

**MANCHESTER CITY COUNCIL**  
**REPORT FOR INFORMATION**

**Meeting** Resource and Governance Overview and Scrutiny Committee  
**Date** 22 May 2008  
**Subject** Capital Programme and MCC Gateway  
**Report of** City Treasurer

**PURPOSE OF REPORT**

This report outlines the approach to compiling, managing and monitoring the Capital Programme for Manchester City Council. The report focuses on the MCC Gateway process that is used to scrutinise capital programmes and projects for strategic and corporate fit.

**RECOMMENDATIONS**

That the process be subject to periodical review

**Financial Consequences for the Revenue Budget**

None

**Financial Consequences for the Capital Budget**

None

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**Background Documents**

As per Attachments

**Wards Affected:** Various

**Implications for:**

<b>Anti-Poverty</b>	<b>Equal Opportunities</b>	<b>Environment</b>	<b>Employment</b>
Yes	Yes	Yes	Yes

The Gateway process provides a thread through all Capital programmes and projects. The additional surety it brings to the decision making process enhances all areas of delivery.

## **1. Background**

The Capital Programme is a compilation of programmes and projects covering all service departments within Manchester City Council. Service departments develop and deliver all programmes or projects approved for inclusion in the Capital Programme. The delivery phase of any project is the responsibility of the Senior Responsible Owner (SRO). The Capital Programme is monitored at start up through delivery and post delivery to financial closure by the Capital Programme Division (CPD).

Introduced in 2004 the Gateway process is consistent across MCC and incorporates “best practice” in scrutiny and governance. The process is defined in a Flow Diagram (see Annex A). The gates within the process ensure that the minimum amount of work is completed at each stage to obtain a decision as to whether a programme or project is viable, worthwhile and fits the strategic vision for Manchester. This approach ensures that MCC officers are not spending time working up programmes and projects which do not fit Manchester’s vision.

All capital programmes and projects processed through MCC Gateway have clearly defined ownership and are rigorously scrutinised initially through gates 1 (Strategic Fit) to 5 (Budget Release). The delivery phase between gates 5 and 6 is then the responsibility of individual programme and project boards delivering to the Manchester Method (a delivery method based on best national practice developed by the CPD and sanctioned by the Office of Government Commerce (OGC)). The Manchester Method is promoted as best practice in OGC’s Local Authority Toolkit. Gates 6 and 7 are about closure and are also subject to scrutiny to ensure that a programme or project has been closed properly and any lessons learned are fed back into the process to inform future decisions.

The processes enable intervention at each stage to provide support and guidance to MCC officers who may be new to the disciplines of project management. The Capital Programme Division has a role to play here that previously would have been filled by consultants.

A very important element of the whole process is the Review Group at Gateway 1. Officers in the group are of such a level within the organisation that they are able to take a strategic view of each submission providing a steer on delivery and collaborative working. At gate 4 the full Council approves the annual programme and the Executive approves any monthly increases. The City Treasurer in consultation with the Executive Member for Finance and Human Resources signs off the programme. Major projects (where council resources are over £500,000) are subject to the Key Decision process.

The process is constantly reviewed with a view to improvements. Any changes are subject to formal “sign off” if approved.

## **2. Outline of governance:**

The Capital Programme Division was established 5 years ago with the objective to provide additional surety to Manchester City Council's Capital Programme. Within the CPD there is a small team (Capital Programme Group) that monitors and manages the Gateway process and specialist advice as and when necessary. The team also offers a level of expertise that, prior to its formation, would have been provided by specialist consultants.

The CPD is also responsible for the implementation of the Project Management System (PMS), an application that has the capability to provide a "one stop shop" for project delivery.

The Capital Programme spans all divisions within Manchester City Council and its value annually is in the region of £300m. If this money is to be spent wisely and in the best interests of Manchester it is vital that strategic governance is in place to ensure that any project undertaken fits the vision for Manchester, is good value for money and sustainable. The strap line for the Gateway process is: " Right project – Right place – Right time – Best value".

## **3. Why Gateway?**

There are two distinct but different Gateway Reviews and both are explained in outline to avoid confusion.

- a) The Central Government Gateway: mandatory within guidelines for all central government projects including funding to Local Authorities (LA's). For example for Building Schools for the Future (BSF) central government gateways are mandatory
- b) The Manchester City Council Capital Gateway Process: mandatory for capital programmes and projects

## **4. The Manchester City Council Capital Gateway Process:**

In the following paragraphs each MCC Gateway is explained:

Attached is a flow diagram at annex (A) of the process and officers responsible for each gate.

