

20/05 - MAJOR CONSTRUCTION SCHEMES – PROJECT MANAGEMENT CODE OF PRACTICE:

MINUTE AND REVIEW

The Head of Property Management submitted a written report regarding the proposals for the introduction of a new Project Management Code of Practice for Major Construction Schemes. The code of practice followed from the work of the Breakout Space Investigation and paid appropriate regard to the findings of the HIC Breakout Space Panel which reported to the Council's Resources Overview and Scrutiny Commission of 16 December 2004. The proposed new code was attached as Appendix A to the report and the findings of the HIC Breakout Space Panel were detailed at Appendix C.

The Commission was concerned that it was stated that the Code of Practice would be used in all Departments of the Council, except housing contracts. Discussion had taken place during the investigation regarding the inclusion of housing contracts and the view of the Panel had been that all contracts should be included. It was noted that the risk levels associated with housing maintenance and refurbishment contracts could be lower than for new build contracts.

The Commission expressed concern that the report stated that "there is recognition that no single officer can take personal and individual responsibility for a project". It was commented that one of the main outcomes of the work of the Panel had been that the responsibility for a project should be designated to one person. The Head of Property Management said that the detailed roles and responsibilities of the Project Owner and Project Manager (Appendices 4 and 5) covered all of these matters but Members considered that it did not include this "responsibility" for the project. Members voiced concern over this and commented that overall control of a project should be designated to one person. The Panel had wanted one single point of contact who was responsible for the project, if this was implied in the role of the Project Owner then why could it not be stated? The intention was that the responsible officer would not be responsible for the work of individuals within the project but would be the officer with overall responsibility who ensured that other individuals undertook their respective duties. The Head of Property Management pointed out that this did not appear to be significantly different to the role of the Project Owner, as detailed in Appendix 4. He was reluctant to include some loose "generality" and responsibilities needed to be specific and precise as set out in the Code. The view of the Commission was that this should be strengthened. The officer agreed that he would revisit these two areas and respond to the Chair and Vice-Chair via email.

The Commission agreed that not all projects would fit exactly into the format that was proposed and that, as a norm, a special document would be drawn up for larger projects to set out a robust project management arrangement structure. The Commission considered that if this was the case then it should be stated that the requirements of the

Code of Practice should be included in this document as a minimum requirement.

In relation to section 1.3 of the report the Commission considered that the wording of this section **should be amended to read**, “ In respect of small construction projects the practices set out in this Code *should* be used for guidance”.

The Executive Director (Corporate Policy and Improvement) confirmed that further work on Project Management would be available for consideration by the Commission and it was anticipated that overall guidance for projects would be in the form of one document. The Code now being considered concentrated on Major Construction Schemes because that was where the focus had necessarily been in recent years. The Chair emphasised the importance of risk assessment and, in particular, the need for a monitoring mechanism to be established. The Executive Director noted the comment and advised that a checklist document, to accompany the Code of Practice, would also be produced.

A discussion proceeded regarding the definition of a “Council Project” and a “non-Council” project, as detailed under section 2 of the Code, and the Commission felt that this re-introduced in another way the previous distinction between “Corporate” and “non-Corporate Projects” which the findings of the review had intended to abolish. The Head of Property Management confirmed that the only distinction would be in defining which projects would have a reporting procedure to CMT, and in order to clarify that distinction the projects had been defined as “Council Projects”. It was felt that no distinction should be made in the Code of Practice. In response to Members concerns **it was agreed** to amend the wording to more strongly reflect the role of risk assessment in defining which projects would be brought forward by individual Directors for CMT to agree the reporting route. In this way the projects that exposed the Council to the highest risk would be defined and would follow a specific reporting procedure. Projects that were significant in terms of risk exposure and typically those that were above 0.5M would be subject to the Code of Practice for Major Construction Projects (CMT to make decision on the significance of a project based on risk).

In relation to the contract administration checklist (Appendix B) the Commission were of the opinion that the checklist should more specifically cover the issue of warranties and parent company guarantees. **It was agreed** that the contract information sheet should be amended and include a distribution list to the appropriate Department/Section such as Legal, Finance, etc at the appropriate stage.

The Commission agreed that the revised Certificate of Valuation for Off-Site Materials addressed the concerns it had raised

It was reported that the Council's standard procedure for appointing consultants should be strictly followed as requested by the Commission in its findings. The Chairman was concerned about any changes that had been made since the HIC Breakout Space to ensure that this was complied with.

Referring to section 13 of the findings of the Breakout Panel **it was agreed** that the detailed financial assessment should form part of the “Constructionline” assessment process or be carried out by the Department of Resources (Accountancy), if appropriate. Officers confirmed that this role was the specialist responsibility of the Accountancy Team and the arrangements were already in place and operating. The role of the Project Manager would be to ensure that the appropriate checking took place and not to undertake that checking directly. The Commission agreed this but it was felt that project management training should include the complexities of company organisation and structure so that it could be ensured that the appropriate company was being assessed.

The Commission emphasised that there should be one document developed as a guide to use the new and existing procedures. This would not contain all appropriate guidance but would act as a checklist to be followed and be linked to the appropriate guidance, with references at appropriate stages. **It was also agreed** to include in the Code of Practice the following “ where the Council had specified the use of a particular (nominated) sub-contractor, eg for specialist work, it must be ensured that they have had appropriate financial vetting. Initiating this vetting will be the responsibility of the Project Manager”.

It was agreed that there would be a formal response from the Commission to Cabinet regarding the consideration of the report agreed by the Chair.

The Chair thanked the officer for his attendance.

(5.52 pm – 6.55 pm)

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