

AHS - Expenditure to 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0001	APT&C Temp								153.04			153.04
0200	O/T APT&C Perm							683.07	2,595.79	13,239.09	1,769.96	18,287.91
0400	Pension ER:APTC									54.53		54.53
0401	Pension ER:Tch							171.46			21.39	192.85
0570	NI ER:APTC								126.10	1,006.61	116.04	1,248.75
0571	NI ER: Teache							211.45	26.68	53.83	45.52	337.48
0600	Isl Allow APT&C							55.44		41.29		96.73
0601	Isl All Teacher							80.14	16.32	34.02	31.67	162.15
0821	Crim Rec Chck									40.00		40.00
0822	Liability Insu			29.08								29.08
1002	Works Contract		7,860.00				14,771.50	680.00	2,107.50	1,138,497.11	470,251.51	1,634,167.62
1050	Hire/Rent Prop						230.85	804.51	203.55	3,024.57	87.50	4,350.98
1200	Equipment Purch					2,483.21	1,000.00	855.32		20,168.14		24,506.67
1220	General Matrls						85.43					85.43
1222	Consumables									258.17		258.17
1270	Subscr+Mmbshp							120.00	5,874.69	31.00		6,025.69
1272	Books/Publicns							51.49	247.50	283.00		581.99
1282	Meal Supplies						80.00					80.00
1360	Miscellaneous					1,057.44		66.63		177.44		1,301.51
1470	Travel Costs		1,039.60	32.30		2,349.46	3,756.56	8,881.61	6,599.78	7,073.59	5,470.96	35,203.86
1486	Hired/Cntrct S							315.01				315.01
1500	Printing						3,809.29	25.00	120.00			3,954.29
1505	Advertising						4,674.38	82.38	11,077.55	4,847.89		20,682.20
1506	Postage					4.80		127.29	202.87	83.11	6.40	424.47
1536	Photocopier								313.25			313.25
1560	Gen Computer							1,323.00				1,323.00
1566	Ordrd ICT Equip									1,031.73		1,031.73
1567	Mob&B/brry chg								65.59			65.59
1600	All Train Costs									4,050.00		4,050.00
1662	Subsistence			82.53		199.10		2,388.33	1,005.78	230.06	172.29	4,078.09
1760	Ext Consultant		184.33	318.20		22,260.10	485.00	337,240.00	141,150.38	23,702.59	90,625.89	615,966.49
1767	Other Prof Fee		297.00			168.00	4,725.00	12,828.21	6,781.45	51,168.04	9,765.89	85,733.59
1770	P/Fee Strc Eng					6,987.10				9,095.03		16,082.13
1771	P/Fee Architect			707.58		35,941.80	4,575.00	3,678.58	37,907.56	-420.53		82,389.99
1772	P/Fee Q Survey			235.86			900.00			61,396.96	33,823.51	96,356.33
1775	P/Fee Prof Man		500.00									500.00
1777	P/Fee M&E S Eng							5,300.00				5,300.00
5112	Contract Strds						1,672.22	665.96	3,814.80	4,915.96		11,068.94
5383	Cap Proj Unit					28,440.63	69,033.26	27,609.12				125,083.01
5402	Cap Proj Unit						10,821.51	9,310.35				20,131.86
5820	Cap Proj Unit								102,439.54	42,984.50		145,424.04
5911	Asset Srv Man			78.49		1,520.36						1,598.85
5914	Proj Co-ord					1,262.18						1,262.18
5915	Property					742.31						742.31
Totals per Year		0.00	9,880.93	1,484.04	0.00	103,416.49	120,620.00	413,554.35	322,829.72	1,387,067.73	612,188.53	2,971,041.79

