

MIDDLESBROUGH COUNCIL

AGENDA ITEM 7

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT COMMITTEE

7th DECEMBER 2017

STRATEGIC REGENERATION PROJECT DELIVERY - ASSURANCE REPORT - PROJECT DELIVERY OF PROPERTY / ASSET DEVELOPMENT PROJECTS

**EXECUTIVE DIRECTOR OF GROWTH AND PLACE: KEVIN PARKES
STRATEGIC DIRECTOR OF FINANCE, GOVERNANCE AND SUPPORT**

PURPOSE OF THE REPORT

1. The purpose of this report is to outline the Council's approach to developing complex, strategic regeneration projects, with a particular focus on those projects that involve delivery of property and or asset development and major expenditure to provide assurance to the Committee that robust governance processes are in place that align with the various corporate governance frameworks put in place to ensure good governance within the Council. This includes the arrangements for Centre Square.

BACKGROUND

2. At the September 2017 meeting this Committee asked for an assurance report on the governance arrangements of one of the projects within the Investment Strategy, Centre Square. The Committee's decision was that:

'A Member queried the recent developments in relation to Centre Square and the Chair agreed that it would be useful for the Committee to receive information on the governance process.'

3. Subsequently officers have liaised with the Chair of the Committee and agreed that it would be helpful to ensure that governance arrangements are set in the context of the Corporate Project Management processes to give members assurance that arrangements are in line with the governance standards for Project and Programme Management. It was also thought helpful to highlight a couple of further examples of project management arrangement of complex schemes. This report therefore sets out:

- the approach taken to developing project governance structures;

- the governance reporting arrangements; and
- issues that tend to arise during these complex projects and how they are managed within the governance framework.

CONTEXT

4. The Council has an ambitious Investment Strategy, put in place to respond positively to the challenge of growing income streams and supporting local business to ensure Middlesbrough has a vibrant economy.
5. As individual schemes are taken forward project management arrangements are put in place to ensure that the Council's inputs to the scheme are appropriately managed with a disciplined approach. It also ensures that appropriate governance arrangements are put in place so as to ensure that all necessary corporate considerations are taken into account and the Council's role is safeguarded.

CORPORATE APPROACH TO PROGRAMMES AND PROJECTS - BACKGROUND

6. The Council has established a Corporate Programme and Project Management framework. The Corporate approach comprises:
 - launched in January 2016, the Programme and Project Management (PPM) Framework identified the need for a Programme Management Office (PMO);
 - at the corporate level this is managed by a dedicated team under the management of Head of Performance and Partnerships who in turn reports to the Strategic Director of Finance and Governance;
 - individual programmes and projects are managed within the respective service, following the corporate framework and methodology;
 - in November 2016, the first round of PMO Boards were rolled out to implement and embed the PPM Framework and its associated governance;
 - Departments have a monthly Project Management Board, facilitated by the Programme Management Office (PMO) which reports against programmes and projects, by exception (In Growth and Place this meeting is chaired by the Executive Director);
 - the CEX oversees a quarterly review of the Council portfolio of programmes and projects at the Corporate Programme Board;
 - programmes and projects are defined as either Full Framework (Level 1) or Project on a Page / POAP (Level 2), using a categorisation tool which assesses the complexity and benefits of each project

Figure 1 below identifies the 4 stages within the lifecycle of a project, as per the corporate PPM Framework.