### **Gateway – 0 (Project Mandate):**

Owned by Chief Officer - Service Departments

Driven by Service Improvement Plans and other relevant strategies, this is the very start of the compilation of the Capital Programme. Ideas are formulated within each department ahead of submission to Gateway 1. Since the inception of MCC Gateway and other delivery initiatives, departments are better placed to plan programmes and projects in the context of corporate priorities and available resources. All projects for submission to Gateway are “signed off” by Chief Officers.

### **Gateway – 1 (Strategic Fit):**

Owned by: Deputy Chief Executive – Regeneration

Projects are brought forward to the Gateway 1 Review Group to test for overall strategic fit. A rapid risk check is also appraised, attached example at annex (B).

**Note:** There are four possible decisions that the Review Group can make:

- a) Approved
- b) Rejected
- c) Deferred for further information or clarification
- d) Inclusion in Gateway 2 review

### **Gateway – 2 (Corporate Fit):**

Owned by: Deputy Chief Executive - Regeneration

Projects are reviewed in the context of corporate priorities and appraised in the context of available resources.

### **Gateway – 3 (Detailed Bid Appraisal):**

Owned by – City Treasurer

Projects are scrutinised in detail for possible inclusion in the Capital Programme. The scrutiny covers financial, project delivery and procurement appraisal. The initial rapid risk check is completed a second time and re-appraised. Submissions must demonstrate that projects are worthwhile and a viable and that all compliance with regards to delivery have been met.

### **Gateway – 4 (Budget Approval):**

Owned by – City Treasurer

Projects included in the Capital Programme approved by members.

### **Gateway – 5 (Budget Release):**

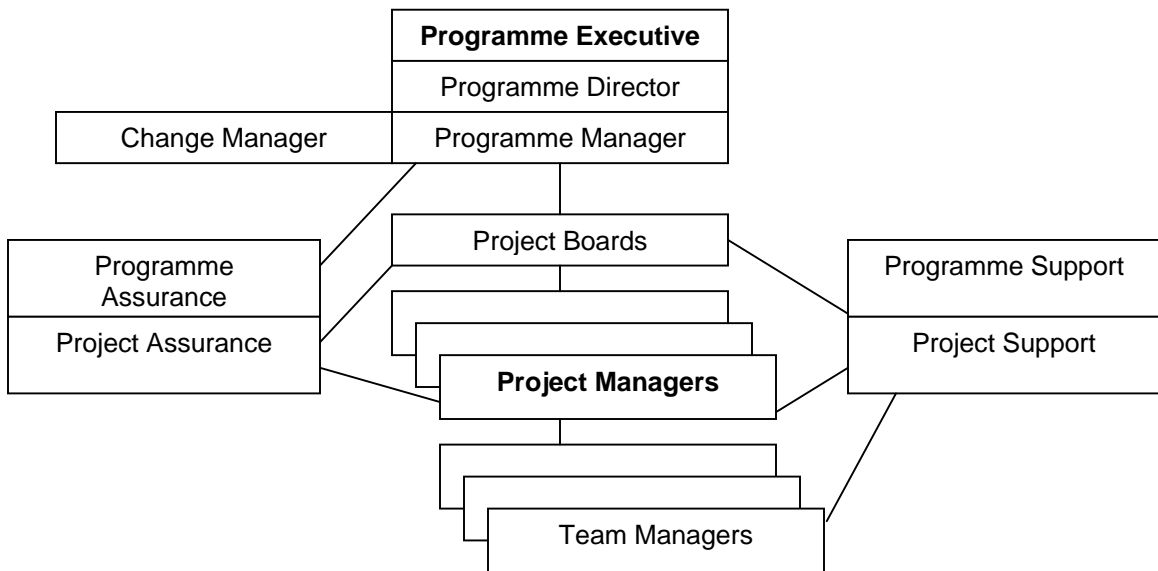
Owned by – City Treasurer

Projects appraised for capital expenditure and VAT approval. The scrutiny covers financial, VAT affordability and project delivery appraisal

## Project Delivery (post Gateway 5 and pre Gateway 6):

Owned by – Delivery Teams

Gateway 5 approves the programme or project release of funds either partially or in total. Delivery of the programme or project however is the responsibility of the relevant Board. The diagram below is an example of a delivery structure for delivering programmes and projects. Not all projects will require such a large delivery team but the basic minimum requirement for any capital project governance is a Senior Responsible Owner (SRO) and Project Manager (PM)



