



Haringey Council

Agenda item:

[No.]

Cabinet Meeting

On 16th October 2007

Report Title: **Cabinet Response to the Scrutiny Review of IT Services Project Management**

Forward Plan reference number (if applicable): **[add reference]**

Report of: **Director of Corporate Resources**

Wards(s) affected: **All**

Report for: **Non-Key Decision**

1. Purpose (That is, the decision required)

1.1 To agree the Cabinet's response, as proposed in this report, to the recommendations made by the Overview & Scrutiny Committee as a result of its Scrutiny Review of IT Services project management.

2. Introduction by Cabinet Member (if necessary)

- 2.1 The review of project management undertaken by the Overview & Scrutiny Committee, whose report was received by the Cabinet at its meeting on 18th September 2007, focused on the performance of IT Services in this area.
- 2.2 Therefore the recommendations coming out of that review are initially being addressed by IT Services with regards to the projects with which it is involved, with support being provided by other central Council functions where necessary.
- 2.3 However, it is to be noted that most major projects with which IT Services is involved originate outside of IT Services and Corporate Resources, therefore wider Council support for implementing these recommendations is to be welcomed.

3. Recommendations

- 3.1 To welcome the recommendations made in the report of the Overview & Scrutiny Committee (O&SC) into its review of IT Services project management, as they further support the project management improvement initiatives already under consideration by IT Services and other central Council functions.
- 3.2 To direct IT Services, working in conjunction with other relevant Council departments, to factor the O&SC recommendations into the development of the initiatives already under consideration – please see the Appendix to this report for details of these initiatives and how they might implement the O&SC recommendations.

3.3 To direct IT Services, working in conjunction with its Council project customers, to reconsider the benefits and benefits realisation plans of existing key projects, redefining them as necessary to allow them to be meaningfully assessed as part of the recommended post-implementation reviews.

Report Authorised by: **Julie Parker, Director of Corporate Resources**

Contact Officer: **Jay Paramanathan, PMO Manager, IT Services, ☎ 020 8489 4628**

4. Director of Finance Comments

4.1 The Director of Finance notes the contents of this report and has no additional comments to make.

5. Head of Legal Services Comments

5.1 The Head of Legal Services notes the contents of the report and advises that there are no specific legal comments.

5.2 The Head of Legal Services will provide advice to IT Services and other client departments during the contract reviews, and will also assist in developing standard supplier contracts in accordance with the recommendations contained in the appendix to this report.

6. Local Government (Access to Information) Act 1985

6.1 This report has been created in response to the report of the Scrutiny Review of IT Service Project Management, which was presented at the Cabinet meeting of 18th September 2007 and is publicly available via the Council Website.

7. Strategic Implications

7.1 The recommendations made in the original Scrutiny Review report, and the Cabinet's responses to them, will affect all major Council projects involving IT, which in turn are key to delivering the Council's overall strategy and department-specific strategies.

7.2 Applying the proposed project management improvements to strategic projects might add to their duration and cost by some small percentage, but the benefits of reduction in risk and improvement in quality are expected to outweigh this cost.

8. Financial Implications

- 8.1 As noted above, some of the measures proposed in the Appendix to this report, in response to the recommendations made in the Scrutiny Review report, are expected to add to project costs, but the percentage increase is expected to be low and might not apply to all projects.
- 8.2 There may also be additional central costs, e.g. for bodies to provide additional reviews of governance and management, but these costs cannot be quantified at this stage and further consideration will be given to whether these costs, once known, are justified by the benefits before any action is taken.

9. Legal Implications

- 9.1 See para 5 for legal comments.

10. Equalities Implications

- 10.1 There are no specific equalities implications arising from this report.

11. Consultation

- 11.1 As an internal Council initiative, this report is based on consultation within IT Services, and with Corporate PMO, Legal Services and Corporate Finance.

12. Background

- 12.1 This report has been produced in response to the recommendations arising from the Scrutiny Review of IT Services project management, presented to Cabinet in the form of a report at the Cabinet meeting of 18th September 2007.
- 12.2 The responses are restricted to actions to be taken in relation to current and future projects managed by IT Services, although some of the actions require the input and support of other departments and functions within the Council.

13. Conclusion

- 13.1 The initiatives set out in the Appendix to this report are considered appropriate measures for addressing the recommendations made in the Scrutiny Review report, given the practical circumstances within the Council now and in the foreseeable future.
- 13.2 These initiatives should be reviewed and revised in light of experience of their effectiveness at a suitable point in the future.

14. Use of Appendices / Tables / Photographs

- 14.1 There is a single Appendix, "Initiatives to Address the Recommendations Arising from the Scrutiny Review of IT Services Project Management".

