STATES OF JERSEY

MAJOR AND STRATEGIC PROJECTS, INCLUDING CAPITAL PROJECTS (R.172/2023): EXECUTIVE RESPONSE

**Presented to the States on 28th March 2024
by the Public Accounts Committee**

STATES GREFFE

FOREWORD

In accordance with paragraphs 69-71 of the Code of Practice for engagement between 'Scrutiny Panels and the Public Accounts Committee' and 'the Executive', the Public Accounts Committee (PAC) presents the Executive Response to the Comptroller and Auditor General's (C&AG) Report entitled: Major and Strategic Projects, including Capital Projects (R.172/2023, presented to the States Assembly on 20th November 2023).

Deputy I. Gardiner
Chair, Public Accounts Committee

COMMENTS

The Committee has reviewed the response provided by Government and has no further comments on the recommendations at this time.

Chief Executive and Treasurer of the States Response to C&AG Review: [Major and Strategic Projects including Capital Projects](#) – **Executive Response to PAC by Monday 15th January 2024.**

Summary of response:

The Chief Executive and Treasurer welcome the report of the C&AG, which provides constructive opportunities for further strengthening the approach to the management of Major and Strategic Projects. All recommendations are accepted.

The advice contained within the report on Work planned that should be prioritised is noted, as are the Areas for consideration. The Chief Executive and Treasurer make the following comments on these:

- P1 Put in place Service Level Agreements between Jersey Property Holdings and Government departments that specify the landlord/client or user relationship and the services to be delivered by each part. - As already notified to this review, SLAs are already in place. They have however been updated and will be reissued in Q1 2024.
- A1 Consider adopting a short form business case model for projects with a value below a defined threshold - Projects identified as Key or Local (which are <£2m expenditure) are mandated to complete one business case, the Strategic Outline Case (SOC). The creation of the Outline Business Case (OBC) is conditional rather than mandatory for such projects. This is dependent on changes to the funding requirements. The Strategic Finance and CPMO Teams are working to develop and pilot a simplified structure for business cases which will see the business case document evolve over-time aligned to key stages of the project delivery.
- A2 Consider the re-allocation of responsibility for benefits realisation on major and capital projects to ensure that this responsibility lies with the most appropriate officer to deliver the benefits in practice - The CPMO are working to ensure Benefit Owners are captured and assigned benefit responsibility prior to project closure, ultimately reporting back to the AO/SRO. This will support the CPMO with monitoring and reporting to ELT. As noted in response to R3, it is recognised that benefits management/realisation are in very early stages of introduction/maturity and that this will be an area of focus for the CPMO 3-year strategy (2024 to 2026) which will be published by the end of Q1 2024.
- A3 Consider ways of further increasing financial flexibility in the management of major and strategic projects, including capital projects, building on some of the approaches adopted in the Government Plan 2023-2026, such as feasibility studies and grouped heads of expenditure - In each Government Plan, we will continue to explore opportunities to increase flexibility while preserving robust governance, transparency and accountability.
- A4 Consider how best to 'bundle' or group individual projects at the procurement stage to make them more attractive to investors and developers, thereby securing additional value for money - As part of the current review of Commercial and Procurement services consideration will be given to the way in which projects and business as usual procurement activities can be packaged in order to be more attractive to bidders. This will include the building of pipelines of work across the departments and working closely with Heads of Finance and business partnering to better understand funding allocations and approval of business cases that include procurement of goods and services.

With respect to Recommendations 1, 3, 6 and 7, the CPMO have referenced the creation of a 3-year strategy which will be published at the end of Q1 2024. In this strategy, the approach to and timeline for the completion of relevant deliverables aligned to the recommendations will be set out. A copy of this strategy will be shared with the C&AG.

Action Plan

Recommendations	Action	Target date	Responsible Officer
R1 Ensure that the requirements of the CPMO are embedded through mandatory training and participation including: • the Change Network development events; and • CPMO general, project risk and specific benefits realisation training.	Accept The Change Community Network takes meets monthly and is attended by representatives from each department. The sessions are designed to be two-way, whereby the CPMO Team provides training and insights, and members of the network bring forward topics for wider discussion, to showcase their projects and learning outcomes. Membership of the Change Community Network is regularly reviewed. A project management e-learning module 'Delivering Projects in GoJ' was launched in February 2021, to provide introductory training for new project managers or teams involved in GoJ project delivery, including externally engaged project managers. The e-learning module includes guidance on the use of the GoJ Programme and Project Delivery Frameworks, in addition to training on the use of the portfolio reporting system. To date, 82 colleagues have completed and passed the course, with a further 31 colleagues progressing through the module.	Complete Complete	Head of the Corporate Portfolio Management Office

