Economy and Enterprise

Overview and Scrutiny Committee

6 November 2023

Major Programmes and Projects

Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Electoral division(s) affected:

Countywide.

Purpose of the Report

1   This report sets out the approach to the management, monitoring and performance of Major Programmes and Projects delivered by the Regeneration and Economic Growth (REG) Directorate. The report also provides an update on some programmes and projects as requested by Economy & Enterprise Overview and Scrutiny Committee (EEOSC).

2   The aim of the report is to provide assurance to the EEOSC that appropriate standards and controls exist to ensure programmes and projects are set up for success, are delivered consistently across the service area and that within the delivery framework there are adequate and appropriate levels of control, challenge, and intervention.

Executive summary

3   In 2021 a Major Programmes Board (MPB) was established to oversee the REG portfolio and is responsible for its strategic direction.

4   The MPB was established in recognition of the significant increase in the number and value of capital projects being undertaken across REG and to ensure the effective management of resource.

5   The MPB has overseen the development of a Portfolio Office (PO).

6   The PO has established the governance framework for the delivery of all programmes and projects and is the hub for coordinating all programme and project information, monitoring and intervention activities.

7 The PO ensures the MPB has oversight of significant programme and project activity informed by accurate data covering programme, cost, quality, reputation, and risk.

8 This report will set out for the EEOSC the role of the PO and MPB and provide details of the governance framework and reporting arrangements for Major Programmes and Projects. The report will be supported by a presentation the focus of which will be those projects identified by EEOSC for more detailed discussion.

9 The aim of the report is to provide EEOSC with assurance that Major Programmes and Projects have consistent and effective project set up arrangements that facilitate development and delivery activity and which have the appropriate monitoring and management oversight to ensure corporate objectives in the form of outputs and outcomes are achieved.

10 The Scrutiny committee have also requested some specific updates regarding a number of key projects including Durham Innovation District – Aykley Heads, Jade Phase 2, The Story, Durham Light Infantry Museum and Art Gallery (DLIMAG), Leisure Transformation Programme and Durham City Bus Station.

Recommendation

11 EEOSC is asked to receive the report and provide commentary on the established arrangements for the effective delivery, management and performance of Major Programmes and Projects across REG.

Background

12 In 2021 a Major Programme Board was established. It was established due to the significant increase in the number of projects and their associated value that REG were responsible for delivering.

13 This trend has continued with the REG Capital Programme growing year on year. At the beginning of this year there were 149 schemes with a value of £136,340,000. This represents a 140% increase from £56.8m five years ago in 2018/19.

14 Even in this current financial year 2023/2024 scheme numbers and value have increased from 149 to 152 schemes with a value increase from £136,340,000 to £153,140,000. A further increase is anticipated next year also, as can be seen by the reference to the table below.

Year	Number of Schemes (start)	Start of Year	Number of Schemes (end)
2018/2019	112	56,832,126	118
2019/2020	94	67,623,930	116
2020/2021	130	85,434,542	145
2021/2022	139	87,554,297	179
2022/2023	166	129,318,414	178
2023/2024	149*	136,340,000	
2024/2025		167,034,844	

15 The above figures refer to REG capital projects that are in development/delivery only. This means those projects which are commissioned and in REG and where REG are the budget holder.

16 REG is also responsible for a number of building projects across the council and is ultimately responsible for the majority of non-highways construction programmes. The figures above do not include projects delivered by REG on behalf of other Council services, these are projects where the construction team in REG deliver the project, but the budget may be held, and project commissioned by another service for example a new school. These projects total a further value of over £100m.

17 It is also important to note that the figures above do not include the full scale and the complexity of projects in pipeline development and the resource intensive nature of these e.g., Durham Innovation District, Aykley Heads £250m, Milburngate £130m, Jade Phase 2 £100m or Forrest Park £120m. This is because those projects are not directly in the capital budget as they are delivered through different commercial or partnership models such as a joint venture, however in terms of the value of investment and the value to jobs and growth across the County they are significant.

18 The purpose of Major Programmes Board is to achieve a holistic overview of the REG Portfolio. It provides direction and constructive challenge across all areas of the Portfolio; it reviews the performance of programmes and projects (including delivery and spend - forecast vs

actual and engagement) and also assesses and resolves service areas risks and issues. The Board provides direction across the Portfolio and its stakeholders in order to make key strategic programme decisions, including the management of resources. The MPB is in addition to the specific project boards that exist for every major project.

19   The MPB meets every six weeks. Reporting of Performance data, collated through a Programme Tracker (see Appendix 2), allows the MPB to track and assure the programme mandates and objectives against the Directorate's wider strategic objectives and ensure projects are achieving expected outcomes.

