



**MAJOR CONSTRUCTION SCHEMES
PROJECT MANAGEMENT
CODE OF PRACTICE**

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1.0 INTRODUCTION & SCOPE

- 1.1 These notes provide guidance to those involved in managing major construction projects. They are not intended for use in day to day service delivery.
- 1.2 The notes are specific to construction work and are not necessarily transferable to other forms of project work. The Council has alternative project management guidance for IT projects and work of that nature. That should be referred to when undertaking such work.
- 1.3 In respect of small construction projects the practices set out in this Code can be used for guidance. In particular the production of a good quality brief should be undertaken containing:
- a) the business case;
 - b) the needs and specifications of the client;
 - c) the projected timescales of design and construction;
 - d) resources, including financial and human resources required;
 - e) risk management register; and
 - f) the names and roles of all those involved in the management of the project with a list of responsibilities.

2.0 A COUNCIL PROJECT

- 2.1 A project has a start and a finish, is unique, and provides a defined measurable output.
- 2.2 In the case of HBC such “Council Projects” will be ones that utilise significant resources of the Council, or have a significant effect upon the finances and/or operations of the Council.
- 2.3 To assist in defining what is a “Council Project” the promoting officers will set out details of any significant project (typically exceeding £0.5million for a construction project) in a report to CMT and will accompany this with a risk assessment. It will be the responsibility of individual directors to bring forward these matters and for CMT to make the decision on the status of the project.

3.0 MANAGEMENT STRUCTURE

- 3.1 **The Project Board** – The Project Board will be the overseeing and highest level of management team for the project. It will report to CMT and, if required by CMT and Council Standing Orders, it will also report to Cabinet and Council.

As a minimum, the Project Board will consist of:-

- a chair who is the “Project Owner”
- a deputy chair who is the lead officer on the professional/technical work of the project
- representatives from each of the following disciplines at a management level within the Council:-
 - legal
 - financial
 - audit

the primary role of these latter officers will be to carry out project assurance

3.2 The Project Manager will attend to report to the Board, and other staff/stakeholders will be invited attendees as required.

3.3 **Terms of Reference of Project Board**

The Project Board has the key responsibilities of giving Gateway approvals, monitoring progress against programme, and monitoring predicted financial outcomes against budgets.

In carrying out these responsibilities the Project Board will receive reports from the Project Manager and other nominated members of the Project Team as required.

The detailed functions of the Project Board are set out in Appendix 3.

3.4 **Definitions**

3.4.1 Project Owner – Will be the lead officer for the Council ensuring that the project complies with the overall objectives of the Council and ensures that the full corporate effects, both financial and resources, are communicated to the appropriate officers of the Council. Appendix 4 sets out the principle roles and responsibilities.

3.4.2 Project Manager – Undertakes the day-to-day progress chasing and trouble shooting on the project, ensuring liaison, co-ordination, and actioning of all that is necessary for the project to come to fruition. Appendix 5 sets out the roles and responsibilities.

4.0 METHODOLOGY

4.1 General Principles

The principles of the Gateway Process as an overall project management tool are to be followed. Appendix 1 sets out the Gateway processes and relates them to Council procedures. The Project Board will undertake the Gateway reviews.

4.2 Business Case

The business case represents the raison d'être for the project as a whole. As the design develops, and as any variations come forward during design or constructions, the business case must be revisited and revised to ensure that the project remains valid. If necessary, further direction and approval must be obtained from CMT/Cabinet/Council.

4.3 The Project Brief

It will be the normal procedure for the role of Project Owner to be undertaken in the first instance by the Council's Client Officer, who will oversee the development of the Project Brief (See Appendix 6) and Business Case and take it through the stages where the needs of the future operation area paramount.

4.4 Risk Management

4.4.1 A Risk Register will be provided for each Council project. It will be drawn up at the beginning of each project and provided initially in the report at Gateway O. The Risk Register must be updated and reviewed as the project progresses.

4.4.2 The type and format of risk assessment should be that adopted by the Council, but specialist areas of work may use methods typical of that used in the predominant industry which will then feed back to the main risk assessment in summary form. Risks must always be allocated to a team or individual who will have the responsibility to ensure that actions are put in place to mitigate and manage the risk.

