



Provision of School Places Project 2018/19 City of York Council Memorandum

For: *Corporate Director Children, Education and Communities
School Services Manager – Policy and Strategy*

Status: *Final*

Date Issued: *7 February 2019*

Audit Reference Number: *19120/021*

Where information resulting from investigation and/or audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.

1 INTRODUCTION AND SCOPE

- 1.1 The council undertakes a significant amount of programme and project management and there is a need to ensure that standards are maintained. The project management approach employed by the council is set out in its 'All About Projects' guide and the project management system, Verto, is used for storing information on all major projects.
- 1.2 The council's All About Projects framework offers the following definition for a project: "*...a temporary group activity designed to deliver one or more product, service or result according to a specified business case.*" It goes on to state that a project is a unique, specific set of operations designed to accomplish one or more goals and is not business as usual.
- 1.3 Projects assessed as being 'large' form part of the council's corporate programme and are defined as 'major projects'. As well as being required to comply with the project management framework in the same way as all other projects, major projects are also subject to an increased level of governance and scrutiny through being regularly reported to Corporate Management Team (CMT) in its capacity as Programme Board and through having to submit monthly update reports via the council's Open Data Platform.
- 1.4 Once such major project in the council's corporate programme is the Provision of School Places Project (hereon in referred to as the "PSP Project"). Initiated in July 2017, the project aims to identify where and when additional primary and secondary school places will be required and to work with central government and the school community to provide places in good or outstanding schools over the medium term (until 2022/23).
- 1.5 The project represents a significant priority for the council in delivering education opportunities for its current and future residents.

Objective and Scope of the Audit

- 1.6 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:
 - Effective project management guidance is in place and has been adopted by those involved with projects.
 - Project information is available and retained to support decisions.
 - Projects have adequate governance and risk management processes embedded into them.
- 1.7 The PSP Project was selected as an example major project to consider how effectively the council's project management framework is being applied. This audit has not included an assessment of the likelihood of successful delivery and has instead reviewed compliance with the council's project management framework as set out in the All About Projects guide.

2 FINDINGS

Background

- 2.1 Under Section 14 of the Education Act 1996 the council has, as a local education authority, a statutory responsibility to ensure the sufficiency of primary and secondary school places across the city.
- 2.2 The council is provided with central government 'Basic Need' funding for this purpose and it must ensure that this funding, as well as other sources of funding (e.g. housing developer contributions), is used to best effect in those areas of greatest need and to ensure that the provision is sustainable.
- 2.3 School placement planning was discussed at the 4 May 2017 Children, Education and Communities Directorate Management Team (DMT) meeting as part of an agenda item on the major projects pipeline. The PSP Project or school place planning programme as it was known at the time was discussed alongside other significant projects and emerging projects and work streams in the directorate. The DMT made the decision at the meeting to treat a number of emerging work streams within the directorate as projects and submit them to the rigour of the council's project management framework.
- 2.4 As a city, York is expected to experience significant potential growth over the next 20 years and beyond with the emerging Local Plan. In addition, forecasts had shown a deficit in secondary school places in some planning areas caused by the expected number of pupils of statutory school age. This provided the strategic context from which to develop the PSP Project.

Compliance with the project management framework

- 2.5 The context for the project, its inception and its compliance to date were discussed with Project Assurance¹ during the audit as it was found that the project was not in full compliance with the All About Projects Gateway process.
- 2.6 Project Assurance confirmed that it was a strategic decision, taken by the Children, Education and Communities Directorate Management Team, to class the school placement planning work stream as a major project. It was progressed as a project in the spirit of the project management framework, as applied to major projects. By this it was meant that it would receive the governance and oversight that any other major project would, given its strategic importance, but that it would not necessarily be expected to progress through the gateways in strict compliance with the project management framework.
- 2.7 There is no evidence of explicit authorisation to vary from the project framework but the approach adopted seems reasonable. Furthermore, three

¹ Project Assurance is the function responsible for monitoring compliance with the All About Projects framework and for embedding its principles across the council.

key project controls were found to be in operation and seem to be functioning effectively:

- Highlight reports, providing comprehensive progress updates, have been produced each month since January 2018 and these are available on Verto.
- A risk register has been compiled.
- There is a detailed project plan which has been updated regularly and shows the project to be on track.

2.8 Whilst progress through the All About Projects gateways has not synchronised with progress in real terms, the project does not appear to have been exposed to any undue risk as a result of not strictly following the council's project management framework. Nonetheless, the approach should have been formally agreed at the outset by key project stakeholders in consultation with Project Assurance so that expectations were clear as to how the framework would be applied.