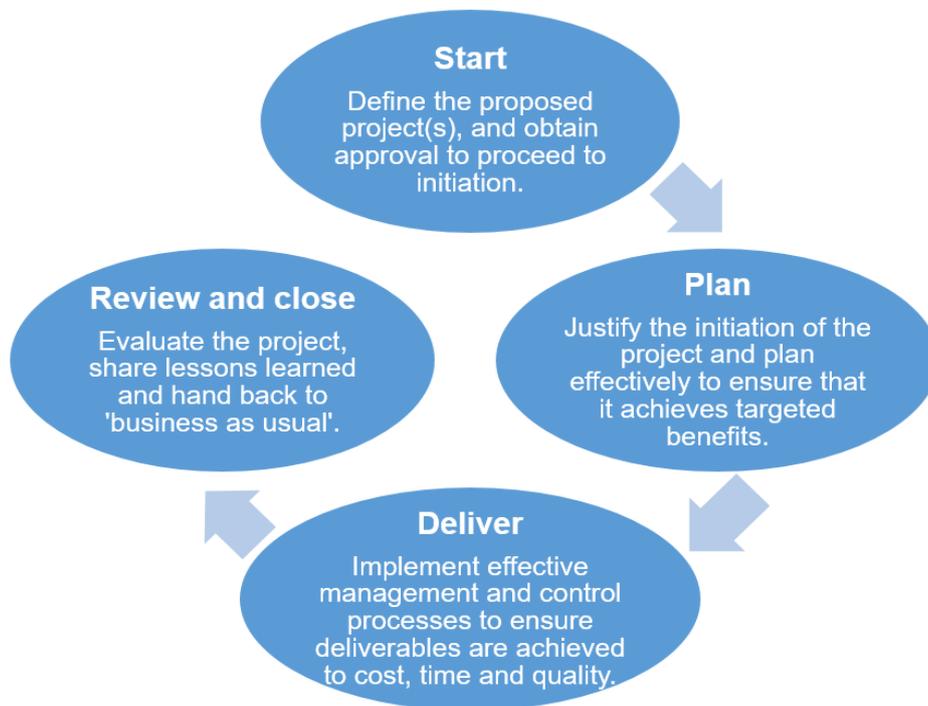
PROGRAMME COMPOSITION

7. A programme is a temporary flexible organisation structure created to coordinate, direct and oversee the implementation of a set of related projects and activities in

order to deliver outcomes and benefits related to the organisation's strategic objectives.

8. Programmes are likely to be cross-cutting, multi-disciplinary, risky, lengthy, influenced and influencing a wide range of stakeholders, and liable to change direction in the light of experience and external events.

Figure 1 – key stages in project development and management



GROWTH AND PLACE – PROJECT MANAGEMENT

9. A comprehensive portfolio of programmes and projects have been established throughout the Growth and Place Department. Projects incorporate both those schemes under development (such as Centre Square / Tees Advanced Manufacturing Park) and schemes involving major capital expenditure (e.g. Middlesbrough Town Hall renovation).
10. There are monthly Directorate Project Boards that oversee all projects in the area by exception i.e. those programmes and projects rated as either Red or Amber which feeds into the Corporate Programme Management Board. The Directorate Project Board is coordinated by the Programme Management Office, who themselves monitor and collate information on each of the individual projects from the respective lead officers, ensuring that the corporate governance is applied and embedded.
11. Appendix 1 sets out all projects managed in the Growth and Place Department.

12. The project management governance arrangements vary according to the level that the programme / project has been categorised, initially at the stage of developing the project brief. The Programme Management Office and Framework is reviewed on an annual basis so as to ensure that the right representation from appropriate services / projects are engaged in the management and delivery of each programme / project.
13. To best illustrate this three examples have been chosen to demonstrate the project management governance arrangements. In addition to Centre Square Programme, the Tees Advanced Manufacturing Park (TAMP) project and the renovation of Middlesbrough Town Hall are also included.

CENTRE SQUARE

Overview

14. The Centre Square Programme, comprises 3 projects, namely Centre Square Land Disposal, Civic Centre Accommodation / Grade A Office project and Centre Square Masterplan.
15. The Grade A Office project is being delivered by Ashall's, a private company. Considerable elements of the project development outside of the Council's control, however, the Council has in place appropriate project management to manage this type of complex relationship. The Council also remains the owner of the freehold of the site and the developer has, at this stage, an agreement to acquire, subject to conditions being complied with.
16. The development of the scheme is being undertaken with a private business and therefore many of the key considerations are either with the private business at this stage or are commercially confidential.
17. It is anticipated that there will be a report to Executive in February 2018 setting out how the Centre Square scheme will be taken forward, by when and what the Council's role will be in this. An update report is anticipated to be reported to Executive on 19th December 2017.
18. That being said, to ensure clarity of roles and responsibilities, good communication routes and that governance is both applied and adhered to, project management methodology has been applied to the programme and corresponding projects. The Programme is of strategic importance to the economic success of the town going forward and one of the seven objectives of the Investment prospectus. Delivering complex regeneration schemes in economically challenging areas almost inevitably means that there is a need for the public sector to undertake a role to drive projects to fruition, which is based on facilitation and enablement.