Bressay Link Expenditure - To 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0200	O/T APT&C Perm				1,798.20	8,057.47	4,941.37	4,565.33	8,762.57			28,124.94
1002	Works Contract	6,500.00				288,720.71	77,505.74	42,393.35	77,979.16	3,528.66	-312.27	496,315.35
1050	Hire/Rent Prop							140.00	82.35	233.28	141.00	596.63
1176	Property Insur					823.47						823.47
1200	Equipment Purch					1,317.39	1,496.11					2,813.50
1222	Consumables										118.30	118.30
1272	Books/Publicns									282.44		282.44
1360	Miscellaneous				161.56	8,479.03	2,495.77	5,816.94	2,500.00			19,453.30
1470	Travel Costs				2,447.57	5,724.10	8,063.80	9,859.20	12,739.32	860.20		39,694.19
1472	Ferry Fares				6.50		6.80					13.30
1500	Printing					197.60	917.79	42.60				1,157.99
1501	Stationery										13.19	13.19
1505	Advertising		158.80		2,616.37	6,316.50	3,742.84	1,822.47	93.31			14,750.29
1506	Postage						46.48	84.87	8.14			139.49
1536	Photocopier						114.20	357.38				471.58
1600	All Train Costs								3,078.79			3,078.79
1662	Subsistence								495.18			495.18
1760	Ext Consultant		9,285.00	2,050.00	74,734.15	56,756.61	5,367.98	1,167.97	5,004.53	2,063.94	12,872.01	169,302.19
1762	Legal Fees						155.02	27,209.76	152,284.81	120,567.12		300,216.71
1774	Other Works				1,750.00							1,750.00
1767	Other Prof Fee					3,150.00	28,921.12	43,129.01	26,560.41	10,169.21	1,250.00	113,179.75
1770	P/Fee Strc Eng	3,550.00				185,900.00	65,771.66	37,400.65	65,259.96	2,309.70		360,191.97
1774	Other Works					21,942.28						21,942.28
4230	Misc Income					-111.06						-111.06
5106	Legal Services						16,703.31					16,703.31
5112	Contract Stdrs					3,096.37						3,096.37
5454	Roads Network							8,450.93		8,800.88		17,251.81
5455	Roads Design				6,000.00	8,760.11	31,242.20	12,413.16	11,590.66			70,006.13
5457	Laboratory						4,974.29	3,509.59		2,100.96		10,584.84
5820	Cap Proj Unit						63,857.63	75,771.89	54,075.89	2,058.19		195,763.60
5911	Asset Srv Man				88.74		5,820.54					5,909.28
5912	Proj&Purch				4,468.22							4,468.22
5914	Proj Co-ord			4,466.41		57,744.53						62,210.94
5915	Property				327.94	2,226.93						2,554.87
5917	Land Surveyor				1,473.19							1,473.19
Totals per Year		10,050.00	9,443.80	6,516.41	95,872.44	659,102.04	322,144.65	274,135.10	420,515.08	152,974.58	14,082.23	1,964,836.33

Mareel - Expenditure to 24 September 2008

Subjective		Financial Year										Totals
		99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	
0001	APT&C Temp								318.54			318.54
0200	O/T APT&C Perm							716.19	966.02			1,682.21
1050	Hire/Rent Prop						233.64	7.90	333.03	209.10		783.67
1179	Bldng Warrants									35,800.00		35,800.00
1200	Equipment Purch								252.20	24.00		276.20
1222	Consumables										106.64	106.64
1360	Miscellaneous			74.25			59.95	1.15	518.85	-85.05		569.15
1470	Travel Costs						641.60	1,752.92	5,315.43	2,094.45	1,680.39	11,484.79
1501	Stationery							45.62				45.62
1505	Advertising			457.00				5,100.57	2,500.00	-978.07	304.98	7,384.48
1506	Postage										84.74	84.74
1567	Mob&B/brry chg								65.59			65.59
1662	Subsistence							330.12	1,674.28		417.88	2,422.28
1760	Ext Consultant		3,373.99	21,115.17		11,658.84	39,692.76	5,261.51	127,464.08	199,521.72	191,872.83	599,960.90
1767	Other Prof Fee						6,027.00	1,000.00	1,452.50	2,322.29		10,801.79
1771	P/Fee Architect			6,347.89				10,000.00	69,266.25	139,743.76	23,037.69	248,395.59
1772	P/Fee Q Survey							992.25	12,316.00	9,965.00	79,998.45	103,271.70
5112	Contract Stdrs							998.94		491.60		1,490.54
5383	Cap Proj Unit						7,628.87	15,351.88				22,980.75
5820	Cap Proj Unit								22,658.56	8,153.60		30,812.16
Totals per Year		0.00	3,373.99	27,994.31	0.00	11,658.84	54,283.82	41,559.05	245,101.33	397,262.40	297,503.60	1,078,737.34