	The CPMO are currently developing an induction manual for all internal and external project resource, which covers managing risk and benefits. Risk and Benefits training is built into the 'Delivering Projects in GoJ' module and Project Manager induction pack.	30/06/2024	
	There is recognition that more development is required in these areas, which will be built into the CPMO 3-year Strategy (2024-2026) which will be published by the end of Q1 2024.	29/03/2024	
	Throughout 2024, the CPMO will be delivering a series of roadshows (stakeholder engagement events) to stakeholders of all levels of seniority and specialisms who undertake a role in supporting/delivering change. The purpose of these events is to inform and upskill stakeholders across government on the value of the GoJ project delivery frameworks, and how to use them to maximise successful outcomes. This recommendation, 'stakeholder management' forms part of these roadshows.	31/12/2024	
R2 Develop a framework that identifies the projects that would benefit the most from direct specialist support from the Commercial Services Team and ensure that support requirements are confirmed at an early stage in a project.	Accept All GoJ delivery frameworks signpost project professionals to the respective enabling functions, including Commercial Services.	Complete	Head of the Corporate Portfolio Management Office and Director for Commercial Services
	The CPMO are working with Commercial Services to ensure both teams share project information, providing early indication on potential projects forthcoming to the portfolio and to signal that expertise or support will be	31/12/2024	

	required. Accordingly, all initiatives, regardless of size and scope, are required to complete a Sizing Matrix as part of their set-up. This includes questions on the requirement for Commercial Services support. A review of the delivery frameworks with Commercial Services during 2024, will highlight any additional signposting required in the current policies/ templates.		
	The Project Governance Framework, published in the supporting documents to the Public Finances Manual, provides guidance that a Commercial Manager may be appointed through Commercial Services to provide independent oversight of contract performance and advice: *'A project may have a Commercial Manager that reports through Commercial Services who provides independent oversight of contract performance and provides advice and support arising from contractual issues including under/non-performance, claims, disputes, insolvencies, cost impacts, unforeseen events etc. The Commercial Manager will challenge and support decision makers especially on procedures arising from commercial issues and the risks arising from contract performance, in order to minimise the risk to the States of Jersey. The Commercial Manager may additionally be responsible for Contract Management (including conformance to Service Level Agreements, Key Performance Indicators and milestones) and administration of contractual remedies.'* Reference: [Frameworks for Major Strategic and other projects.pdf (gov.je)](gov.je)	Complete	

R3 Enhance requirements for the recording, ownership and monitoring of benefits realisation both at project level and across the portfolio of projects.	Accept The Public Finances Manual – 'Major, Strategic and Other projects' section, specifies the requirement for Benefit realisation on projects. Please see [Public Finances Manual (gov.je)](#). Benefit ownership is the responsibility of the Accountable Officer or delegated Sponsoring Senior Responsible Officer (SRO). This is detailed in the SRO Appointment letter.		Head of the Corporate Portfolio Management Office
	From a Portfolio perspective, the CPMO have developed a Corporate Benefits Register, which to date has captured all benefits listed in business cases for Major and Strategic projects. The intention is to utilise this register to ensure Benefit Owners are identified and confirmed, prior to project closure to enable ongoing monitoring. However, it should be noted that for many in-flight projects, not all have captured, defined, or measurable benefits.	Complete	
	In the April 2023, in the C&AG ITS follow up report, the CPMO committed to commence benefit realisation reporting to the Executive Leadership Team, on major and strategic initiatives, where it is possible to do in 2024.	31/12/2024	
	It is recognised that benefits management and realisation are in very early stages of introduction and maturity across the GoJ, and will require significant time, resource commitments, and investment in training, to support the development of internal capability and the embedding of good practice. This will be an area of	29/03/2024	

	focus for the CPMO 3-year strategy (2024 to 2026) which will be published by the end of Q1 2024.		
R4 Agree and implement a post-handover governance structure to become operational after the handover date for the completed New Government Headquarters building. There should be clarity within this governance as to the arrangements to: • oversee any building purchase or operational lease arrangements that have not been fully resolved before this date; and • oversee the delivery of all the benefits, both facilities and staffing related, as identified in the project business cases. An Accountable Officer should be appointed to ensure that both these tasks are completed effectively.	Accept The current Office Accommodation Project Board and Readiness Panel will continue to oversee completion and post occupation delivery. This board will also be used to put into effect any decision to purchase, and to track the property benefits arising from the development. As per the GoJ Project Delivery Framework, a benefits realisation plan will be produced which will set out and have approved the governance structure and accountability for the realisation of both cashable and non-cashable benefits as set out in the business case.	31/12/2024	Chief Officer for Infrastructure and Environment
R5 Strengthen the link between the risks outlined in project business cases and those set out in departmental risk registers.	Accept Within the GoJ delivery frameworks guidance the Accountable Officer (AO) or Senior Responsible Officer (SRO) if responsibilities have been delegated, must ensure the effective management of project risks.	Complete	Accountable Officers, Head of Risk, and Head of the Corporate Portfolio Management Office