Centre Square – Governance and project management

19. The Grade A Office project sits with the Centre Square Programme, along with the Land Disposal and Masterplan. The diagram in Appendix 2 shows the structure of

the programme and the reporting arrangements. This project is in the 'start' phase in the Council's Project Management Framework project lifecycle.

20. Key officers undertake the duties commensurate to their technical specialists, as subject matter experts / work stream leads. For example, legal officers' deal with all legal arrangements, negotiation on the land transaction is dealt with the Financial Management and Support service, incorporating the Valuation and Estates Team. These services are located in the Finance, Governance and Support Directorate.
21. Throughout the development of the Centre Square programme there has been a nominated programme manager acting on behalf of the Council, ensuring that all aspects of the Council's involvement are co-ordinated and addressed.
22. A Project Brief outlines the aims and vision of each of the projects and sets out benefits, key risks and issues, high level costs and milestones for delivery. Although not a requirement at this stage of the programme / project, an issues log and risk register have been established for the programme and these documents are used on a daily basis by the Programme / Project Manager to track progress and contribute to the monthly monitoring undertaken by the PMO prior to establishing which programmes / projects will be escalated to the Directorate Project Boards for discussion / challenge / steer, etc.

TEES ADVANCED MANUFACTURING PARK (TAMP)

Overview

23. The primary aim of the TAMP project is to develop a high quality business park. This is being delivered by a third party, Linthorpe Developments, which is a private company. As with Centre Square considerable elements of the project development are therefore outside of the Council's control, however appropriate project management arrangements are in place and the Council maintains many levels of involvement, including: planning and enabling of the scheme due to the potential level of investment and potential number of jobs created.
24. The development of the scheme is being undertaken by a private business and therefore many of the key considerations are currently under development at this stage or are commercially confidential.
25. It is anticipated that there will be a report to Executive in December 2017 setting out how the TAMP scheme will be taken forward, by when and what the Council's role will be in this.
26. As with Centre Square, the Council's project management methodology applies given its strategic importance to the economic success of the town going forward and that it is one of the seven objectives of the Investment Prospectus.

TAMP – Governance and project management

27. TAMP project management arrangements operate at number of levels allowing Council officers to consider those issues and risks that impact on the local authority

independently with the addition of formal monthly TAMP Public Sector Board, with the TVCA being in attendance. There is also a formal TAMP Private Sector Board monthly meeting with the developer and the Tees Valley Combined Authority (the latter may be a partner / facilitator of the development). The diagrams in Appendix 3 shows the structure of the project and the reporting arrangements. This project is also in the 'start' phase in the Council's Project Management Framework project lifecycle.

28. Key officers undertake the duties commensurate to their technical specialists, as subject matter experts / work stream leads. Any negotiations on the land transaction are dealt with the Finance, Governance and Support Directorate, more specifically the Valuation and Estates Team, with inputs from internal and external legal and procurement advice as appropriate.
29. Throughout the development of the TAMP project there has been a nominated project manager, ensuring that all aspects of the Council's involvement are co-ordinated and addressed and reported to the project sponsor, as and when appropriate.

MIDDLESBROUGH TOWN HALL

Overview

30. The scheme entails an £8m renovation and enhancement of the Town Hall Concert Hall. This is funded by both the Council and the Heritage Lottery Fund. The renovations are being delivered by a contractor, Kier. The Council has employed a project manager to manage the relationship with the contractor and ensure that the scheme is delivered in full compliance with the contract and that the project management arrangements are fully deployed. A recent Internal Audit of this project found that there was a STRONG environment.