REPORT

To: Audit and Scrutiny Committee

8 October 2008

From: Head of Finance

CAPITAL PROJECT MANAGEMENT **Report No: F-028-F**

1. INTRODUCTION

- 1.1 Members of the Audit and Scrutiny Committee, at a recent informal discussion of topics for future consideration, requested a report from me on the handling of capital projects in the Council. This was then written into the Committee's work programme under the title "Procedures for the effective management of large-scale capital; projects". The underlying concern was that a number of high profile projects appeared to have had a very long, troubled and inconclusive gestation, and that some involved substantial expenditure without much as yet to show for it. The Committee asked me to report from a Finance perspective with particular reference to the Anderson High School, Bressay Transport Links and Mareel projects, all of which have been the subject of much recent attention.
- 1.2 This is a big subject, and an important one, and is precisely the kind of issue the Audit and Scrutiny Committee needs to focus upon. The Committee's job is not to get involved in service management and policy formulation (these are matters for the Council and its service delivery Committees), but to reflect upon how well these are being done in the Council, offering advice to other parts of the Council about how they might be done better in future.
- 1.3 This report provides, in my view, the starting point for consideration of this big issue. I consider it to be a stimulus for debate, and must emphasise that it sets out views on capital project management based upon my own perspective and experience. It may well be that the Committee will hereafter want to widen the discussion to include contributions from other perspectives (including senior service managers and capital project managers).

2. LINKS TO THE CORPORATE PLAN

- 2.1 This report seeks to engage members in the scrutiny of capital project management. This contributes to the Corporate Plan aim of seeking to ensure the Council is sustainable in everything it does.

3. BACKGROUND

- 3.1 A recent study by Audit Scotland concluded that almost two thirds of Scottish public sector projects were completed over budget and behind schedule. Too

often, that study found, project success was simply judged by output (i.e. that such and such was completed for a certain sum by a certain date), where the real criteria for judging success should be whether the outcome provides the benefits in terms of policy goals and service delivery objectives which were the point of the project in the first place.

- 3.2 Several large and high profile capital projects (notably Bressay Transport Links, Anderson High School and Mareel) are examples of projects that have been under some form of consideration by the Council for a very long time, have had very substantial amounts spent on them, but have not as yet commenced on site. Below is a summary of spend and timescale on these three projects (see Appendix A for further details).
- 3.3 £3.0 million has been spent to date on the Anderson High School project, starting in 2000/01.
- 3.4 £2.0 million has been spent to date on the Bressay Transport Links project, starting in 1999/2000.
- 3.5 £1.1 million has been spent to date on the Mareel project, starting in 2000/01.
- 3.6 In summary, then, on these three project examples, £6.1 million has been spent over the course of 10 financial years, without work having commenced on site on any of them.
- 3.7 This makes a compelling case for scrutiny, with a view to learning lessons and applying them in future to avoid the problems of the past. I think it's only fair to add that the project teams for these three projects are very aware of the problems of the past, and are also in the business of seeking improvements for the future, with which the Audit and Scrutiny Committee may be of assistance.

