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COUNCIL MANAGEMENT TEAM	**Date of meeting**
Report of the Interim Director of City & Environmental Services	12 November 2014

DELIVERING BROWNFIELD SITES AND INFRASTRUCTURE: PROJECT GOVERNANCE, MANAGEMENT, PLANNING AND FINANCE

This paper sets out a proposed approach to delivering core regeneration projects within the Infrastructure Delivery Plan. CMT are asked to consider core principles of sound governance for major projects.

If the Council wishes to deliver large scale complex projects and brownfield sites some investment is needed alongside that governance. This paper proposes a Major Projects Team to drive the work, and so is closely related to a bid being made to CRAM/EIF and potentially any growth. I have also set out the emerging thinking about both strategic planning and development management in the current situation.

RECOMMENDATIONS:

(1) That CMT agree to the establishment of an Infrastructure Delivery Board and associated major project governance structures as set out in this paper
(2) That CMT agree to the prioritisation of major projects as set out here
(3) That CMT note the potential financial implications for both the EIF and the revenue budget of planning to deliver major infrastructure projects
(4) That CMT note the fall-back position for infrastructure delivery at para 3.6 should funding prove unavailable, which would restrict focus to the Stadium, outer ring-road and York Central.

1.   City Growth: the Infrastructure Delivery Plan and Major Projects

1.1   The Council is committed to inclusive, managed growth which enables quality housing, employment and environmental quality and underpins financial stability for the future. Much of this strategy is articulated in the Local Plan (see separate paragraph on planning

below.) The Plan incorporates a significant level of infrastructure which in turn is captured in the emerging Infrastructure Delivery Plan.[1]

1.2   In addition the Council is committed to certain major projects which bring forward brownfield sites, combine or contribute to key infrastructure, facilitate growth (particularly a more robust economic profile) or significantly affect a large area. These are discussed in more detail in the next section

1.3   There is a final category of looming requirements which might be considered within the same governance expectations.

1.3   The programme which emerges from combining the major projects and the IDP can be divided into five streams which have somewhat different funding and management trajectories:

Element	Major funding sources	Comments
On site infrastructure required by growth eg schools, onsite roads, affordable housing, health, open space	Primarily funded by the site itself or a combination of local sites (section 106). Viability studies have taken our policy expectations into account though of course developers will still negotiate and the arguments around affordable housing are particularly complex.	1. Where an element of this infrastructure gets funded elsewhere we should ensure the released s106 demand is available to fund other items. This requires some forethought given planning gain regulations. 2. Otherwise this delivery will be part of the planning process.
Strategic Infrastructure	A significant proportion (c10%) is likely (but not guaranteed) to be secured through WYTF+ and LGF. A further element (maybe 40%) will come from the CIL. We are developing a strong narrative to support access to funding through the next 10 years.	This is almost entirely roads, particularly the dualling of the northern ring road. It includes some smaller items, eg site remediation at York Central (subject to a bid to LCR LEP).

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[1] In formal terms the IDP is in turn what drives the Community Infrastructure Levy. I am using it here to encompass a range of items, some of which fall outwith that formal definition but are key to the overall success (eg the Stadium). In this context the Local Plan is the emerging draft, any growth will have infrastructure requirements.

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Major Projects – particularly York Central & Station; Castle Piccadilly; the Guildhall; the Stadium; Reinvigorate York and the Public Realm; and the Fund of Funds	Many and various and may well include private sector, repayable resources.	See section 2
Transport capital investment including BBAF, LSTF, Scarborough Rail Bridge etc	Primarily the WYTF+ and special government funds though some may be funded from the Council's resources.	Managed through the Transport Team and the Transport Capital Board. Some overlap with strategic infrastructure above.
'Looming projects' that might be considered in the major projects programme for the purposes of good governance.	Various depending on topic. Not all are capital-oriented.	At the moment not the subject of this paper.

2.   **Major projects and major planning applications: definitions and inclusions**

2.1   CES has conducted a two stage review of major projects to consider which the priorities are and which need additional resources to manage delivery. This process has shaken out two particularly important criteria:

- *The distinction between a major planning application and a major project*: a planning application (such as British Sugar) may be on a large scale requiring dedicated resources and skills to ensure a good outcome. However (once the Manor School site is sold) little additional corporate input is needed to secure the development although the occasional intervention to manage relationships might be needed.
- *Timeliness and objectives of Council intervention:* a project may present opportunities for the Council but, perhaps due to recalcitrance by the landowner or other uncontrollable factors be undeliverable at the moment. In such a case, the Council will maintain relationships and observe closely but would not prioritise the project for management interventions.