20   Data is collected and reported on all of REG's major programmes and projects. These have been identified and selected following a prioritisation process using the following set of criteria:

- Level of Risk - Reputational, Political, Environmental, Customer and effort required (REG resource), and

- Weighting against selected priorities such as:

- Profile (Priority to local/ national policy or a high profile stakeholder)

- Level of impact against DCC outcomes

- Investment value – threshold level above >£5m

- Complexity of delivery

21   The benefit of utilising this process is to determine which project or programme is more critical to REG's strategic objectives and to support the Major Project Board in decision making.

22   The Portfolio Office has established an agreed Business Process that all projects within REG must follow (See Appendix 3). This process covers the lifecycle of projects and provides a structured framework for the delivery and management of projects, from project start up to close out. This overarching Business Process provides a consistent approach to all project types delivered in REG, including both capital and revenue.

23   The lifecycle process has four stages - Concept, Define, Delivery and Handover, and Closure. Each Stage has its own set of activities, including expected deliverables and milestones needed to navigate the Gateway reviews. These Gateways provide a checkpoint

for assurance that the project / programme remains viable and on-track with its approved plan.

24   The Portfolio Office has developed guidance that helps sponsors and those responsible for project delivery navigate this business process. This Portfolio, Programmes and Projects (PPP) Guidance is supported by a suite of project templates and tools that ensure projects are delivered in a more efficient and consistent way, ensuring more successful achievement of project outcomes.

25   Each stage has been broken down into relevant sections, summarised in the Business Process Flow Diagram - this helps project sponsors and project managers consider key questions, take the required steps and ensure each stage provides appropriate deliverables for assessment at gateway and ultimately maintain MPB delivery confidence. The Process Flow Diagram explores each of the Business Process stages to demonstrate:

- alignment with HM Treasury Green Book business case stages
- alignment with key project assurance stages
- alignment with typical project activities (using RIBA (Royal Institute of British Architects) Plan of Work as a baseline) set against the project lifecycle

26   The successful implementation of this project business process requires the full support of REG, sponsors and those responsible for project delivery. It is recognised that projects differ in size and have varying degrees of complexity; the documentation to be completed as part of this process will therefore be proportionate to the scale and nature of the projects, also reflecting whether it seeks internal or external funding.

27   The foregoing paragraphs detail the governance framework associated with Major Programme Board and the approach adopted by the Portfolio Office in terms of guidance, controls and reporting metrics. This delivery methodology follows government guidance and industry best practice.

28   There is a comprehensive suite of documents that supports the approach outlined, which is available to EEOSC Members if requested.

29   As stated, in 2023/2024 the REG Capital Programme consists of 152 schemes and a value of £153m.

30   Each project within the programme is subject to the same standards and reporting requirements. The PO prepares Programme and Project updates for MPB in accordance with the requirements of a reporting timeline flowchart (see Appendix 4).

31   Central to this is the Project Reporting Template which is completed by the Project Manager. The information received is then assessed by the PO and is reported to the MPB using a Programme/Project Tracker, The Tracker Template considered by MPB is shown at Appendix 5.

32   This tracker covers all aspects of the Project and the senior responsible officer (SRO) for the project presents the tracker to MPB, as required.

33   Where projects are identified as having risks levels above acceptable tolerance levels these are identified and included on an intervention tracker. This intervention tracker is discussed in detail at MPB. MPB gives direction on steps/actions to be taken to ensure the project risks are mitigated. The SRO is then required to implement the actions and report back to the next meeting of the MPB on measures taken to address the highlighted issues.

34   Following MPB Meetings Lead Cabinet Member Reporting sessions are held so the latest position on Programmes and Projects are reported thereby ensuring Members are appraised and any communications requirements agreed.

35   The above paragraphs describe the development of the Major Programme Board and Portfolio Office. They also explain the process for the management, monitoring and performance of major schemes across REG and provide details of the suite of documents that scheme managers use to develop and deliver their schemes.

36   The documents also highlight how risk items are identified and the actions taken to mitigate any risk and of the reporting mechanisms so senior members are appraised on projects across the REG service area.