4. CAPITAL PROJECT MANAGEMENT: THE MAIN STAGES

4.1 Policy Formulation

4.1.1 Good projects should be born out of Council policy (including the Corporate Plan, and Service Plans). The need to do something should derive from an identified problem or objective defined in Council policy. When that is done well, there will be maximum clarity about what the project needs to achieve, and that will be of tremendous assistance to the project manager in setting clear criteria for measuring the success of the project. Done well, a project born out of clear policy will give the entire project team a clear goal to focus on, and that clarity should help see the project through to a successful outcome.

4.1.2 How do the three chosen project examples stack up against this test?

4.1.3 Anderson High School

4.1.3.1 The Anderson High School has been mentioned in Corporate Plans for some time now. There has been some degree of recognition for a very long time that the CLASP blocks built in the 1970s leave

something to be desired, and that the rest of the school is a none-too well planned assemblage of assorted building going back over 140 years. The problem is, in my view, that the general feeling that “something must be done” has not in the past been developed into a solid policy framework which would help define what it is that must be done.

4.1.3.2 It's obvious that the Anderson High School is at the centre of our secondary education service, but it also needs to closely fit with the other parts of education (e.g. Additional Support Needs, Primary, College) and also with other key services (Leisure Facilities, Transport), and is of such a magnitude that how it fits in with the locality (houses, shops and other infrastructure) is important as well. It's also clear that the future AHS needs to be compatible with long term socio-economic developments. The education it offers needs to be in tune with the current and future needs of society, the needs of the economy and the current and future size of the relevant part of the secondary-age population.

4.1.3.3 Ideally, there should be a detailed policy framework which defines what is needed in all these areas, and coherently ties these together into a rational overall policy mix. Then everyone would have the clearest pointers to what the AHS needs to deliver, how big it needs to be, and where it should be located.

4.1.3.4 I think it is readily apparent that we have not had such a policy framework in the past (there have been serious attempts to create such a framework, under Best Value Service Reviews of Education and a subsequent review of Schools Estates, but none came to fruition). However, two important developments suggest that improvements will be achieved in future. Firstly, the Services Committee is developing a blueprint for the Education service which will hopefully provide a clear policy for that service, an approach which can hopefully then be applied to other services and blended together into an overall policy framework for the Council. Secondly, the new framework for the prioritisation of capital projects has recently been approved by the Council, and the first manifestation of this is a report to Services Committee this cycle (“Prioritisation of Education and Social care Projects”) which is a major step towards linking projects with policy across service boundaries. Again, it will be important to extend that approach right across the Council.

4.1.4 **Bressay Transport Links**

4.1.4.1 In the case of the AHS, the view that “something must be done” was based on the solid foundation that there were real defects in the condition of the existing infrastructure. The Bressay Transport Links project is less solidly founded. The terminals, while of some age, are operationally satisfactory, and the substantial investment in a purpose-built ferry for the Bressay route should prove sufficient until at least its 20th birthday (2012), and past experience suggest it should be good for longer than that.

4.1.4.2 A good deal of work has been done to create a policy framework for Transport, but this does not as yet fit into a complete framework for the Council as a whole, far less a complete and definitive community planning framework for Shetland as a whole, and nor does it fully explain the need for early action on Bressay. Arguably, Bressay has had more attention and resources than it deserves in circumstances where there are some pressing issues about the adequacy of the infrastructure on the Whalsay route. And, looking even wider, there is an identified concern about the need for more infrastructures in Social Care to address an aging and more needy population, but for which policy has been developed but project outlines have not yet been formulated. The danger is that areas where policy and/or projects already exist in isolation is that they may consume resources which are actually needed for higher priorities elsewhere which are not yet as well defined.

4.1.5 **Mareel**

4.1.5.1 The Mareel project was not generated by a policy imperative. Instead, it was generated by an enthusiastic arts community, as represented by an enthusiastic arts agency, which generated consideration and created a priority within the Council. Subsequent to that, the Cinema and Music Venue project was specifically mentioned in the 2004-2008 Shetland Cultural Strategy, but without much in the way of argument about the specifics.