	The Project AO/SRO is responsible for identifying any project level risks and those which require escalation to departmental risk registers.		
	The CPMO developed and issued supporting risk guidance, which is available on the CPMO Hub as part of the delivery framework drafting. This guidance articulates the difference between project risk and operational risk, as well as risk management guidance for portfolios, programmes and projects. Please see here (section R).	Complete	
	The CPMO are currently supporting the Head of Risk in the design and development of additional risk management guidance/ training, which will enhance the current offering.	31/12/2024	
	Additionally, to ensure risks and issues are reviewed by AOs and SROs, the CPMO provides detail of all project risks/issues scoring 15 or over, to each Chief Officer, on a monthly basis within their change portfolio packs, for use in departmental portfolio review meetings.	Complete	
	The CPMO conduct regular risk reviews, working with the Head of Risk, to identify portfolio strategic risk themes and to support/ feed into quarterly reporting to the Executive Leadership Team (ELT).	Complete	
R6 Enhance procedures to ensure that user departments are sufficiently engaged in all stages of major and capital projects.	Partially Accept		Head of the Corporate Portfolio Management Office
	Policy has been developed and is in place for this purpose. Embedding the GoJ Delivery Frameworks is the area of focus required to support this recommendation and will be driven by the CPMO during the next 3-year strategy period (2024 to 2026) which	29/03/2024	

	will be published by the end of Q1 2024. This should ensure user departments are effectively engaged, as set out below.		
	It is the responsibility of Sponsoring AO/SRO to establish the Project Board and the appointment of the appropriate membership. The Project Governance Framework sets out key senior level roles required to form an effective board with clear and pre-defined roles and responsibilities, including senior users. Collectively the Board is responsible for ensuring user departments are engaged at the appropriate stages of the project's lifecycle and that the project undertakes effective stakeholder management. The CPMO has provided supporting guidance in each delivery framework, for each stage of the project.	Complete	
	In the planning stage (Stage 2) of the Project Delivery Framework, the project board are required to approve a Business Change Management Plan. Within this document, the project must identify and assess the impact of the change on end users, including user departments and indicate how they will be formally (and informally) engaged in the project.	Complete	
	The stage gate approval process, managed by the CPMO, provides the ability for challenge and recommendations on the project team communications and engagement plans.	Complete	
R7 Enhance procedures to document benefits plans including:	Accept

The Accountable Officer is ultimately accountable for the project and the realisation of benefits - this may be delegated to the appointed SRO. Please see R3. | Complete | Head of the Corporate Portfolio Management Office |

• requiring benefits plans to be signed off by the project board and accountable officer; and • requiring an accountable officer to be appointed to deliver the projected benefits over the expected benefits period.	Benefit details are required in the supporting framework suite of templates, including the Change Mandate, Blueprint (programmes), Benefits Register (programmes) Business Case, Brief, PID, SRO Sponsor appointment letter and guidelines. The Sponsoring AO/SRO is responsible for signing-off all project documentation, including benefit plans, through the project board. The CPMO are working to ensure Benefit Owners are captured and assigned benefit responsibility prior to project closure, ultimately reporting back to the AO/SRO. This will support the CPMO with monitoring and reporting to ELT. As noted in response to R3, it is recognised that benefits management/realisation are in very early stages of introduction/maturity and that this will be an area of focus for the CPMO 3-year strategy (2024 to 2026) which will be published by the end of Q1 2024.	29/03/2024	
R8 Ensure the risks and impact of identified projects not proceeding are considered when updating departmental risk registers.	Accept The Risk and CPMO Teams will work with the respective Chief Officer to ensure the risk and impact of projects not proceeding are considered by departments when reviewing and updating their risk and issues registers. The CPMO will develop a closure template for premature project closures, which will specifically identify any operational risks/ impacts identified as a result of not proceeding.	31/12/2024 30/06/2024	Accountable Officers, Head of Risk and Head of the Corporate Portfolio Management Office

R9 Document the lessons learnt in the successful transfer of principal contractor status to I&E on the Replacement Bellozanne Sewage Treatment Works project and ensure these lessons are shared widely within Government so that other projects may benefit from this learning.	Accept Lessons learned documentation is in preparation by the I&E Liquid Waste project team. Lessons and opportunities captured by all projects will be recorded in the Corporate Lessons Register to ensure learning is accessible to all colleagues.	30/06/2024	Chief Officer for Infrastructure and Environment
R10 Ensure that the lessons learnt on the Mental Health Improvements (Orchard House) project are shared widely within Government so that other projects may benefit from this learning.	Accept Gather lessons learnt from both client and JPH and share with Government ELT. Lessons and opportunities captured by all projects will be recorded in the Corporate Lessons Register to ensure learning is accessible to all colleagues.	29/02/2024	Chief Officer for Infrastructure and Environment Chief Officer for Health and Community Services

Recommendations not accepted

	Recommendation	**Reason for rejection**
	None	