



Meeting **STRATEGIC MANAGEMENT OF PROPERTY SUB-COMMITTEE**

Date **Monday 20th December 2004** **Item No.**

DRAFT FRAMEWORK FOR DEVELOPMENT AND MANAGEMENT OF CAPITAL PROJECTS

Purpose of Report

1. To seek views of Members to the Draft Framework for improving development and management of building projects in the County Council.

Introduction

2. Members are already aware that the 'Re-thinking Construction' and 'Constructing Excellence' agendas set many challenges for local authorities and the construction industry at large to improve performance in the industry. The potential rewards available, prompted many local authorities to take a more radical and innovative approach in design and procurement.
3. In the case of Nottinghamshire, the County Council has a long and successful history of working with partners and contractors alike. The Best Value regime has enabled the Authority to fundamentally revamp these relationships through the development of collaborative and mutually beneficial long-term partnerships with its private sector partners. Success in this regard has been crucial in enhancing the strategic capacity of the County Council to deliver better projects, more efficiently and effectively within pre-determined benchmarks for cost, quality and time.
4. On a related matter, Members are no doubt aware of the new challenges posed by the Government's Public Sector Efficiency Review. Much of the cost savings in design and procurement processes will be predicated on innovation, streamlining inherent activities in design and construction through standardisation wherever appropriate and by eliminating waste. These are

central to simultaneously producing better quality products and maximising resources for front-line services.

5. Whilst good progress has been made in Nottinghamshire on 'Constructing Excellence', much more remains to be done in order to improve both project delivery and project management in order to achieve better value and outcomes for the people of Nottinghamshire.
6. The purpose of the project management protocol explained in this report is aimed at achieving precisely what underpins 'Constructing Excellence', ie improving results for everyone concerned.

Case for Improving Development and Management of Projects

7. It is generally recognised that effective strategic planning, good project development and management are central to strategic planning, policy formulation, option appraisal, design, construction and delivery to achieve the expected outputs.
8. Project management straddles all stages of a project, from conception to completion, and is critical to ensuring that project brief objectives are met in the most efficient and effective manner. There are a number of key players involved at all stages, as well as occupants and service users who have a considerable stake in the capital projects. There are many competing priorities and perspectives that have to be carefully and properly managed to ensure that objectives of the agreed project briefs are met, whilst maintaining clear lines of communication and clarity about the decision making authority and reporting arrangements.

The industry norm is that approximately 85% of all savings on a project will be made before starting on site, at the briefing and planning stages, therefore clear functional responsibility is essential at this stage for successful project outcomes.

An agreed framework for the development and management of capital projects if consistently applied across the County Council should result in the following benefits:

- i. Improvements in strategic planning and management of property portfolio
- ii. Greater predictability of project costs and construction time, reduced learning curves and improved buildability of design.
- iii. Standardisation and consistency of approach across the Authority
- iv. Greater clarity and a generic framework that can be used on all major projects.

- v. Comparability and coherence with local and national guidelines and standards.
- vi. Ability to deliver more projects in congruence with agreed project briefs.
- vii. Better value for money by eliminating waste, standardisation of design, procurement and construction
- viii. Improved communication.
- ix. Continuous improvements.
- x. Better buildings with optimum functionality and suitability.

Proposed Framework for Capital Projects

- 10. The framework outlined below is based on Constructing Excellence being promoted under the aegis of Local Government Task Force (Construction) to embed excellence in construction in the public sector.
- 11. The framework proposed also reflects the existing organisational arrangements in order to clarify roles and responsibilities of key decision-makers and stakeholders during the development and delivery stages of projects, in the context of the County Council's overall framework and objectives for property and resource management.
- 12. The framework described below lends itself for application on all capital projects, but the extent to which various aspects apply to individual projects will depend on size and complexity. As the greater benefits are likely to accrue from larger projects from the use of this framework, it is suggested that it is applied in full for new capital projects with value in excess of £1 million.
- 13. The framework is colour coded using traffic lights to indicate the critical stages of projects.

Stage	Steps	Lead Responsibility	Approval/ Accountability
Phase 1 - Feasibility:			
1	Initial Feasibility to clarify client and stakeholders priorities regarding time, cost, quality and outcomes.	Project Sponsor - with advice from Corporate Property and Environment Department	Sponsoring Department
2	Prepare an Outline Business Case, including objectives of the project.	“	“
3	Identify practical options, comparing	“	“

Stage	Steps	Lead Responsibility	Approval/ Accountability
	costs, benefits and risks.		
4	Identify preferred option.	“	“
5	Develop an outline programme that allows for realistic time for obtaining statutory consents, design, construction and commission.	“	“
6	Develop a register of significant risks.	“	“
7	Submit Outline Business Case for consideration by CAMG.	“	“
8	Obtain agreement to Outline Business Case.	“	Cabinet Members for Finance & Property and relevant Portfolio/Chief Officers
9	Secure funding.	“	Cabinet
<i>It is only after stages 1-9 above that significant expenditure should be incurred, including detailed design.</i>			
Phase 2 - Project Specification			
1	<ul style="list-style-type: none"> Development of a Project Brief fully agreed with stakeholders, end users, and in consultation with Environment Department and Corporate Property. Sign off agreed Project Brief Appoint a Project Manager if appropriate with reporting responsibility to Project Sponsor 	Project Sponsor “ “	Sponsoring Department
2	Obtain statutory consents including land and planning permission in conjunction with Environment Department and Corporate Property.	Project Manager	Project Sponsor
3	Agree project milestones in consultation with Environment Department and Corporate Property	“	“
4	Make arrangements for procurement, construction and delivery of projects in accordance with County Council's agreed framework.	Property Services	Project Manager

Stage	Steps	Lead Responsibility	Approval/ Accountability
5	Project monitoring and co-ordination.	Project Manager	Project Sponsor
6	<ul style="list-style-type: none"> Finalise project briefs and project details (delivery) Obtain funding approval to significant (say 10% of the cost) agreed variations, including any bids to CAMG. 	Project Manager Project Sponsor	Project Sponsor Jointly Cabinet Member for Finance & Property and Portfolio Holder
<p><i>Only Project Manager should be given the authority to agree changes to Project Brief in order to ensure that project delivery in terms of costs, timescale and scope does not get changed part way through construction.</i></p>			
<p>Phase 3 - Project Delivery</p>			
1	Signing off project completion as being compliant with the agreed Project Brief.	Project Sponsor	Project Manager
2	Post project completion evaluation	Project Sponsor	Project Manager

14. Essentially, the framework outlined above proposes three distinct phases ie Feasibility, Project Brief and Delivery. Application of the steps in the framework will help to ensure that there is certainty about the scope of the projects at the outset and better project management during the construction/management delivery stages to ensure better control over costs and project timescales.

Statutory & Policy Implication

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder and those using the services. Where such implications are material they have been described in the text of the report.

Recommendation

16. It is recommended that Members of the Ad Hoc Select Committee note and comment on the draft framework outlined in the report for inclusion in the final report of the Strategic Property Best Value Review.