

Report of: Strategic Director of Finance, Governance and Support

Submitted to: Corporate Affairs and Audit Committee,

Subject: Annual Assurance Report – Portfolio Management Office (PMO)

Summary

Proposed decision(s)

That the Committee notes the arrangements in place to govern programme and project management (PPM) within the Council, progress in the past year, and plans to further strengthen those arrangements.

That the Committee considers whether current arrangements and future plans are sufficient to ensure good PPM governance.

Report for:	Key decision:	Confidential:	Is the report urgent?
Information	No	No	Not applicable

Contribution to delivery of the 2018-22 Strategic Plan

Business Imperatives	Physical Regeneration	Social Regeneration
The work that the PMO undertakes aligns directly with the Business Imperative; ensuring that the Council operates efficiently and effectively, so that Physical and Social Regeneration outcomes are maximised.	The work that the PMO undertakes aligns directly with Physical Regeneration; ensuring that the Council operates efficiently and effectively, so that Physical and Social Regeneration outcomes are maximised.	The work that the PMO undertakes aligns directly with the Social Regeneration; ensuring that the Council operates efficiently and effectively, so that Physical and Social Regeneration outcomes are maximised.

Ward(s) affected

None.

What is the purpose of this report?

1. This report provides an overview of the progress and improvements that have been made to both programme and project management (PPM) governance and processes over the past year, offering assurance to Corporate Affairs and Audit Committee (CAAC) that the PPM Framework and PMO continues to be effective and fit for purpose.

Why does this report require a Member decision?

2. To support the Committee in discharging its remit to seek assurance that the Council has good corporate governance practices, which includes PPM governance.

Report Background

3. The Council has had a corporate programme and project management (PPM) Framework in place since 2017/18, to provide a consistent approach to PPM governance and documentation. The framework underpins the achievement of the Council's strategic aims, with programmes and projects aligned to strategic priorities. The Portfolio Management Office (PM) has responsibility for the strategic oversight of the Council's portfolio of programmes and projects that are managed within the framework.
4. The PMO currently has effective oversight of c.125 current and pipeline (emerging) projects that are being delivered to support the achievement of strategic priorities and continues to further embed the PPM framework via an annual review of the PMO and Improvement Plan.
5. This report details the performance and improvements made over the past year following implementation of the PMO Improvement Plan 2018/19 and outlines the future actions identified as a result of feedback obtained from the annual PMO review and survey and new PMO management arrangements.

Performance

6. Projects managed within the portfolio are categorised as either Level 1 (the most complex projects) or Level 2, and their performance is assessed and reported using Red, Amber, and Green (RAG) indicators that measure how well the project is delivering against expectations. The table below shows a positive increase in the overall performance status of projects in the last 12 months:

Level	RAG	Target	End 2017/18	End 2018/19	On target	Direction of travel
1	Red	3%	9%	0%	Yes	Improving
	Amber	7%	23%	17%	No	Improving
	Green	90%	68%	83%	No	Improving
2	Red	3%	0%	0%	Yes	Optimum
	Amber	7%	8%	3%	Yes	Improving
	Green	90	92%	97%	Yes	Improving
Totals	Red	3%	3%	0%	Yes	Improving
	Amber	7%	14%	8%	No	Improving
	Green	90%	83%	92%	Yes	Improving

7. In addition to this the team also gather feedback on the operation of the PPM framework. Feedback has been used to inform work planned during 2019/20.

Improvements delivered during 2018/19

8. The governance structure which encompasses reporting, monitoring and approvals for PPM was reviewed and found largely to be working well, however a small number of improvements have been made to the reporting packs at Directorate boards to provide for a more detailed oversight of programmes and projects within the current portfolio, including:

- inclusion of programme overview showing stage, categorisation, start and end date and a Red / Amber / Green (RAG) performance status;
- project review by exception amended to show RAG ratings against time, scope, cost and benefits, as well as overall RAG performance status;
- addition of pipeline (forthcoming) projects showing ownership and expectations; and
- an overview of projects that are delivering savings within the Change Programme.