37   The views of the EEOSC on the REG Programme and Project Management Processes outlined would be welcomed.

Programmes and Projects

38   Across REG Major Projects are themed into five groupings:

- Housing Renewal & Development
- Town Centre Improvements
- Employment Sites
- Transport & Connectivity
- Visitor Economy

39   Some of the key projects that fall within those groupings are detailed below:

Housing Renewal & Development

- Housing Regeneration Schemes – Horden, Seaham Colliery
- Newton Aycliffe HIF
- Land Release Programme
- Seaham Garden Village

Town Centre Improvements

- Bishop Auckland – Future High Streets and Stronger Towns
- Towns & Villages
- Leisure Transformation

Employment Sites

- NETPark Durham Innovation District, Aykley Heads
- Jade Business Park
- Forrest Park

Transport & Connectivity

- Durham City Bus Station
- Seaton Lane A19
- Toft Hill Bypass
- Restoration of Railways

Visitor Economy

- The Story
- DLI MAG
- Durham City Culture Programme
- Stockton to Darlington Heritage Railway

40   EEOSC has requested focus on four of these thematic areas; Employment Sites (Durham Innovation District, Aykley Heads and Jade Business Park), Transport & Connectivity (Durham City Bus Station), Visitor Economy (The Story and DLI MAG) and Town Centres (Leisure Transformation).

41   As with any project there are aspects that are commercially sensitive with details that cannot be disclosed. With this in mind a presentation covering the specific projects has been prepared and information provided appropriately.

Conclusion and Next Steps

42   Members of the EEOSC are asked to provide feedback on the report and presentation which sets out the approach to the management, monitoring and performance of Major Programmes and Projects.

Background Papers

None

List of appendices

- Appendix 1 – Implications
- Appendix 2 – Programme Tracker
- Appendix 3 – Business Process
- Appendix 4 – MPB Reporting Timeline
- Appendix 5 – MPB Reporting Tracker
- Appendix 6 - EEOSC Presentation Slides (separate Appendix)

Author(s)

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Appendix 1: Implications

Legal Implications

There are no legal implications arising from the report.

Finance

There are no financial implications arising from the report on MPB Processes.

Consultation

REG employees were consulted on the establishment of the Major Programme Board and Portfolio Office governance framework.

Equality and Diversity / Public Sector Equality Duty

The appropriate level of training and development has been provided to all teams across REG involved in Programme and Project Delivery. This ensures all team members are respected, involved and able to bring their own strengths and skills to their roles. Programme and Project management documentation has also been prepared in an easy to understand form.

Climate Change

There are no climate changes issues arising out of the report.

Human Rights

There are no human rights issues arising out of the report.

Crime and Disorder

None.

Staffing

There are no specific staffing issues arising out of this report.

Accommodation
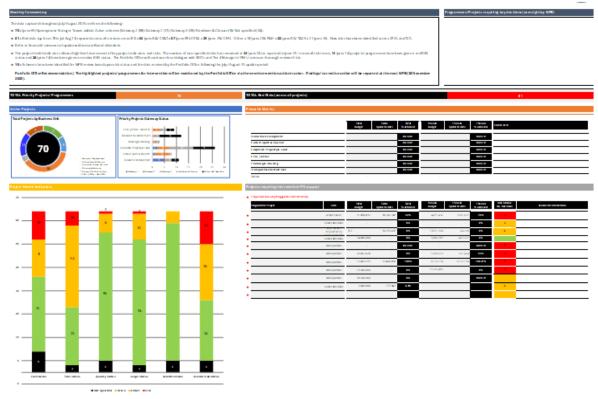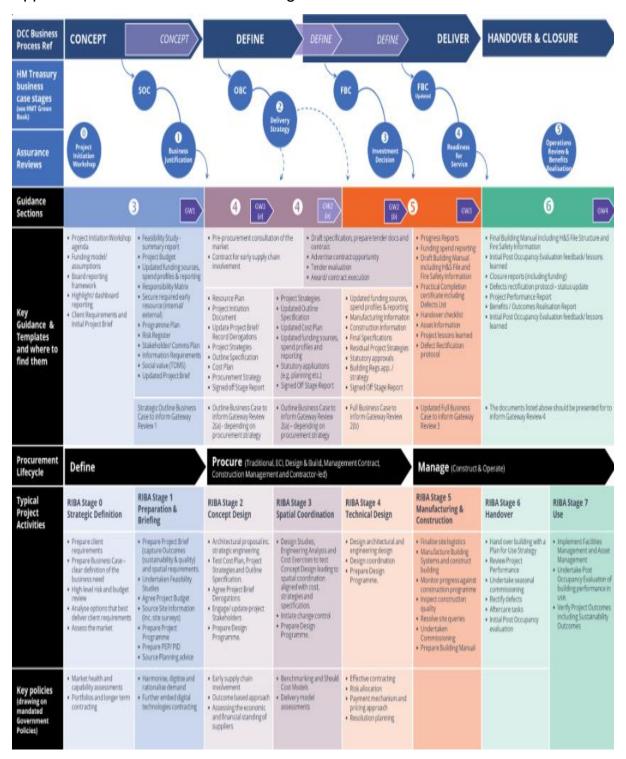
None.