Governance

2.9 The PSP Project featured in all of the highlight reports presented to the Programme Board during the 2018 calendar year. The project has also featured in all Major Projects Highlight Reports published on the Open Data Platform since these were first made available in November 2017. Therefore, it can be confirmed that the project has been subject to the governance and oversight required for major projects.

2.10 As distinct from the governance required specifically of major projects through the highlight reporting process, there is no evidence that the project received the appropriate gateway approval for the mandate, strategic business case and outline business case. The importance of these gateways can be debated given the nature of the project but it does appear that these project documents were not reviewed by representatives from Leadership Team as per the requirements of the framework for large projects.

2.11 Governance from members does not feature heavily in the All About Projects framework. It briefly mentions members as project stakeholders in the introduction to the guide. However, this level of governance is clearly crucial for all projects where key decisions are to be made or endorsements given. The constitution defines these requirements and the All About Projects framework can be seen as an overlay on this.

2.12 Executive and Council involvement is required in the setting of the capital budget which includes Basic Need funding, Department for Education maintenance grant and approved capital schemes (i.e. school expansions, modifications and improvements). Member involvement is also required in schools admissions and for any capital virements. This is the governance for school placement planning rather than specifically for the PSP Project.

However, additional governance at the member level for the project has also been recently established.

- 2.13 A report was presented to the Children, Education & Communities Policy & Scrutiny Committee on 7 November 2018 which provided members with an update on academisation in York and on the council's work on school placement planning. The report makes explicit reference to the PSP Project and the outcomes from it. The committee noted the developments in placement planning and it also agreed to receive an annual update on the work, in particular reviewing it alongside the emerging Local Plan when adopted. The project now has an additional layer of governance and oversight provided by the directorate's scrutiny committee.

Risk Management

- 2.14 The project risk register as at December 2018 has a total of 22 risks which is a higher number than would be expected of a typical project risk register. None of the risks, at their current level, have been assessed as having the potential to have a catastrophic impact but the key risks appear to relate to a failure to deliver enough places or places that are cost-effective and timely and to the inability of statutory funding and developer contributions to cover the total cost for the required education infrastructure.
- 2.15 A total of 10 risks have been scored, at the current level, as being very low risk on the council's risk matrix (scores 1 – 5 out of potential 25) and so the combined impact and likelihood is negligible. It is possible that at least some of these risks could be removed from the risk register as they have been effectively managed or because the risk environment has changed.
- 2.16 The project manager advised that risks are reviewed each month on submitting the highlight reports to the Programme Board and that one fundamental review of the risk register had been undertaken in June 2018. None of the 22 risks currently on the risk register has been updated on the Verto system since they were initially added in March or June 2018. As a result, there is no direct evidence that the risks have been subject to routine review.
- 2.17 Risk updates are also able to be provided through the highlight reporting process. It could be seen, from the highlight reports submitted for the project, that the risk exposure has changed over time and that due consideration has been given to the risks facing the project to date. However, updates provided through the highlight reporting process have not been reflected in the project risk register on Verto to demonstrate the effective ongoing management of risk.

3 CONCLUSIONS

- 3.1 A strategic decision was taken by the Children, Education and Communities DMT to submit school placement planning to the rigour of the council's project management framework so that it would benefit from the increased oversight and scrutiny afforded to major projects.
- 3.2 The nature of the project as it has been scoped and planned is such that it encompasses business as usual functions associated with the statutory requirement to provide sufficient school places. By being business as usual, it does not strictly meet the definition of a project as per the council's project management framework. This has had implications on the level of compliance achieved and, to an extent, on the relevance of the gateway process (i.e. business case development).
- 3.3 In making a judgement on the compliance of this project it is straightforward to conclude that it has not been in full compliance. What is clear is that it has been subject to the oversight and scrutiny required of a major project which was the original intention. However, there is no evidence confirming that the approach to the application of the framework was agreed at the outset by key project stakeholders.
- 3.4 Given that the gateway process has assumed less of an importance for the PSP Project, this emphasises the importance of the three key project controls represented by highlight reporting, the project plan and the risk register. It is essential that these key controls are maintained and that the project continues to receive the same level of governance that it has to date.
- 3.5 Finally, while project risk exposure is routinely examined and discussed through the highlight reporting process this has not always resulted in the appropriate updates being made to the project risk register on Verto to evidence effective management of risk.