Middlesbrough Town Hall– Governance and project management

31. The diagram in Appendix 4 shows the structure of the project and the reporting arrangements. The project is in the 'deliver' stage of the project lifecycle, and in this respect, the critical aspects of project management are ensuring that the scheme is delivered in accordance with the contract and within budget and timescales.
32. At this point in time the project is within budget and timescale. However, as is always the case with the renovation of large historic buildings the delivery is constantly giving circumstances where unexpected and unforeseen issues arise. The project management arrangements therefore need to be robust enough to address any contingency required in order to seek guidance / approval on how to progress in some circumstances. The skill base of those involved at this stage in this type of scheme is very different to the Centre Square and the TAMP projects and it is therefore important to have officers involved who possess technical skills in managing major building schemes as well as those officers who will be responsible for the management of the building post renovation. These latter officers need to take account of operational effectiveness.

FINANCIAL CONSIDERATIONS

33. There are no new direct financial considerations as a result of this report. The report sets out how financial considerations are addressed within the project management arrangements.

RECOMMENDATIONS

34. It is recommended that the Committee considers the Growth and Place's approach to governance of these projects and supports the position that good governance standards are being followed.

BACKGROUND PAPERS

35. Not applicable.

AUTHOR

Kevin Parkes, Executive Director of Growth and Place.

Appendix 1 - Growth and Place – current projects subject to formal project management arrangements

Full Framework (Level 1)

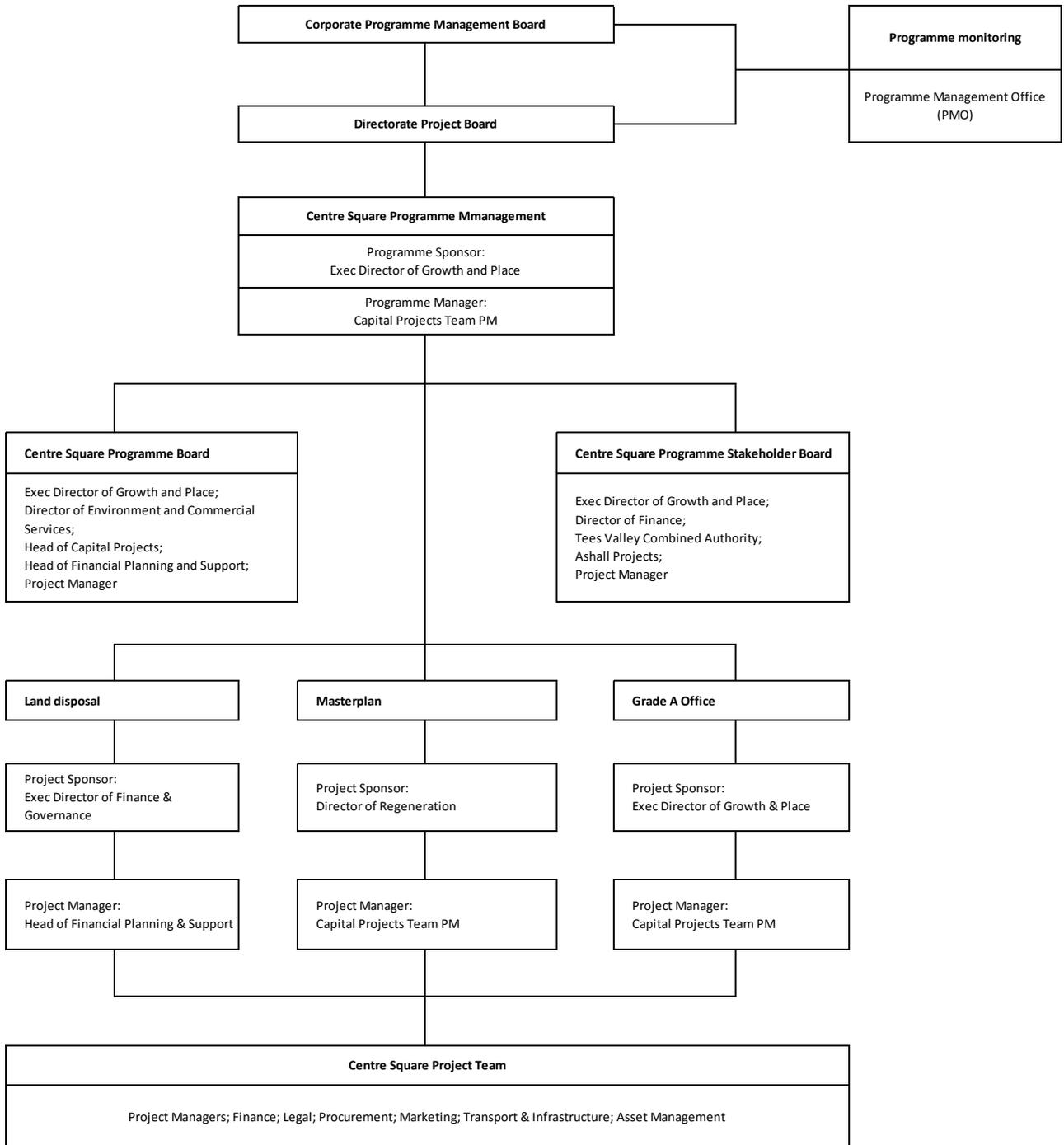
Full Framework Projects	Project Manager	Project Sponsor
Middlehaven Relief Road	Nasreen Younis	Steve Fletcher
Student Village	Andrew Carr	Steve Fletcher
Town Hall Restoration	Michael Canavan	Richard Horniman
Housing Growth Programme	David Allred	Sharon Thomas
Town Centre Investment Programme	Michelle McPhee	Kevin Parkes
North Ormesby Programme	Marion Walker	Kevin Parkes
TAMP 2	Sam Gilmore	Kevin Parkes
Middlehaven Site Assembly	Nasreen Younis	Kevin Parkes
Centre Square Programme	Michelle McPhee	Kevin Parkes