2.2   We are separately reviewing the projected needs for the development management of major applications and statutory responsibilities such as Village Design Statements and other community planning work.

2.3   This gives rise to the following classification of major land/building/site based activities:

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Major project and sponsor	Priority and Stream	Comment
York Central and York Station (Director, CES)	Primarily strategic site (as YC is an opportunity zone in the LP) though the Station project is transport dominated	1. Internally I am combining these into one oversight Board. NR will do the same when they take back the station in March. Joint board will cover both projects. 2. Multi-million pound project with big investment from WYTF+. 3. The financial envelope for capturing ROI for infrastructure will be key.
Castle Piccadilly AD (Development Services, Planning and Regeneration)	Primarily strategic site (CP the other opportunity zone) with important employment, heritage, public realm and transport (bus) elements	1. This was not a high priority but the opportunities offered by the LaSalle collapse and the One Public Estate project are enormous and should be seized. 2. (Like YC) the area has a chequered history of failed attempts. 3. It is really important that we retain employment in the Zone but also 4. CYC needs to maximise transport thinking in the light of the long term strategy of reducing traffic in the city centre while maximising economic potential
Stadium Directors CES and CANS)	Major project	A key exemplar of the resources needed to bring a large scale project forward.
Guildhall AD Finance, Asset Management and Procurement	Major project	I have just joined the project board and have started discussing interim uses with the project manager.
Biovale CEX	Major project but site works managed by University	Key relationship for CYC. Significant LEP investment.
Reinvigorate York/public realm AD (Highways Transport and Waste)	Major project/transport project	We have 'paused' the next major RY sites, while work is proceeding on the theatre interchange and the wayfinding project. We are also progressing the design work for Fossgate and Exhibition Square to be ready for what comes next. The programme must be intimately linked to our transport vision and proposals which come forward after the Congestion Commission.
Fund of Funds	Major project/enabling	We need an effective way to both corral the money needed for the IDP and Major

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Director, CES		Projects programme and a way to channel ROI when called for. This project needs specialist support and officers are working on the way to get what is needed.
Nestle	Major project	Although developers are very interested, the site is caught up in Switzerland.
Barbican	Limited project work to bring	In a range of developer discussions.
Hungate	Major planning app on site	Building work well underway. New masterplan anticipated.
British Sugar	Some project work, morphing into a major planning app	Once the Manor School site is sold, this will primarily by a planning matter and can be dealt with accordingly
Whinthorpe	Major planning app but at the moment not a project in other senses	In detailed discussions on masterplan
Clifton Moor	Major planning app but at the moment not a project in other senses	In masterplan discussions.
Outer Ring Road AD, Highways, Transport and Waste	Major transport project	Roundabouts very likely to receive WYTF+ funding. ORR project structure being established. Once funding and approach to dualling confirmed this will be a huge engineering but simpler management task.
Scarborough rail bridge	Smaller but high profile transport project	Seeking £1.5m funding but once obtained should not be too complex to achieve.
Other transport projects	Range of projects	Managed through Transport Capital Board.

2.4   This table suggests that York Central & Station, Castle Piccadilly, the Stadium, the Guildhall, Biovale, the Outer Ring Road and the Fund of Funds are the key priorities for the next 18 months, with a watching brief for the public realm while the Congestion Commission runs. I have assumed these priorities in what follows.

3.   A corporate approach to major projects

3.1   In considering the Council's success on major projects a few features stand out:

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- Planning led projects have been slow but Hungate is on site. However, there are real challenges in DM and PEM in enabling the future large sites, both in terms of capacity and expertise. There is also a national shortage of planners.
- A huge transport investment has been completed this year, CYC has a very successful delivery record in sustainable transport and our highway network is broadly in good repair.
- The Stadium is the fastest progressing project and the only one with a dedicated team led by an experienced project manager.
- Partners and stakeholders are sceptical of CYCs ability to deliver on non-transport led projects. This gets in the way of delivery as ever higher commitments are requested
- At times projects get caught up in debates that are not primarily about the project itself, and need to be mindful of the Council's commercial interests and negotiations. Political uncertainty can mean that potential partners and investors view York as high risk.
- Management and governance of some projects has been inconsistent, sometimes with insufficient evidence of project delivery skills required.
- Corporate ambitions, eg for local labour, have not been consistently revised and need a stronger focus.
- Alluring and retaining investors is fundamental to success.

