



Update on the Capital Portfolio Transformation Project and proposals to develop a Capital Portfolio Management Office

G&R Scrutiny – 7th March 2024



Context and drivers for change:

Outlined below are some of our key drivers for change, that will be addressed as part of our commitment to improve Capital delivery:

- Internal Audit Report Published in May 2021, with a follow-up in March 2022, into Capital Planning Governance (arrangements pertaining to the Capital Portfolio). Outstanding actions included:
 1. Lack of a documented plan to incorporate the whole capital portfolio in the new governance arrangements.
 2. Lack of Independent Assurance over the capital portfolio.
 3. Training and development around roles and responsibilities needs further development.
 - The Capital Portfolio Transformation Project was initiated in May 2023 and whilst progress has been made, there is now a case for the organisation to invest in the management of this Portfolio in a more strategic, long-term way.
 - Capital delivery forecasts continue to be over-optimistic, with a considerable gap between these and actuals.
 - The recent Health and Safety incidents and responses mean organisationally we require improved visibility, control and tracking in the Capital Delivery space e.g. CDM compliance.
 - We are consequently committed to a long-term maturity journey in terms of our management of the Capital Portfolio and acknowledgement we require a step-change in our approach to increasing timely, successful delivery in this space.
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Progress made through the Capital Portfolio Transformation Project

- Capital Project Lifecycle included in our 24/25 Capital Strategy (subject to Full Council Approval).
 - We now have a Project Register that contains all the projects in the Portfolio, updated on a regular basis and used to inform decision-making.
 - We have undertaken a series of health check processes that could be rolled out and delivered as part of an Assurance Strategy for the Portfolio.
 - We are developing a Capital Portfolio SharePoint site – a home and go-to for our standards and approaches.
 - Reporting improvements.
 - Building and developing our relationship with WECA.
 - Established the Capital Delivery Board that started meeting in Autumn last year.
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Capital Portfolio Management Office Proposal

- **A Portfolio Management Office is an organisational structure and/or function that provides support to a Portfolio of projects and programmes.**
- **PMOs can provide capability and capacity across the portfolio to deliver:**
 - Controls and reporting: Collecting, analysing and presenting progress information and managing interdependencies.
 - Assurance: Audits, health checks and reviews to support decision gates and change control.
 - Centre of excellence: Improving processes, tools and techniques; embedding through training and support; and measuring capabilities to review progress and target higher levels of maturity.
 - Specialist support: Provision of specialist skills such as risk; quality, planning or finance resources as role models to other project professionals.
 - Information Management: Document management and access to information, tools and services.
- **The proposed Capital PMO will become the "Centre of Excellence" for all standards and approaches relating to Capital Portfolio Delivery.**
- **We will work in new ways to bring together existing expertise** across, PPPM, Capital Delivery, Finance, Procurement, Health and Safety, Legal and Data and Insight.
- **We will tailor and develop approaches** to meet the current and future requirements of Capital Delivery.
- **Partnership/matrix working will be at the heart of the new PMO**, working across internal and external organisational boundaries to improve delivery.
- **Working currently in progress to develop a funding model** to support the delivery of this proposal and progress in 24/25.

***NB:** The scope of the Capital Portfolio is proposed to include all Capital Construction Delivery across the organisation (one-off and planned programme delivery) but exclude ICT Delivery.*

Benchmarking against other Core Cities:

Key finding: every Local Authority we have spoken to have a type of Portfolio Management Office offer in place for their Capital Portfolio.

- Most of their PMO functions carry out the core functions of reporting, assurance and governance for the Portfolio.
 - All Core Cities we have spoken to, at least partially, capitalise their PMO function.
 - In most cases, the Capital Portfolio Management Office is more mature than the Transformation Portfolio Management Office.
 - Some have actively developed a "Clienting" function to mature their approaches and behaviours on their path to becoming a "Good Client".
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