9. In addition, a review of the structure of the Council's portfolio is currently underway with the aim of rationalising the amount of programmes and projects, ensuring full alignment with the Council's strategic objectives. This will be aligned with forthcoming updates to the Vision for Middlesbrough and the Council's Strategic Plan, expected in July 2019.

10. The PMO review and qualitative feedback from the survey resulted in a number of amendments to project documentation, as part of a commitment to continuous improvement. These changes are currently being piloted and include:

- strengthening guidance prompts in documentation to enable a clearer understanding of the information required, which will result in improved quality and greater buy-in from key stakeholders;
- inclusion of specific questions around identification of project resources required to deliver projects, to enable the Council to better allocate internal support services;
- strengthening recording of options appraisals within documentation, to provide programme and project sponsors and Leadership Management Team additional assurance that all viable options have been considered and that the preferred option is aligned to the Council's Value for Money approach; and
- improved levels of guidance around data protection and equality impact assessment.

Internal Audit opinion

11. An internal audit of project management arrangements in 2019, determined that a **Good Control** environment continued to be in place. The audit confirmed that project governance arrangements support the Council's strategic objectives and there is a strong commitment to the PPM framework within the Council.

12. The audit also confirmed that the role of the PMO ensures that the Council is fully compliant and internal control is effective, with robust systems in place to develop a culture of accountability.

Improvements to be delivered during 2019/20

13. Work will continue to make further improvements to embed the principles of effective PPM, as outlined below:

Action	Timescale
Review the current software used to oversee compliance with the PPM framework to ensure it continues to be fit for purpose, or an alternative solution is identified	June 2019
Complete the review the PPM framework to ensure that it continues to be fit for purpose.	September 2019
Review of PMO portfolio and programme reporting structures to ensure they continue to align with the requirements of the organisation.	September 2019
Embed an appropriate social value model within the PPM that will strengthen the integrity of social value projects and social return on investment.	September 2019
Development and delivery of project management masterclasses to further upskill project and programme managers in key project management disciplines.	December 2019
Refresh and deliver Sponsor training to the Wider Leadership Management Team (WLMT) and Heads of Service, to ensure Sponsor roles are understood and to further embed a culture of accountability.	March 2020

What decision(s) are being asked for?

14. That the Committee notes the arrangements in place to govern programme and project management (PPM) within the Council, progress in the past year, and plans to further strengthen those arrangements.
15. That the Committee considers whether current arrangements and future plans are sufficient to ensure good PPM governance.

Why is this being recommended?

16. To support the Committee in discharging its responsibilities in relation to corporate governance, which includes PPM governance.

Other potential decisions and why these have not been recommended

17. Not applicable.

Impact(s) of recommended decision(s)

18. The principles of effective PPM governance will be further embedded in the organisation, supporting the achievement of strategic priorities, including the Medium-Term Financial Plan / Change Programme savings.

Legal

19. Progress to date and the proposed improvements set out in the report are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.

Financial

20. It is anticipated that all activity set out in this report is achievable within existing and planned budgets.

Policy Framework

21. Current and planned activity is consistent with the direction of travel set out in the Strategic Plan, and so is aligned with the Council's Policy Framework.

Equality and Diversity

22. Not applicable.

Risk

23. The PPM framework provides for the effective management of programme and project risk, aligning this with the Council's strategic approach.

Actions to be taken to implement the decision(s)

24. The actions set out at paragraph 13 will be implemented during 2019/20 to deliver the Council's commitment to continuous improvement in relation to PPM.

Appendices

Not applicable.

Background papers

Body	Report title	Date
Executive	Annual Review of Programme and Project Management	28/11/17
CAAC	Annual Review of Programme and Project Management	07/12/17
CAAC	Programme Office Update	29/05/18

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