3.2 I am therefore proposing that, via CMT, we agree a corporate approach to major projects. Appendix One sets out an approach based on the following elements:

- *Clear standards of project management and governance:* every project setting up governance arrangements within specific parameters,
- *Introducing gateways* for next steps (especially procurement and comms), proper allocation of budgets for projects and measurable KPIs.
- *Transparency of projects*: meaning regular reporting to CMT alongside understanding and adherence to disciplines around confidentiality, single negotiating partners etc
- *Prioritisation*: the table above suggests prioritisation of certain projects. CMT should resist adding to the list without proper initiation and agreement
- *Skills and capacity*: the Council (like others) nor to maximise appropriate project management skills.

3.3 I am also specifically suggesting CMT sets up an Infrastructure Delivery Board which has oversight of all the above, reports formally to CMT (or CMT/Cabinet) once a quarter, improves the six-monthly reporting to EDSOC and ensures that projects meet the requirements of management, gateways, transparency and resource management we should expect. This Board would be chaired by the Director of CES and CMT membership should include at least Director of CBSS.

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4.   Member oversight

4.1   Member involvement in major projects varies, including:

- The Stadium Project Board with three members on it, which has functioned well
- The new cross-party steering group on York Central
- A six-monthly update to EDSOC (but not Cabinet) on major projects.
- Updates to the Cabinet Member on transport capital projects

There is no one approach but we do need to work with members to understand their wishes and the parameters of engagement. Appendix One suggests that for every major project, at PID stage, member involvement and oversight must be articulated and confirmed, together with a six-monthly report to Cabinet on progress.

[REDACTED]

[REDACTED]

6. **Financial approach**

6.1 CES DMT has considered this matter in detail. A crude assessment of the resources the Council will need to deliver these projects is as follows (excluding on-site infrastructure):

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6.5   In discussion, officers have agreed that we will scope this request and then consider the funding sources (capital, EIF etc) as it is a complex equation. Subject to this discussion I will be further discussing it with Finance to inform the final bid. In summary, I would be bidding for ███████████ in the first year, decreasing slightly in the following two years, to maximise the City's position in the economic cycle and opportunities and maximise brownfield sites.

6.6   I would reiterate that if we do not properly resource projects they will not get delivered. The experience of the last year across all these projects shows the importance of this. A coordinated approach to delivery will offer reduced costs in shared procurement and expertise

6.7   If the funding above is not available I propose that, in addition to agreeing the governance protocols proposed, I will establish a small group, including the Stadium team and a much reduced investment from EIF. I will review the Regeneration Team, for whom funding disappears in September 15, and potential resources for project management of York Central. In this situation, York Central would be the only major project to be progressed (besides the stadium and outer ring road.)

7.   Next steps

7.1   An Infrastructure Delivery team needs:

- *Project management skills*: this might be Prince 2 but not necessarily. The ability to programme the work, identify dependencies and sequence tasks, manage effective governance, assess and manage risks, manage multiparty funding streams, assess and act on commercial, legal and other advice and manage effective negotiations.

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- *Strong advice and support* to ensure good management of process, robust commercial and legal advice, financial propriety and due diligence. This advice needs to be robustly procured (inhouse or externally) and kept within the overall strategic framework to be delivered by the programme.
- *Resilience and focus:* all of these projects are a long term game. It requires considerable determination by the team and the framework in which to get on with the job. These attributes have not been granted to any project but the Stadium (and the Local Plan itself).
- *Investor Confidence and Relationship development :* creating relationships and vehicles to ensure York is attractive to investors.
- *Relevant specialist capacity*: this will vary. For instance York Central must have masterplanning expertise and leisure management understanding is important to the Stadium, while both heritage and commercial acumen matter to the Guildhall.

7.2   Given these features it is recommended that these posts are permanent recruitments, though the ending of a project will make a postholder vulnerable to redundancy. Specific project teams would be recruited once finance is available and business plans agreed, and may be on time limited contracts.

7.3   The outline timetable would be:

12/11/14   Discussion at CMT including detailed governance proposals for major projects

By 30/11/14   Establish Infrastructure Delivery Board

By Xmas   Agree detailed way forward including budget implications as far as possible

During January   With JDs etc publish proposals and engage in consultation. Creation of new Unit
By end of March   Dissolution of existing structures

7.4   Tim Atkins will be providing me with significant support to establish the new approach, Board and unit and we have rejigged some stadium work to accommodate this. However, a great deal of it will need my direct intervention. At the end of it, we should have a robust and adequately resourced structure to deliver these key ambitions.

