
REPORT TO: Council Resources Overview and Scrutiny Commission

DATE: 18 July 2005

DEPARTMENT: Development Services

REPORTING OFFICER: Head of Property Management
(*Martin Weeks*)

SUBJECT: MAJOR CONSTRUCTION SCHEMES - PROJECT MANAGEMENT
CODE OF PRACTICE

1.0 PURPOSE OF REPORT

- 1.1 The report sets out proposals to introduce a new Project Management Code of Practice for Major Construction Schemes. The code replaces the "Corporate Project Management Guidance Notes" issued in 1997 in respect of these major schemes.
- 1.2 The new Project Management Code of Practice follows from the Breakout Space Investigation and pays appropriate regard to the findings of the HIC Breakout Space Panel which reported to the Council's Resources Overview and Scrutiny Commission on 16 December 2004. The recommendations of the Scrutiny Commission were subsequently adopted by Cabinet.

2.0 RECOMMENDATIONS

- 2.1 That the Project Management Code of Practice as set out in Appendix 1 to this report be taken forward to Cabinet with a recommendation that it is adopted for general corporate use in respect of major construction schemes.
- 2.2 That the various modified forms as set out in Appendix 2 be adopted for use in conjunction with this Project Management Code of Practice and used in departments of the Council involved in drawing up and administering construction contracts, except housing contracts.

3.0 RECOMMENDED REASONS FOR DECISIONS

- 3.1 The previous guidance notes are now out of date and in need of revision and updating.

3.2 It is necessary, following the Cabinet adoption of the HIC Breakout Space Panel findings to pay due regard to those findings by incorporating them in the new Code of Practice.

4.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 To continue with the present outdated guidance notes would expose the Council to a higher level of risk on large construction projects. This option is therefore rejected.

5.0 BACKGROUND

5.1 The last revised version of the Corporate Project Management Guidance Notes was issued in 1997 by the Chief Executive. These were used and adapted for a number of projects over the years, but as contracts have changed and project management techniques have advanced they have become in need of revision.

5.2 On construction projects the Council has a good overall record of achievement, but the early difficulties with the Breakout Space contract have highlighted the need for updating and modernisation of the corporate project management approach. Indeed, following on from the Breakout Space Investigation the Council's Resources Overview and Scrutiny Commission arranged for a special panel, the HIC Breakout Space Panel, to carry out a detailed investigation and provide findings which could be used by Council officers. These findings were subsequently approved by Cabinet and are set out in Appendix 3.

6.0 PRINCIPLES FOR DRAFTING THE NEW CODE

6.1 The general guidance has been set out following the overall principles of the "Gateway" process. This has been adopted and modified from the original Office of Government Commerce (OGC) system to accord with the Council's normal procedures. Using the Gateway process will not require a major change to the way projects are dealt with, but it will require some changes of terminology, and these are included in the Code of Practice.

6.2 A recognition has developed that Prince2 as a process does not fit all the requirements of every project. Prince2 is particularly applicable to IT projects and as such is being adopted extensively for use in that area. For construction projects the principles and processes set out in the standard contract documentation are appropriate and fit into the proposals of this new Code.

6.3 There is a need to define "responsibilities" more specifically and accurately. There is recognition that no single officer can take personal and individual responsibility for a project. The whole essence of project management on major construction works revolves around team working and as such each individual member of the team has a role and a list of responsibilities which are all aimed at bringing the project to a successful conclusion if at all

possible. The responsibilities lie in ensuring the processes to achieve that successful conclusion are in place.

- 6.4 The profession of project management is such that the Project Manager is now part of the project team whereas previously the role was seen as the most senior person on the project. The role of the Project Manager is about liaison, forward thinking and ensuring that all the processes are in place and co-ordinated to ensure the smooth running of the project. The Project Board now takes the lead for the project, and the person chairing that is the Project Owner. A typical project management structure chart is incorporated in the code.
- 6.5 The new Code of Practice document in Appendix A recognises that not all projects will fit exactly into the format which has been laid down. For instance, the Royal Hall Project has required a more extensive and robust project management arrangement than the code of practice can provide. It needed to consider such things as business planning and fund raising by the Restoration Trust which are broader issues than the construction of the project. Therefore as a norm larger projects would have a special document drawn up to set out a robust project management arrangement structure.

7.0 FURTHER ISSUES TO CONSIDER

- 7.1 Only limited training will be required to introduce the new Code over a period of 12 months. Heads of Service can introduce it to the limited number of staff involved on major construction schemes.
- 7.2 Following on from this CMT report the proposals will need to be taken forward to Cabinet for final approval.
- 7.3 In considering the findings of the HIC Breakout Space Panel report, Appendix C has been drawn up which indicates how each of the findings has been responded to. Every effort has been made to incorporate the findings into the Code but in some cases the practicalities have required modifications and changes which vary from the findings. It will be necessary therefore to refer these back to Cabinet as the findings of Scrutiny were approved by them.

8.0 CONCLUSION

- 8.1 The revised Project Management Code of Practice brings up to date the processes and procedures of Harrogate Borough Council for the management of large projects. They also provide a response to the findings of the Council's Resources Overview and Scrutiny Commission.
- 8.2 Further work has to be undertaken on the corporate approach to all projects whether IT, Change Management or Construction. The Director of Corporate Policy and Improvement will be undertaking this work.

Appendices:

Appendix A – Project Management Code of Practice

Appendix B – Revised Contract Administration Checklist, Interim Payment Certificate, Certificate of Valuation for On Site/Off Site Materials, Contract Payments Register

Appendix C – Response and comment on Resources Overview and Scrutiny Commission findings

OFFICER CONTACT: Please contact Martin Weeks, Head of Property Management , if you require any further information on the contents of this report. The officer can be contacted at the Department of Development Services, Knapping Mount, West Grove Road, Harrogate, HG1 2AE, by telephone on 01423-556641 or by e-mail – martin.weeks@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT/CRIME AND DISORDER

		Implications are		
		Positive	Neutral	Negative
A	Economy			
B	Environment			
C	Social Equity			
i)	General			
ii)	Customer Care/People with Disabilities			
iii)	Health Implications			
D	Crime and Disorder			

If all comments lie within the shaded areas, the proposal is sustainable