Appendix

Initiatives to Address the Recommendations Arising from the Scrutiny Review of IT Services Project Management

Recommendation	Initiatives Addressing Recommendation
<p>1. That the Cabinet ensures that Project Sponsors, Project Boards and Project Managers have the skills, knowledge and access to information to allow them to work effectively in order that projects are managed better in their totality.</p>	<ul style="list-style-type: none"> • Project Managers – all ITS PMs have extensive experience in project management, and many have the internationally recognised PRINCE2 Practitioner project management qualification; it is planned that PMs will gain further skills and knowledge as part of their professional development plans through receipt of relevant internal/external training and through coaching by more experienced staff • Project Managers/Staff – Corporate PMO has revised and piloted the in-house “Introduction to Project Management” course to ensure that those beginning a career in project management, or playing a support role in projects have a secure foundation in this discipline • Project Sponsors/Boards – the Corporate PMO is developing training/guidance in various formats to provide project sponsors with a better understanding of their roles and responsibilities within a project • Corporate PMO and IT PMO are working with all relevant parties to strengthen information sharing through project reports, budget reports, etc, which will continue through the remainder of FY07/08
<p>2. The Cabinet adopts and allocates 5% of total budget, as a ‘norm’, for project governance and that this only be exceeded when it can be justified.</p>	<p>It is to be noted that:</p> <ul style="list-style-type: none"> • Project governance includes project management in this context, and the costs are primarily internal staff costs • The 5% target is intended as a proxy measure for the appropriate amount of management and governance time being applied to projects • The amount of project management and governance effort that is appropriate varies from project to project as a function of more than just the project budget, e.g. criticality, risks and complexity <p>Thus:</p> <ul style="list-style-type: none"> • Consideration will be given to whether appropriate Council bodies can be tasked with verifying that an appropriate amount of management and governance time is being applied to each project • The effectiveness of project governance will be strengthened by: <ul style="list-style-type: none"> ○ making more regular use of stage-based planning, allowing gateway judgements to be made between stages by project sponsors/boards ○ improving sponsor/board guidance and budget reporting – see measures for 1 and 4

Recommendation	Initiatives Addressing Recommendation
<p>3. That the Cabinet ensures that Post Implementation Reviews are carried out on all appropriately sized Council programmes/projects and that they be carried out independently, by personnel unconnected with the project board/team, (a suggestion being the Improvement Team in Policy and Performance), and that they be carried out 9/12 months, or longer if appropriate, post full implementation, to allow benefits to be more accurately measured and reported to the Cabinet. PIR should cover changes in the tangible and measurable metrics used in the original business case or justification for the projects.</p>	<p>Subject to support from its customers, the following measures will be introduced by ITS by the end of FY07/08:</p> <ul style="list-style-type: none"> • Clearly identified, measurable project benefits and an agreed benefits realisation plan will be required for each project as prerequisites for effective PIRs • For high value / high sensitivity projects, a Council body independent of project managers and sponsors/customers will be engaged to carry out formal, in-depth PIRs • A standardised, less costly "PIR-lite" process will be implemented for low value projects, e.g. those costing under £25,000 • The cost of a project's PIR will be met from within the project's own budget, which may lead to some additional budget provision being required <p>Assistance is likely to be required from Corporate PMO in implementing PIRs, but this will be dependent on sufficient resourcing being available within this team</p>
<p>4. That the Cabinet ensures greater consistency in the budget monitoring of all Council programmes/projects, by implementing the SAP Project Systems and Investment Management Modules.</p>	<ul style="list-style-type: none"> • Working with Corporate Finance, Corporate PMO has developed a new finance protocol for those projects reporting through the Corporate Programme, and now work to ensure that the budget figures in the Programme Highlight Report align with those in the monthly budget monitoring packs; the Programme Highlight Report format has also been revised to assist senior management and Members in monitoring project budgets • Corporate PMO has also developed, in collaboration with Corporate Finance, a syllabus for a new 'Finance for Project Managers' course, with the first cohort expected in January 2008 • ITS will develop a standardised budget monitoring methodology and toolset, based on the work carried out above, for use with non-Programme, IT-related projects, to be introduced by end of FY07/08 • Working with all relevant parties, ITS will revisit the business case for implementation of SAP Project Systems and Investment Management modules in light of the scrutiny recommendation, which will then be assessed by the Corporate Prioritisation Board in relation to other potential Council IT projects – the decisions as to whether and when to adopt these modules will depend on the outcome of this assessment

Recommendation	Initiatives Addressing Recommendation
<p>5. That the Cabinet, while recognising that addressing the issues identified with supplier management in the review is about more than just the procurement process, implements additional measures in the procurement process to ensure that:</p> <ul style="list-style-type: none"> • Claims made by suppliers are challenged and verified. • Payment schedules are linked to key milestones. • Penalties for non delivery and poor performance are part of supply contracts, whenever feasible. • Penalties are consistently imposed, where it is justified. 	<ul style="list-style-type: none"> • Over the course of FY07/08 and early FY08/09 ITS will analyse the Council's ability to obtain improved value for money from IT suppliers given the existing market conditions, and work with Legal Services to develop standard supplier contracts that maximise opportunity to extract this value • Based on this analysis, ITS will develop a value-for-money strategy for IT procurement and supplier management for implementation in FY08/09 • ITS will liaise with Corporate Procurement throughout this exercise, and benchmark against other local authorities and industries where appropriate