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APPENDIX ONE

Infrastructure Delivery Programme Governance

A key strand of the Infrastructure Delivery Plan is the direct delivery of a number of major projects, including the development of a funding mechanism. This document paper summarises the proposed governance arrangements for the initiation and management of major projects

Governance structure
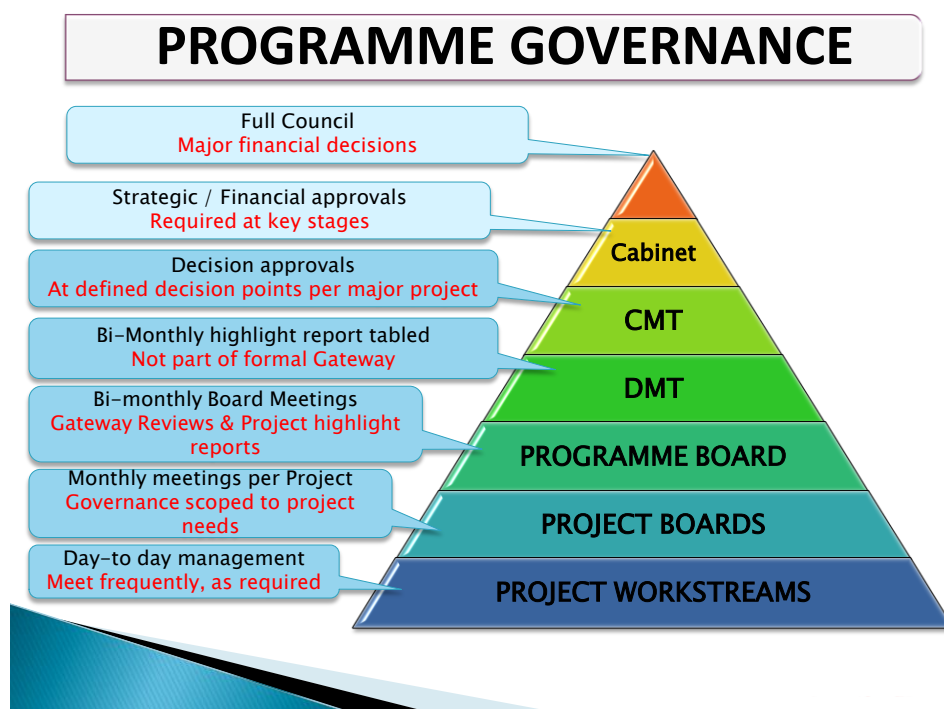
Infrastructure Delivery Board (IDB)

A Board for Infrastructure Delivery will be established, tasked with the effective delivery of the major projects where CYC has a key interest contributing to growth in the city. Each Major Project will have a Project Board to oversee its delivery. This Board will be established by CMT, and will be required to prepared its own Project Initiation Document for the infrastructure delivery programme (PID) / Outline Business and progress the submission of appropriate budget proposals.

The IDB will meet on a bi-monthly basis (once every two months). Its primary function is to ensure the delivery of a joined-up programme to maintain economic growth and regeneration within the city, through the effective delivery of key infrastructure projects as defined by CMT. It will control a Project Gateway Review (GR) process for all CYC major

infrastructure projects.   The IDB will also receive highlight reports from each project at each meeting. These will be presented by the relevant Project Manager.

The IDB will be an internal steering group. It will only have the powers delegated through the Chief Officer who will be its chair. Key decisions will be recorded as Officer Decisions. Reports regarding the Programme's Progress will be reported to CMT and Cabinet. The PB will consist of the following key Board Members:

Programme Board role	Description
Chair / Senior Responsible Officer	Director of CES
Finance Director	S151 Officer / CYC Director of Finance & Resources
CYC Asset / Procurement Manager	Assistant Director(s) responsible for asset management and procurement
Client / Key stakeholder	Appropriate Directors / Assistant Directors with major client / stakeholder interests in Regeneration / Infrastructure Projects – e.g. transportation, housing, planning
Major Projects Manager	Responsible for the management of the Board and its business.
Programme Manager / Administrator	Responsible for the programming of projects and Programme plan

The IDB may impact on the business of a number of existing Boards across the council and therefore it is proposed that some aspects / scope of these existing boards are reviewed. However, the IDB will only be responsible for the major projects delegated by CMT (ie not all housing, transport or service delivery projects); in the first instance these are anticipated to be:

- The Stadium
- The Guildhall
- Reinvigorate York and the Public Realm
- Castle Piccadilly
- York Central
- The Fund of Funds

Project Boards

Every major infrastructure project will be required to have a project board.