4.4.3 The highest and most significant risks may also need to be included in the service, department or corporate Risk Register should it pose a threat to the overall corporate well-being of the Council.

4.5 Financial Checks on Contractors

At estimated contract values of less than £500,000 the Constructionline system is used for selection of contractors and that incorporates a central financial vetting procedure. On major contracts above that value individual financial checks will be carried out by the Accountancy Team in the Department of Resources to ensure the financial stability of contractors

selected for the tender lists. Checks must be carried out on individual companies and on parent companies if they are part of a group.

4.6 Contract Procedures

Construction projects generally, whether of a building type or of a civil engineering type, have developed over many years. Incorporated into the standard forms of contract are the procedures for variations, notifications, and costing information. These notes are intended to complement the standard forms of contract. The standard forms should be varied only where local conditions make that essential. Generally, as a principle however, because of the long history of these forms of contracts being tested in the courts, it is advisable to keep to an absolute minimum the number of changes to any standard form of contract.

4.7 Change of Project Owner

At a pre-determined and agreed stage a specific handover will be made to the officer in the Department of Development Services responsible for construction projects who will then become the Project Owner during the specialised construction processes. The point of handover will normally take place following approval of Gateway Review 2 – Procurement Strategy. The point of handover must be very specific and clearly documented to ensure there is no confusion of responsibilities.

4.8 Deputy to the Project Owner

The Client Officer will take the role of Project Owner in the first instance until this handover date, with the deputy role on the Project Board being taken by the Construction Officer. Following the changeover to the Construction Officer taking the lead, the Client Officer will take the deputy role on the Project Board.

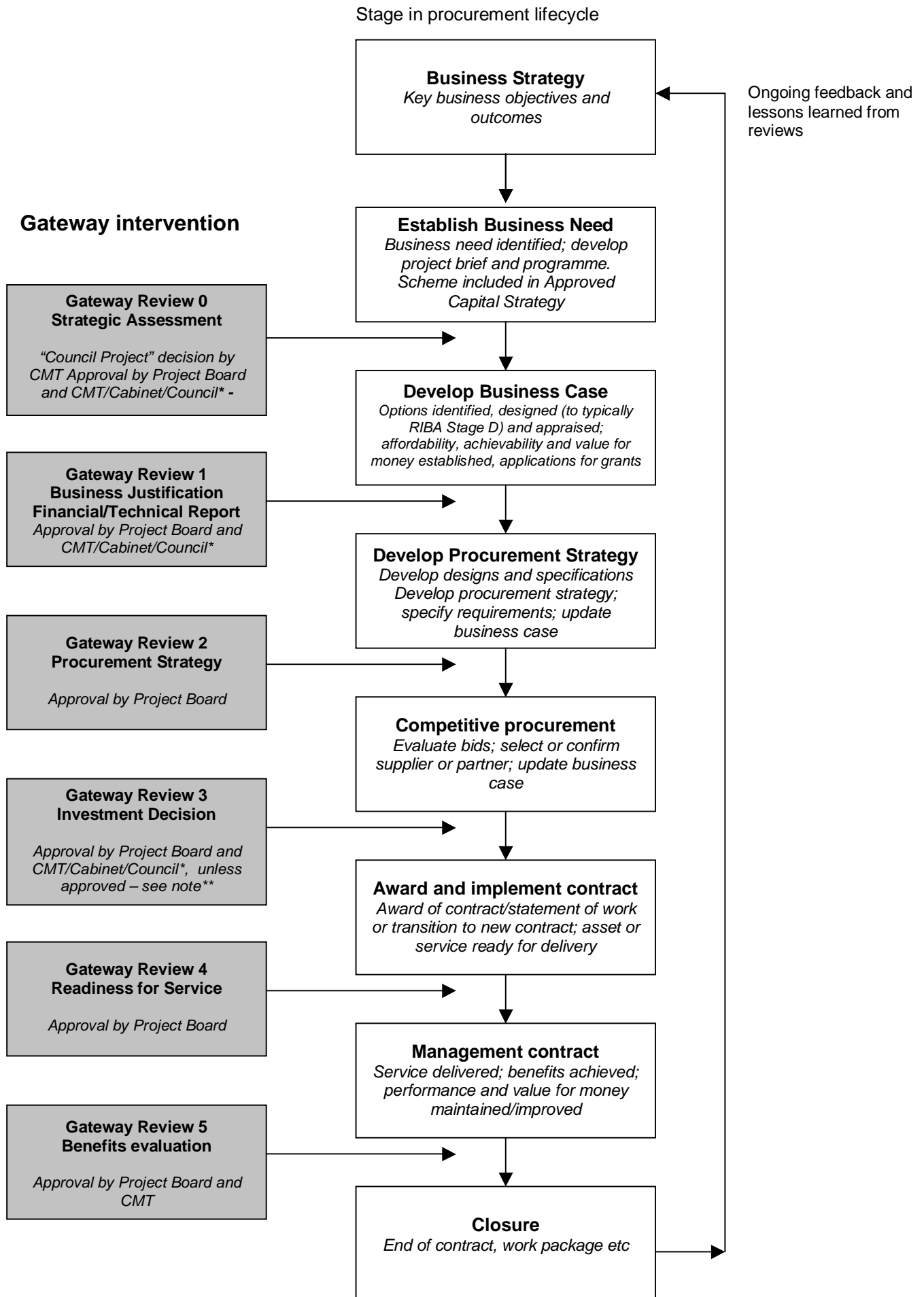
4.9 Design and Build Contracts and Other Forms of Contract