4.1.5.2 This sort of pressure from lobby groups with vested interests is inevitable, and as such the Council needs to be able to deal with it effectively. That means that the Council's overall policy framework needs to be flexible and capable of adapting to pressure from all sources. Policy formulation, in other words, needs to be an everyday consideration, and not something which is done one day and then left alone for extended periods. A good policy for the Arts (which should be part of a good overall policy framework for the whole Council and community), should have been challenged by the pressure for a cinema and arts venue. The Committee concerned should have considered the need to change policy in light of this proposal, having due regard to the constraints of overall policy. If so minded, it would then have proposed a change in policy to the Council, who would then have had to grapple with the need to switch resources from some other priority in favour of this one.

4.1.5.3 Instead of that, the lack of a comprehensive and effective overall policy framework meant that the merits of the Mareel project (like so many others) got considered in isolation, and without the case for it getting earlier priority than (say) the Whalsay Transport Links or the Social Care infrastructure needs getting an airing. It may or may not be that Mareel would have won priority and resources if it had been put to those tests: the point is that as things stand proposals born out of the pressure of vested interests don't get put to such tests.

- 4.1.5.4 I think it can therefore be reasonably concluded that the Council needs a more comprehensive and fully developed policy framework, which has clear things to say about relative priorities, within which projects would get considered.

4.2 **Project Definition**

- 4.2.1 Once it is clear, based upon the requirements of policy, and upon clearly defined service need, and within a clear understanding of the resource constraints (there are always resource constraints, whether human, physical, and/or financial), that “something must be done”, then work on defining the project needs to begin in earnest.
- 4.2.2 Once the Council has done all it can to define what is needed it is then up to project managers to consider all the feasible options for meeting that need (I should just say that I’m using the term “project manager” very broadly in this report: there is a need to be much more precise in practice, for instance to distinguish between the roles of “Investment Decision Maker” and “Project Manager”, and good work has been done in the Capital Projects Procurement Guidance, but that is at a level of detail not covered by this report). This option appraisal is a critical area, requiring a great deal of thoroughness, imagination and care, the assembly of all relevant evidence, and the presentation of the most objective option appraisal possible to the service committees or the Council for a choice to be made.
- 4.2.3 This feasibility study, or option appraisal stage, needs to be adequately funded, and given adequate time, to ensure that thoroughness is achieved. The cost of this exercise should be proportional to the project concerned (it shouldn’t cost a significant proportion of the overall project cost, but at the same time should not be starved of resources). It is after this stage that a clear and definitive decision should emerge in favour of one or other project option, after which costs will start escalating rapidly along the traditional s-curve of project costs, and consequently turning back and changing projects should only be considered in the most pressing of circumstances.
- 4.2.4 In my view there should be a clear budget approval stage for option appraisal, so that the Council and the project manager have agreed how much is to be spent, with there being no budget for further stages until this stage is duly approved.
- 4.2.5 How do our three project examples stand up against this approach?
- 4.2.6 **Anderson High School**
- 4.2.6.1 Despite a very long time having passed since it became conventional wisdom that “something must be done”, and despite a very substantial expenditure on developing proposals for two different sites, there is not yet a final settled decision in favour of building a particular design at a particular location. The current position is that an existing design for the Knab site requires to be substantially

reworked to try to get the project down to some recently established resource constraints set by the Council. That task should finally determine the way ahead for this project.

- 4.2.6.2 All the while that the Knab proposals have been in development there remained a significant body of opinion that argued the merits of the abandoned Clickimin site, and recently other sites have also been publicly discussed. While these other ideas are not presently on the table, at the very least this points to a project definition stage which has failed in the past to establish a final and settled choice of project, despite the expenditure of several years and substantial costs.

4.2.7 Bressay Transport Links

- 4.2.7.1 The situation on this project is not dissimilar to the AHS project. Despite the expenditure of time and money a lot of options remained under consideration for a very long time without a conclusion being finally reached. A preferred approach (a tunnel) is being explored, but a final decision on whether to proceed with that is still some way off. There is, as yet, no budget for the construction of such a project.