Risk

None.

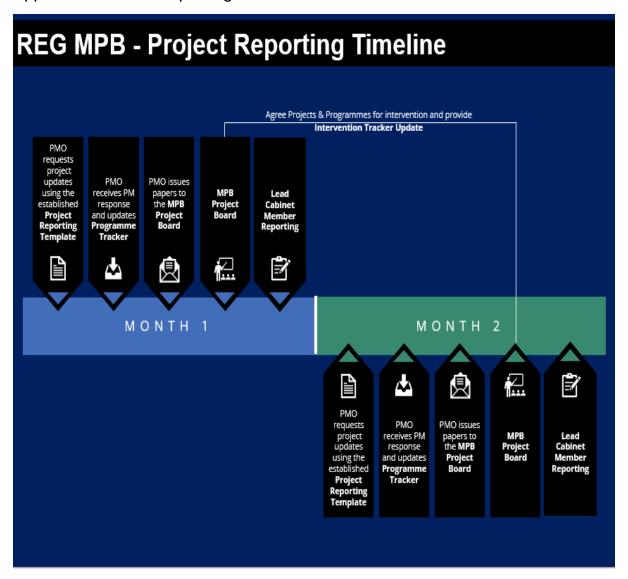### Procurement

None

Appendix 2 Programme Tracker
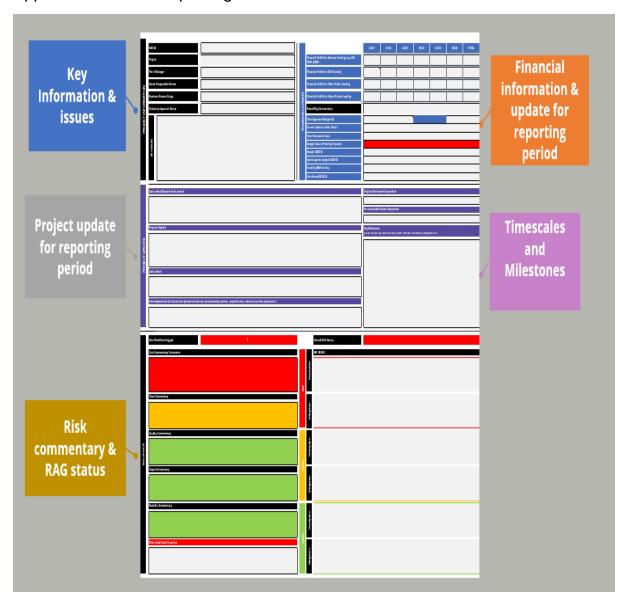
Major Programme Board | Programme Tracker

Appendix 3 – Business Process Diagram

DCC Business Process Ref	CONCEPT	CONCEPT	DEFINE	DEFINE	DEFINE	DELIVER	HANDOVER & CLOSURE

HM Treasury business case stages (see HMT Green Book): SOC, OBC, ② Delivery Strategy, FBC, FBC Updated

Assurance Reviews: ⓪ Project Initiation Workshop, ① Business Justification, ③ Investment Decision, ④ Readiness for Service, ⑤ Operations Review & Benefits Realisation

Guidance Sections: ③ GW1, ④ GW2 (a), ④ GW2 (a), ⑤ GW2 (b), GW3, ⑥ GW4

Key Guidance & Templates and where to find them

Column 1 (CONCEPT – RIBA Stage 0):
- Project Initiation Workshop agenda
- Funding model/ assumptions
- Board reporting framework
- Highlight/ dashboard reporting
- Client Requirements and Initial Project Brief

Column 2 (CONCEPT – RIBA Stage 1):
- Feasibility Study - summary report
- Project Budget
- Updated funding sources, spend profiles & reporting
- Responsibility Matrix
- Secure required early resource (internal/ external)
- Programme Plan
- Risk Register
- Stakeholder/ Comms Plan
- Information Requirements
- Social value (TOMS)
- Updated Project Brief

Strategic Outline Business Case to inform Gateway Review 1

Column 3 (DEFINE – RIBA Stage 2):
- Pre-procurement consultation of the market
- Contract for early supply chain involvement

- Resource Plan
- Project Initiation Document
- Update Project Brief/ Record Derogations
- Project Strategies
- Outline Specification
- Cost Plan
- Procurement Strategy
- Signed off Stage Report

Outline Business Case to inform Gateway Review 2(a) - depending on procurement strategy