It is now common for Design and Build contracts, Partnering contracts, or other types of construction management arrangement to be used. It will often be the case that the contractor is appointed early during the feasibility and design processes of such forms of contract. The contractor will, in effect, become part of the consultant design team, and will provide input on “buildability” and construction economics.

In such contracts the change from feasibility to design to construction is not as clear cut as in traditional forms of contracting and a clear decision by the Project Board must be made which sets out the point in the administration and design process at which the handover required in Section 4.6 takes place.

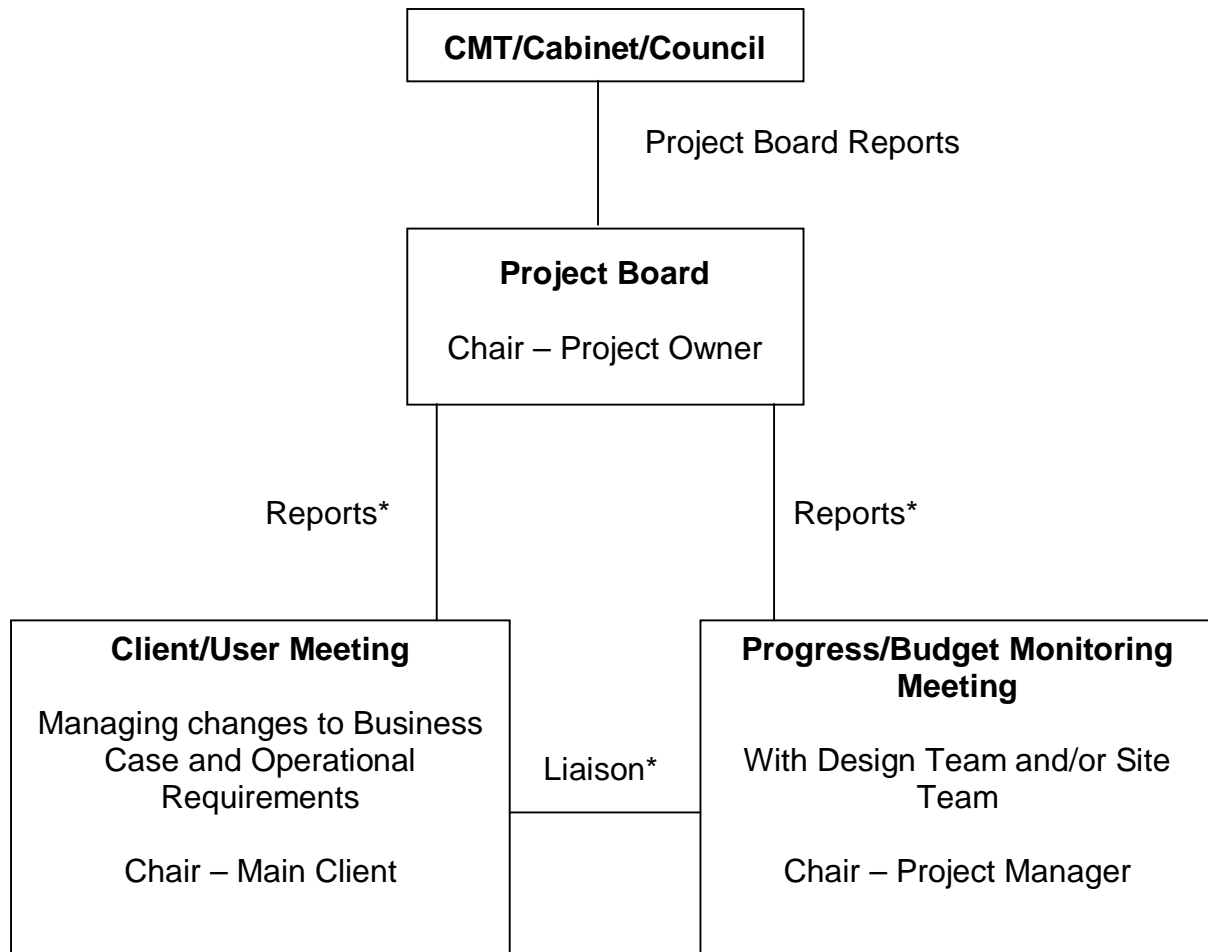
APPENDIX 1

OVERVIEW OF THE GATEWAY PROCESS



* Approval level determined at Gateway Review 0

** Schemes may be approved at Gateway Review 1 automatically giving high level approval for Gateway 3 provided the Project Board is satisfied that all criteria are achieved.



* Liaison and Reporting facilitated by Project Manager

APPENDIX 3 FUNCTIONS OF THE PROJECT BOARD

1. At the Beginning of the Project

- Approving the start of the project via acceptance of the Project Brief and Programme.
- Approval of a Risk Register with an allocation of risk ownership for mitigation work.
- Agreement with the Project Manager on that person's responsibilities and objectives.
- Setting out the project tolerances in accordance with corporate or project guidelines.
- Specification of external constraints on the project (such as quality assurance or planning issues).
- Approval of a comprehensive Feasibility Study.
- Delegation of any project assurance roles.
- Approval of project resource estimates to be put forward for high level approval.

2. As the Project Progresses

- Provision of overall guidance and direction to the project ensuring it remains in line with the approved Project Brief and budget.
- Review and Gateway approval of each completed stage and approval of progress to the next.
- Review and approval of work programmes and variations (construction schemes).
- Re-assessment of risks at key stages in the project.
- Approval of design changes.
- Compliance with statutory or corporate instructions, which may change the course of the project.