Project on a Page / POAP (Level 2)

Project on a Page (POAP)	Project Manager	Project Sponsor
S106: Acklam Highway Improvements	Rob Farnham	Sharon Thomas
Empty Homes 2015 To 2018	Andrew Cain	Sharon Thomas
LTP HM: Structure and Bridge maintenance	Steve Binks	Dave Carter
LTP IT: Corridor Review Programme: Signal upgrades Longlands/Kings Road	Rob Farnham	Sharon Thomas
LTP IT: A171 Cargo Fleet at The Greenway / Relocation of Pedestrian Refuge	Rob Farnham	Sharon Thomas
S106: UTMW Works	John Chester	Dave Carter
EAW: Saltersgill Flooding Development works	Steve Binks	Dave Carter
Housing Delivery Vehicle (S106)	Andrew Carr	Sharon Thomas
Childrens Home refurbishment	David Jamison	Alison Brown
Hemlington Recreation Ground Section 106	Gamini Wijesinghe	Geoff Field
Custodian Buildings - Asset Management	Martin Shepherd	Geoff Field
Broadband Town Wide Infrastructure	Debbie Ingoldsby	Kevin Parkes
Box Office System Procurement and Implementation	Rob Guest	Richard Horniman
Middlesbrough Theatre Font of House Refurbishment	Anne Besford	Richard Horniman
LTP HM: Carriageway Maintenance 17/18	Tommy Ellis	Sharon Thomas
LTP HM: Footway Maintenance 17/18	Viv Mendum	Ian McConville
LTP HM: Verge Maintenance 17/18	Viv Mendum	Ian McConville
LTP IT: Albert Road / Grange Road Crossing Improvements	Rob Farnham	Dave Carter
LTP IT: Public Rights of Way improvements 17/18	Stewart Muir Williams	Dave Carter
LGF: Ladgate Lane Phase 3	Michael Lawton	Dave Carter
LGF: Acklam Road Corridor	Michael Lawton	Dave Carter
LGF: Newport Road Cycle Improvements	Michael Lawton	Dave Carter
Dismantling of Tuxedo Royal	Nasreen Younis	Steve Fletcher
TMIV Feasibility	Michelle McPhee	Kevin Parkes
Hemlington Grange Business Park	David Allred	Sharon Thomas
Taxi Licensing	Richard Horniman	Kevin Parkes