Column 4 (DEFINE – RIBA Stage 3):
- Project Strategies
- Updated Outline Specification
- Updated Cost Plan
- Updated funding sources, spend profiles and reporting
- Statutory applications (e.g. planning etc.)
- Signed Off Stage Report

Outline Business Case to inform Gateway Review 2(a) - depending on procurement strategy

Column 5 (DEFINE – RIBA Stage 4):
- Draft specification, prepare tender docs and contract
- Advertise contract opportunity
- Tender evaluation
- Award/ contract execution

- Updated funding sources, spend profiles & reporting
- Manufacturing Information
- Construction Information
- Final Specifications
- Residual Project Strategies
- Statutory approvals
- Building Regs app./ strategy
- Signed Off Stage Report

Full Business Case to inform Gateway Review 2(b)

Column 6 (DELIVER – RIBA Stage 5):
- Progress Reports
- Funding spend reporting
- Draft Building Manual including H&S File and Fire Safety Information
- Practical Completion certificate including Defects List
- Handover checklist
- Asset Information
- Project lessons learned
- Defect Rectification protocol

Updated Full Business Case to inform Gateway Review 3

Column 7 (HANDOVER & CLOSURE – RIBA Stages 6 & 7):
- Final Building Manual including H&S File Structure and Fire Safety Information
- Initial Post Occupancy Evaluation feedback/ lessons learned
- Closure reports (including funding)
- Defects rectification protocol – status update
- Project Performance Report
- Benefits / Outcomes Realisation Report
- Initial Post Occupancy Evaluation feedback/ lessons learned

The documents listed above should be presented for to inform Gateway Review 4

Procurement Lifecycle

Define | **Procure** (Traditional, ECI, Design & Build, Management Contract, Construction Management and Contractor-led) | **Manage** (Construct & Operate)

Typical Project Activities

RIBA Stage 0 – Strategic Definition:
- Prepare client requirements
- Prepare Business Case - clear definition of the business need
- High level risk and budget review
- Analyse options that best deliver client requirements
- Assess the market

RIBA Stage 1 – Preparation & Briefing:
- Prepare Project Brief (capture Outcomes (sustainability & quality) and spatial requirements
- Undertaken Feasibility Studies
- Agree Project Budget
- Source Site Information (inc. site surveys)
- Prepare Project Programme
- Prepare PEP/ PID
- Source Planning advice

RIBA Stage 2 – Concept Design:
- Architectural proposal inc. strategic engineering
- Test Cost Plan, Project Strategies and Outline Specification
- Agree Project Brief Derogations
- Engage/ update project Stakeholders
- Prepare Design Programme

RIBA Stage 3 – Spatial Coordination:
- Design Studies, Engineering Analysis and Cost Exercises to test Concept Design leading to spatial coordination aligned with cost, strategies and specification
- Initiate change control
- Prepare Design Programme

RIBA Stage 4 – Technical Design:
- Design architectural and engineering design
- Design coordination
- Prepare Design Programme

RIBA Stage 5 – Manufacturing & Construction:
- Finalise site logistics
- Manufacture Building Systems and construct building
- Monitor progress against construction programme
- Inspect construction quality
- Resolve site queries
- Undertaken Commissioning
- Prepare Building Manual

RIBA Stage 6 – Handover:
- Hand over building with a Plan for Use Strategy
- Review Project Performance
- Undertake seasonal commissioning
- Rectify defects
- Aftercare tasks
- Initial Post Occupancy evaluation

RIBA Stage 7 – Use:
- Implement Facilities Management and Asset Management
- Undertake Post Occupancy Evaluation of building performance in use.
- Verify Project Outcomes including Sustainability Outcomes

Key policies (drawing on mandated Government Policies)

RIBA Stage 0:
- Market health and capability assessments
- Portfolios and longer term contracting

RIBA Stage 1:
- Harmonise, digitise and rationalise demand
- Further embed digital technologies contracting

RIBA Stage 2:
- Early supply chain involvement
- Outcome based approach
- Assessing the economic and financial standing of suppliers

RIBA Stage 3:
- Benchmarking and Should Cost Models
- Delivery model assessments

RIBA Stage 4:
- Effective contracting
- Risk allocation
- Payment mechanism and pricing approach
- Resolution planning

Appendix 4 - MPB Reporting Timeline

REG MPB - Project Reporting Timeline

Appendix 5 - MPB Reporting Tracker

Key Information & issues

Financial information & update for reporting period

Project update for reporting period

Timescales and Milestones

Risk commentary & RAG status

Appendix 6 - Presentation

See separate attachment.