- 4.2.7.2 Conclusive objective advice from officers is not all that is required to make a good decision. It's actually vitally important that Councillors make a major contribution to final project choice, overlaying advice from officials (on the things that can be measured) with political judgment of the things that can't be measured.

4.2.8 Mareel

- 4.2.8.1 This project took a while to get there, and again probably too much (almost 10% of total project cost) was spent getting there, but there is now a clear (if narrow) decision in favour of building a particular building on a particular site over a particular timescale at a particular cost.

- 4.2.8.2 The final arguments regarding this project mainly concerned whether it was a priority and whether it could be afforded (which indicates that the policy framework and resource constraint arguments which didn't conclusively answer those questions earlier, which would have been beneficial). Any issues about the final design and location were of relatively minor significance in the recent debate, mainly because the key issues about priority and affordability weren't conclusively settled earlier.

- 4.2.8.3 It can be concluded that the choice of project to meet a particular policy objective or service requirement needs to be thoroughly and definitively taken at an early stage, so there is no wastage of time and money going down blind alleys, or turning back, or changing direction part of the way through projects.

4.3 **Project Planning**

- 4.3.1 Once a particular project is chosen, it is then up to the project manager to assemble a suitable project team to plan the implementation of the project. By this stage the policy goals for the project should be clear, and the specific project should have been defined, including the major resource and time constraints. It is then up to the project manager to commission a detailed design and to generate a realistic implementation plan.
- 4.3.2 This stage should lead to another critical decision point, at which the Council gives the green light for project implementation.
- 4.3.3 In my view there should be a clear budget approval stage for project planning, so that the Council and the project manager have agreed how much is to be spent, with there being no budget for implementation until this stage is duly approved. I believe it is important for these clear milestones to be built into the process, at which Members are given a clear choice to say yes, no or maybe (the latter only being appropriate if there are specific concerns requiring further consideration). There has been widespread concern, for some time, about the lack of Member engagement with capital projects, and I believe this would help to overcome that. Having said that, it is important to recognise that officers and Members have very different roles in capital projects, and it is important to avoid mixing these up (which contains the danger of confusion and treading on one another's toes), and that will require clear definition and demarcation of everyone's roles and responsibilities. As said earlier, important work has been done on this in the Capital Projects Procurement Guidance.
- 4.3.4 Our three project examples don't yet have a lot to teach us about project planning, because neither the AHS nor Bressay Transport Links have got there yet, and Mareel is only entering that phase now (and it's being done by an outside agency). There is some evidence that Council projects go over budget, but there is more evidence of them going over time, often because of unrealistic timescales to assemble the necessary resources (e.g. land) and obtain the necessary consents. Pressure from Councillors to get on with projects sometimes leads to officers setting unrealistic timescales which are not met in practice.
- 4.3.5 The relative roles of in-house officers and external consultants is worth considering here. Detailed design and project planning is quite often put out to external consultants. This is useful when a project requires specialisms which the Council cannot support in perpetuity, but where there is enough work to support in-house staff on an ongoing basis then that should be the preference, based on the lower unit costs and the greater long-term commitment to, and understanding of, the Council which in-house staff should always exhibit. This issue might usefully be considered in the context of the Council's current initiative to pursue efficiency savings in the procurement of goods and services.

4.4 Project Implementation

- 4.4.1 Once a project is approved for implementation (with the what, when, how much questions all clearly answered) the project should be clearly in the hands of the project manager and his/her project team. The tendering of works, the management of contracts, site supervision, and day-to-day management decisions are clearly matters for the project manager (with all due accountability to the Investment Decision Maker, typically the Head of Service who will use the asset, and the relevant Committee and the Council). Beyond that, the project manager's only obligation is to meet the requirements of an appropriate project monitoring regime (which will usually mean providing information to Investment Decision Makers and programme managers, who will carry the news to committees and/or the Council as appropriate), or to alert Investment decision makers and programme managers to any departure from the project plan (which again they will report to committee and/or Council for decisions to change the timing, budget or (more rarely) the specification of the project).
- 4.4.2 Provided that projects are adequately defined and planned, so that there is sufficient detail against which progress can be monitored, the monitoring regime should be relatively straight forward.