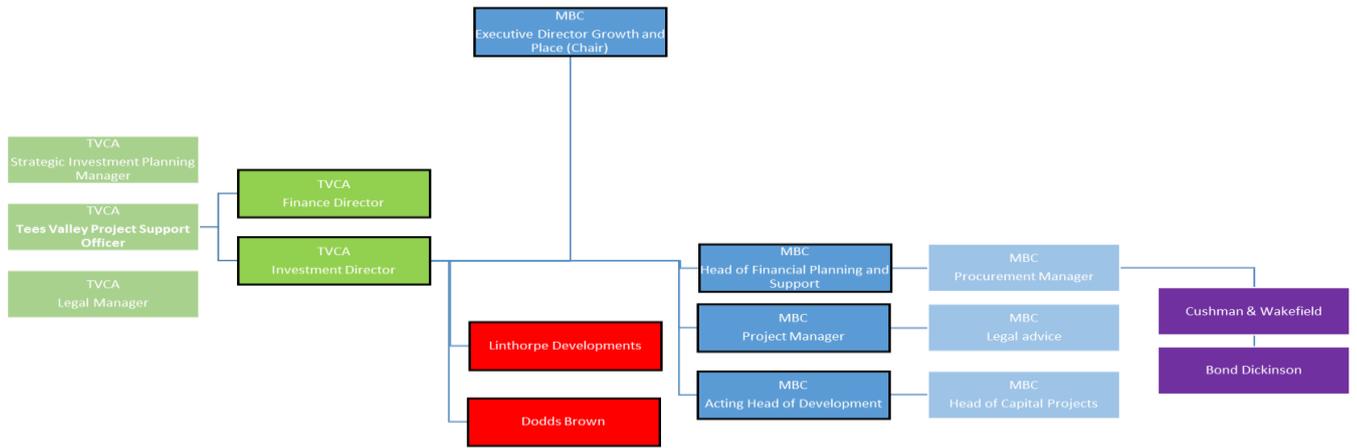
Appendix 2 – Centre Square project Management arrangements

Centre Square Programme Structure
21 November 2017

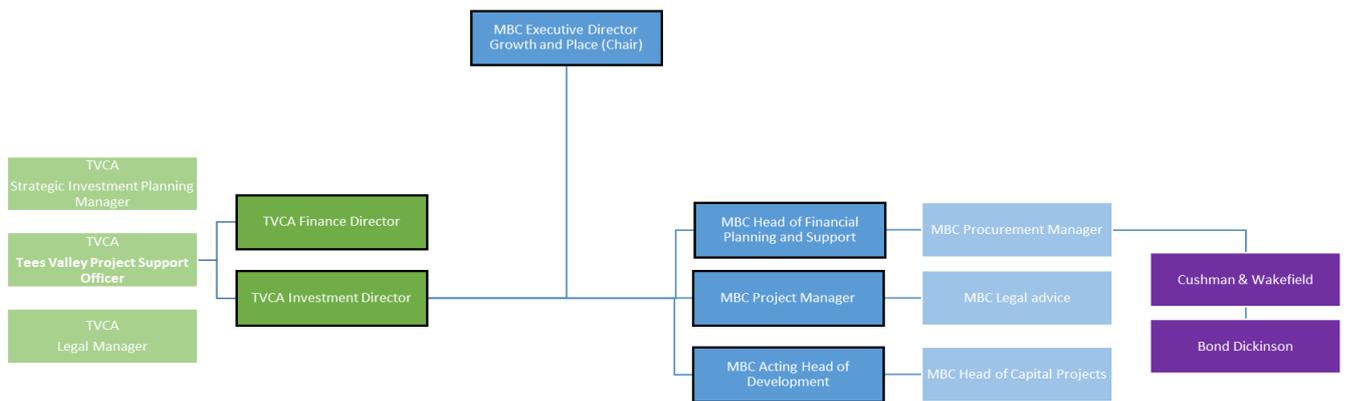


Appendix 3 – Tees Advanced Manufacturing Park – project management arrangements

Private Board Structure



Public Board Structure



Appendix 4 Middlesbrough Town Hall – project management arrangements