3. At the End of the Project

- Assurance that the project is complete and has been handed over satisfactorily.
- Assurance that all acceptance criteria have been met.
- Approval of the Project Review Document, which must incorporate a "lessons learned" section.
- Agreement to the distribution of the Project Review Document to all those within the authority and outside the authority where appropriate, who will benefit from the knowledge gained.

4. One Project Board responsibility that should receive careful consideration is that of approving and funding changes (variations), which can include additions and/or reductions in scope and specification. Each significant change should be set against the original objectives of the Project Brief and the Business Case, and the consequential programme and financial charges

that will ensue. In particular the financial constraints of the project budget must be examined to ensure that any approval is fundable within the budget and the predicted outcome.

APPENDIX 4 PROJECT OWNER – ROLES AND RESPONSIBILITIES

1. Is the Project “champion” and represents the project as CMT/Cabinet/Council.
2. Chairs the Project Board, provides formal minutes and actions.
3. Takes forward reports from the Project Board to CMT/Cabinet/Council.
4. Keeps the Cabinet Member informed on a regular basis.
5. Oversee the development of the Project Brief and Business Case.
6. Ensure that there is a coherent project organisation structure and logical set of plans.
7. Authorise customer expenditure and sets stage tolerances.
8. Monitors and controls the progress of the project at a strategic level, in particular reviewing the Business Case continually (e.g. at each Gateway).
9. Ensures that any proposed changes of scope, cost or timescale are checked against their possible effects on the Business Case.
10. Ensures that risks are being tracked and mitigated as effectively as possible.
11. Recommends future action on the project to corporate or programme management if the project tolerance is exceeded.
12. Ensures that the benefits have been realised by holding a post project review and forward the results of the review to the appropriate stakeholders.
13. Approves the sending of the project closure notification, the End Project Report and the Lessons Learned Report to corporate or programme management.