Each Project Board will be established once the project has received approval from the Programme Board for its PID / Outline Business Case. This will include budget / financial provisions and a governance structure for the project's ongoing management. The extent

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and membership of the Board will be dependant on the complexity and size of the Project. In any circumstance the Board should include the following:

Project Board role	Description
Chair / Senior Responsible Officer & Project Sponsor	Relevant Director or Assistant Director for the service area.
Finance Manager	Appropriate Directorate finance manager
Asset / Corporate Finance manager	Where the project has significant property / procurement or financial implications
Client / Key stakeholder	Appropriate Senior Manager(s) who represents the client / or key stakeholders.
Project manager	Presents reports to the Board, responsible for the delivery of the Project
Project Board Administrator	Responsible for the management of Board's Business
Other Key Stakeholders	Consideration should be given to a role within the Board of external stakeholders and appropriate Council Members.

The Project Board will be an internal steering group. Consideration will need to be given to the engagement with member(s) and external stakeholders (where appropriate). This may be a project specific member level steering group.

The Board will have the powers delegated through the Chief Officer who will be its chair. Key decisions will be recorded as Officer Decisions. It will deal with highlight / exception reports regarding the Project's progress. Highlight reports will then be presented to the PB on a bi-monthly basis, identifying key risks, issues and other exceptions. The Project can only progress past key Gateway stages once the Project Team has conducted a Gateway review. The Project Board must approve the GR and then seek approval from the IDB.

The lifecycle of a project is summarised below:

A PROJECTS LIFESPAN

RECEIVE PROJECT MANDATE FROM RELEVANT BODIES

PROJECT INITIATION DOCUMENT (P.I.D)

FULL BUSINESS CASE / OPTIONS APPRAISAL TO GATEWAY BODY

DELIVERY PROGRAMME FOR APPROVED OPTION

PROCUREMENT STAGE / OR OTHER

AWARD CONTRACT / OR OTHER

DESIGN, BUILD + FINALISE

CONTRACT SIGNATURE / FINANCIAL CLOSE

CYC POST CONTRACT MANAGEMENT PROCESS

CLOSE / TRANSFER

Gateway Reviews

GRs will be undertaken by the Project Team and presented initially to the Project Board for approval to proceed to the IDBB. A project cannot proceed beyond key points in its life until a GR has been undertaken and approved by the IDB. (see Gateway Review Matrix for Major Projects).

Gateway Reviews will be undertaken at the following key stages:

Gateway Stage	Project stage completed	Cabinet / Member approval
1. Business Justification	PID / Outline Business Case	Forward plan schedule
2. Investment Decision	Full Business Case	Cabinet / council approval
3. Procurement / Delivery Strategy	Procurement strategy or delivery plan	
4. Contract award	Contract completion / award	Cabinet / Council approval
5. Financial close	Project Completion	
6. Transfer / Project Review	Contract Management / Review	

A template setting out the requirements for each Gateway review will be developed. As with all projects, dependant on their nature and complexity, these will need to be adapted and considered project by project.

The decision matrix is set out below:

Gateway Review Matrix

	Project Board	Prog Board / Gateway Review	DMT	CMT	MEMBERS
RECEIVE PROJECT MANDATE FROM DMT /CMT			X	X	
P.I.D / OUTLINE BUSINESS CASE		X			
FULL BUSINESS CASE / OPTIONS APPRAISAL	X	X	X	X	X
DELIVERY PROGRAMME FOR APPROVED OPTION	X	X			
PROCUREMENT STAGE / OR OTHER	X				
AWARD CONTRACT / OR OTHER	X	X	X	X	X
DESIGN, BUILD OR FINALISE	X				
CONTRACT SIGNATURE / FINANCIAL CLOSE	X	X	X	X	X
CYC POST CONTRACT MANAGEMENT PROCESS	X		X		
CLOSE / TRANSFER	X	X	X		

Project Managers / Project Resources

Each project will have a dedicated Project Manager. The project manager will be responsible for the day-to-day management of the project. They will be responsible to the Project Board for the delivery of the Project. The Project Manager will report to the senior Officer responsible for the delivery of the Major Projects Programme.

Other project resources maybe in place, either dedicated to the individual project, or shared resources under the direction of the Major Projects Programme. Detailed management arrangements will be put in place at the PID / Outline Business stage of the project relating to the relevant project resources.

The Project manager will be responsible for the management of the Project Budget. Monthly project reports should be prepared with the Project finance Manager.

Line management will normally be provided by the manger of the major projects workstream or Director of City & Environmental Services. The Project Sponsor will be the Senior Responsible Officer responsible for delivery of the project

A suit of standardised project documentation for reporting and project programming has been prepared (see draft templates) including:

- Project Initiation Document (Major Infrastructure projects)
- Project Tracking Matrix / timeline
- Project Plan
- Risk / Issue log

- Highlight report
- Role profiles for the Project Sponsor and Project Manager roles

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