4.5 Project Monitoring

- 4.5.1 It follows from the issues raised in 4.4 that detailed project monitoring needs to be more thoroughly and comprehensively applied in the Council. Monitoring at programme level (which is mainly what happens at present) at the Council is insufficient. There are too many projects to allow adequate monitoring to take place at Council. What may be needed is direct dialogue between individual project managers and Investment Decision Makers and the relevant Committees (albeit to a standard, agreed, Council-wide format) on a frequent basis. Maybe every cycle is too much for both the officers and the committees, but review should take place at each agreed major milestone (to see that key cost, timing and specification targets are being met).
- 4.5.2 It might be desirable for Audit and Scrutiny Committee to undertake some project monitoring, but this would really only be appropriate where there was prima facie evidence that normal processes aren't achieving the required results.

4.6 Post-Project Review

- 4.6.1 Every project should be tested after completion to see how well it has met all its objectives, with the intention of identifying problems, holding the relevant parties (whether Councillors, officers, consultants or contractors) duly accountable, and learning any lessons which will improve the prospects for future projects. The Council doesn't do this on a systematic basis at present. This almost certainly mean that

lessons aren't comprehensively learned and there is a danger that problems encountered in the past are not avoided in the future.

5. POLICY AND DELEGATED AUTHORITY

- 5.1 Responsibility for scrutiny of Council policy, implementation, practices and processes stands referred to the Audit and Scrutiny Committee. It is ultimately for this Committee to make recommendations for change to the Council and its Committees, who have ultimate responsibility for these matters.

6. CONCLUSIONS

- 6.1 This report sets out a view of the problems with capital project management in the Council in the past. I believe this is an important starting point for debate, which will no doubt need to be opened up to receive alternative perspectives on the issues raised, and maybe will raise more issues besides.
- 6.2 Existing processes of policy formulation need to be strengthened and broadened to cover all services, with clear reference to relative priorities, in order to provide an adequate framework for all stages of capital project management. Existing policy doesn't yet give sufficient guidance on what is required, what are the relative priorities, what are the timescales, and what are the resource constraints. There are, however, developing examples of good practice which can be built on, such as the Transport strategy, the forthcoming Education blueprint, and the work being done on the new capital project prioritisation regime.
- 6.3 Project definition also needs to be strengthened, which will partly come from improved policy formulation. Rigorous development and appraisal of the various feasible options is a vital stage, which should close off alternative options and clearly lead to a conclusive choice of a particular project. The differing roles of officers (who should provide the fullest possible objective evidence to distinguish between the options) and Members (who should overlay consideration of the objective professional advice with all the other considerations (e.g. political, non-quantifiable) which make up good quality decision-making) need to be clearly recognised. In fact, the roles and responsibilities of everyone involved in capital project management need to be clearly defined, understood and agreed, as a prerequisite for achieving good management and proper accountability. Important work has already been done on this in the Capital Projects Procurement Guidance.
- 6.4 Project planning and implementation stages also contain room for improvement, both in terms of the improvements required in the foregoing stages and the current weaknesses in detailed monitoring and accountability.
- 6.5 It follows from this last point that project monitoring needs to be strengthened and that post project reviews should be carried out, as part of ensuring proper control and accountability, and also to learn lessons for the future.

7. RECOMMENDATIONS

- 7.1 I recommend that the Audit and Scrutiny Committee should debate the contents of this report and should call for further views from either Committees, the Council or officers where they feel they wish to hear other perspectives.
- 7.2 Subject to its debate, and consideration of any further evidence and views, the Committee should recommend what it considers to be best practice in capital project management to the Council and its Committees.

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