APPENDIX 5 PROJECT MANAGER – ROLES AND RESPONSIBILITIES

1. Ensure liaison, co-ordination, administration and actioning of all that is necessary for the project to come to fruition.
2. Undertakes motivation, the day-to-day progress chasing, and troubleshooting on the project.
3. Leads on the production of the Project Brief (if project manager appointed at that time) and the Feasibility Study.
4. Leads the work on Risk Management, including revisiting the Risk Register at key stages of the project.
5. Has authority for expenditure to an approved level, within approved budgets.
6. Authorises payments to external consultants employed as part of the Design Team.
7. Authorises payments to external contractors following receipt of authorisation from any external quantity surveyor/project cost manager.
8. Chairs progress and budget monitoring meetings, provides formal minutes and actions.
9. Chairs Design Team meetings, provides formal minutes and actions.
10. Prepares reports to the Project Board on significant changes/variations outside agreed tolerances.
11. Responsible for change control and liaison with affected stakeholders.
12. Provides reports to the Project Board on progress of the scheme. In the case where no specialist external Cost Manager is employed provides financial information to the Project Board.
13. Chairs formal site contract meetings, provides formal minutes and actions.
14. Prepares Post Project Review Report and undertakes distribution

EXTERNAL PROJECT MANAGER

Dependent upon the size and nature of the project the Council may appoint an external consultant project manager. Such an appointment does not remove the need for an “in-house” Project Manager who will be in place to liaise on matters affecting the Council on a corporate basis.

In the event of such an appointment the roles and responsibilities of each project manager need to be set down and clearly differentiated.

APPENDIX 6 PROJECT BRIEF CONTENTS

The Project Brief should initially be drawn up by the Project Owner. It is a dynamic document and will need updating as the project progresses. Reference back to the original Project Brief at the start of the project will always be a useful exercise to ensure the project continues in the direction originally anticipated.

1. **The Business Case** – See Section 4.2 of the Code.
2. **Client Specification** – This should set out the broad and essential needs of the project to achieve the core requirements eg multi storey car park with 650 spaces. It should also set out the constraints as envisaged by the client in terms of location, space limitations, access limitations, and co-ordination with other projects/operations.
3. **Optional Requirements** – The client should set out here any desirable options to be included in the project if resources so permit. These options should preferably be set out in a priority order.
4. **Finance** – This section should set out the authorised expenditure on the scheme, the sources of such expenditure, and the funding profile based on any constraints that are known.
5. **Management Arrangements** – For larger projects which may involve significant aspects other than pure construction, a special management structure should be set up appropriate to the needs of that project. It should, however, accord with the general principles of this document and particularly Appendix 2 as a minimum. The roles and responsibilities of individual officers should be set out in such a document.
6. **Programme for the Works** – This should contain sufficient information to include all aspects of feasibility studies, preparatory designs, drawing up of contracts, entering into contracts, and construction periods. The 12 months defects/remedial works period should be incorporated into the programme.
7. **Risk Management** – A risk register should be incorporated which includes a comprehensive look at the risks of the project and/or not going ahead with the project. Aspects of this risk register, if the risks are serious enough, may be transferred over into the Departmental Risk Register or into the Corporate Risk Register.
8. **Contractor/Nominated Sub Contractor/Supplier** – These names should be incorporated as and when known, together with the company number. Further detail will be included in the Contract Administration Documentation.
9. **Change Control** – Should the change control procedures be varied from the standards provided in the Council's Standing Orders/Financial Regulations, or in the existing Departmental Authorities, then these should be set out within

the document. The procedure for change control and approval of Variation Orders should be made clear in this section.

10. **Financial Monitoring** – The procedures for reporting and control of the financial aspects of the contract are to be set down clearly. The frequency of meetings, the format in which information is to be presented to the progress/budget monitoring meeting and the Project Board, and aspects such as contingency management and monitoring against the expenditure profile must be included.
11. **Programme Management** – Start and completion dates, milestone events, frequency of review, and how progress is monitored against programme should be included.