not to respond to external criticism on the way projects are managed, there is a risk that we continue to deliver projects that are not delivered to time, cost and quality. This would have severe implications on the reputation of the Council.

Implementing project management methodologies should be seen and treated as a culture change project. This means that processes need to be embedded and supported by senior management and an effective training programme. Without these support mechanisms, the Council will fail to make the necessary changes to address the criticism.

4.3 Carbon and Energy Management

This is an internal change project and therefore does not impact on the environment

4.4 Legal

This is an internal change project and therefore does not have legal implications

4.5 Other Implications

N	Equalities / Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
N	Carbon and Energy Policy				

Background Papers: Publications that have been referenced in this report include:

MK Approach to managing projects

Managing Successful Projects with PRINCE2™ (OGC 2009)

Directing Successful Projects with PRINCE2™ (OGC 2009)

Portfolio, Programme and Project Management Maturity Model Draft Version 2 (OGC 2008)

OGC Gateway™ Process Review 1: Business Justification (2007)

OGC Gateway™ Process Review 2: Delivery Strategy (2007)

OGC Gateway™ Process Review 3: Investment Decision (2007)

OGC Gateway™ Process Review 4: Readiness for Service (2007)

OGC Gateway™ Process Review 5: Operations review and benefits realisation (2007)