The following role descriptions should be defined in the delivery structure model:

- ❖ Senior Responsible Owner (SRO)
  - ❖ Senior Supplier
  - ❖ Senior User
  - ❖ Programme Manager (programmes only)
  - ❖ Project Manager
  - ❖ Project Leader (Larger Projects Only)
  - ❖ Project Control Officer
  - ❖ Project Support Officer
  - ❖ Project Administrator
- |  |       |
|--|-------|
|  | BOARD |
|--|-------|

Additional expertise can be resourced through the Capital Programme Division to provide guidance and specialist support.

Reviews during delivery are carried out at the completion of each stage. The format for these reviews is documented in detail in the Manchester Method. In addition a monthly Red - Amber - Green report (RAG) is produced on progress, cost and risk. The RAG report is produced by the Project Manager for the SRO. It

is copied to the Capital Programme Group who monitor adverse trends and offer support if a project is experiencing difficulties. The CPG may not intervene if a project is reporting a Red area and the mitigating actions are reasonable to address the issues. If however a project is reporting a Red (or in some cases Amber) and there are no mitigating actions the CPG can intervene and offer assistance and guidance.

### **Additional Monitoring During Delivery**

When the budget is approved the Capital Programme Group categorises programmes and projects by value and potential impact in order to prioritise the impact. In 2007/8, 32 elements of the Capital Programme made up approximately 70% of the overall budget. The group will contact these delivery teams regularly to ensure the spend profiles are in line with the budget allocation and when this is not the case will advise accordingly.

### **Gateway – 6 (Practical Completion):**

Owned by – City Treasurer

On completion, project management documentation and follow on action are scrutinised by the Capital Programme Group for compliance with the Manchester Method.

### **Gateway – 7 (Financial Completion):**

Owned by – City Treasurer

On financial completion the relevant actions and documentation are scrutinised by the Capital Programme Group for compliance with the Manchester Method.

## **5. Outcomes of Gateway Reviews**

### **Example (a)**

#### **Project approved for inclusion in the Capital Programme.**

Mercury Abatement (Environment and Operations)

This project was included in the Capital Programme at Gateway 4 after successfully obtaining approval at Gateways 1, 2 and 3. The project was backed up with good clear documentation and a risk workshop was held early in the project lifecycle. The original project manager left early in the project. However, as there was good project management documentation in place the present project manager has been able to pick up the threads of the project and is managing in an effective manner using the Project Management System (PMS) to enhance the Manchester Method for project delivery. The Capital Programme Division has also supported her. The project is due for successful completion within budget later this spring. The impact to MCC of failure on this project would have been considerable. The impacts would have included financial penalties from central government in

the form of fines and had the project failed the reputation of MCC would have been damaged through adverse press and public perception.

### **Example (b)**

#### **Project rejected from the Capital Programme.**

Libraries Modernisation (Libraries Information Services)

A programme of work for the modernisation of various Libraries, which had previously been agreed at Gateways 1 & 2, was subsequently rejected at Gateway 3. The programme satisfied all the strategic issues to progress to Gateway 3. The reasons for the rejection at Gateway 3 were based on financial regulations regarding the programme being funded through capital resource. Although the programme was rejected as a capital initiative it was subsequently funded through revenue.

## **6. Collaborative Working with Core Cities & AGMA:**

The Capital Programme Group represents MCC regionally through the North West and at Core Cities Programme and Project Management forums. There have been five meetings of the Core Cities Group and all eight Core Cities have been represented at all meetings. MCC hosted the third meeting. One topic under review by the Core Cities group is to baseline performance in common areas of programme and project delivery across all Core Cities with a view to collaborating on areas of improvement and sharing best practice. It is already clear that Manchester is leading on procurement, delivery and the scrutiny of capital projects and programmes. MCC are also actively sharing best practice in delivery with other AGMA authorities.

## **7. Conclusions:**

The process currently employed for capital scrutiny and monitoring is working well and provides a generic approach to compiling the Capital Programme. Rigour must be applied when spending capital monies and there must also be prioritisation of submissions for funding. The Capital Programme Group regularly review the process with a view to improvement while not adding to the bureaucracy. The MCC Gateway Process gives elements of control; support and monitoring which prior to its inception were not in place.

Richard Paver

City Treasurer

Annex (A) Gateway process flow diagram

Annex (B) Rapid Risk Check