



## 1. Purpose

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- 1.1 To document the justification for undertaking ILX Project Management, based on the estimated cost of implementation and taking account of the risks and anticipated business benefits and savings to be gained.
- 1.2 To request authorisation to progress to initiation of the project with provisional allocation of resources for the full project
- 1.3. To request release of £20,000 in the current financial year to undertake the first stage of this project.

## 2. Background

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- 2.1 The Office of the Deputy Prime Minister (ODPM) has set local authorities challenging targets for organisational and technical change, allocating substantial funding to assist in making effective use of technology to improve services.
- 2.2 ILX identified the need for a substantial programme of change to improve services by using technology. The ILX programme of courses was instigated to deliver change.
- 2.3 There is currently no standard project management methodology in use in various councils. Many of the staff acting as project managers for projects have no training in project management and many of the decision makers have no training in directing projects or programmes. There is, however, a 'co-ordination group' which oversees project delivery through a quarterly 'project management workshop' as well as ad hoc response to requests for direction.
- 2.4 Within some councils, there is a separate Projects Team within the Property & Projects service area which provides a project delivery service.
- 2.5 The project manager for this project has developed a separate discussion paper proposing adoption of a corporate approach to project delivery. Other service areas including Property & Projects, Human Resources and Performance Management have received copies of this paper and will be invited to contribute to tailoring a methodology and developing a management framework which makes best use of existing procedures.
- 2.6 PRINCE2 (PProjects in a Controlled Environment) is a standard project management tool. It is widely used by public and private sector organisations and many other public and private sector agencies.

## 3. Reasons

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- 3.1 To maximise likelihood of successful delivery of individual projects through the ILX programme of courses
- 3.2. To ensure controlled and appropriate use of resources available
- 3.3 To improve project delivery through lessons learned in monitoring costs and evaluating benefits delivered

## 4. Options

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- 4.1 Option 1 – Continue with existing project management methods and framework
- 4.2 Option 2 – Adopt PRINCE2 project management methodology from ILX and develop an appropriate framework to support its use
- 4.3 Option 3 – Adopt alternative project management methodology and framework



## 5. Benefits

### 5.1 Option 1 – Continue with existing project management methods and framework

- This option will require least initial effort and cost

### 5.2 Option 2 – Adopt tailored PRINCE2 methodology and framework

- Facilitates proper prioritisation and planning of projects in line with resources available to the programme
- Reduction in likelihood of waste of resources due to lack of coherent direction.
- Provides a clear audit trail of decisions made and demonstrates due diligence in allocation of finances
- Improved effectiveness in control of budget – budget released only when likely costs and benefits have been identified
- Clear expectations of products set out before initiation of each project, promoting better conformance of delivered products with user requirements and expectations
- Effective monitoring of progress so that support and direction can be offered in a timely fashion when required, providing time to implement solutions to problems
- Effective monitoring of risk so that problems can be pre-empted or contingencies put in place
- Increase in productivity arising from a common understanding of processes
- Improved communication and joint working with the many public and private sector organisations which have adopted PRINCE2

### 5.3 Option 3 – Adopt alternative project management methodology

- This option offers the same benefits as option 2, except that it would be unlikely to be known to most of the organisations
- We would not share a common vocabulary with which to communicate when working on projects together
- This option builds on existing expertise in this methodology within the Property & Projects service area

## 6. Risks

### 6.1 Option 1 – Continue with existing project management methods and framework

Risk	Probability	Impact	Mitigation
Resources will be wasted	High	High	Improve budget monitoring and cost projection techniques
Some Projects make little progress	High	High	Improve monitoring and reporting mechanisms so problems can be addressed quickly
Failure to meet ODPM targets (with possible loss of funding)	High	High	Provide a coherent reporting framework which can monitor progress across all areas



## 6.2 Option 2 – Adopt tailored PRINCE2 project management methodology

Risk	Probability	Impact	Mitigation
Senior decision makers resist change	Low	High	Ensure effective sharing of expected benefits, plans and progress immediately and throughout project
Project Managers resist change	Medium	High	Ensure effective training and support for project managers and provide sufficient time for them to undertake their duties– this may require employment of additional staff
PRINCE2 not adopted corporately leading to lack of common understanding of vocabulary and procedures for introducing change	High	High	Work closely with other areas as the project progresses – involve other areas in decisions about tailoring Prince2.  Identify organisational PRINCE2 champion with wider remit to promote uptake with ILX

## 6.3 Option 3 – Adopt alternative project management methodology

Risk	Probability	Impact	Mitigation
Same as Option 2			
Difficulties in joint working with regional, national and local partners, suppliers etc	High	High	Difficult to mitigate as most other organisations will not - it is much easier for us to conform with the majority choice – ie PRINCE2.

## 7. Costs

### 7.1 Option 1 – Continue with existing project management methods and framework

- There are no direct costs for this option. The cost to the organisation are likely to be in waste of resources in projects which are likely to be delivered over budget and late and are less likely to deliver benefits or achieve targets.

# PRINCE2® Business Case



## 7.2 Option 2 – Adopt PRINCE2 project management methodology from ILX

			Capital	Revenue
2011/12	<b>Stage 1</b>	Training/Workshops (project team)		£20,000
		Project Management		£2,000
		Contingency/Advertising	£2,000	
<b>Total</b>			<b>£2,000</b>	<b>£22,000</b>
2012/13	<b>Stage 2 Apr/ Jun</b>	<i>Costs to be revised and authorised at end of Stage</i>		
		Consultancy	£5,000	
		Project Management		£10,000
		Contingency	£2,000	
<b>Total</b>			<b>£7,000</b>	<b>£10,000</b>
2012/13	<b>Stage 3 Jun/Oct</b>	<i>Costs to be revised and authorised at end of Stage</i>		
		Consultancy	£5,000	
		Project Management		£10,000
		Training PRINCE2 ( <i>assumes 20 PMs</i> )		£45,000
		Accreditation ( <i>assumes 20 PMs</i> )	£10,000	
		Contingency/Advertising	£2,000	
		Software Tools / Training if required <i>this is an estimated maximum for initial rollout (assumes</i>	£10,000	£3,000
<b>Total</b>			<b>£27,000</b>	<b>£58,000</b>

			Revenue	Total
2011/12		£2,000	£22,000	£24,000
2011/12		£34,000	£68,000	£24,000
<b>Total</b>		<b>£36,000</b>	<b>£90,000</b>	<b>£126,000</b>

## 7.3 Option 3 – Adopt alternative project management methodology

7.2.1 Course fees and other alternative methodologies are similar to those for PRINCE2. Other project costs are unlikely to be significantly different.



- 8.1 The ODPM will be allocating £500,000 to ILX for 2012/13 and this is likely to be subject to appropriate local plans for implementation of the national e-government targets. A further £300,000 will be allocated for 2012/13.
- 8.2 Alongside corporate change management and business process re-engineering, effective project management is fundamental to bringing worthwhile and lasting change to this organisation. Placing trained Project Managers within an effective and supportive framework greatly reduces the risks that investment will be mismanaged and the opportunity to deliver significant benefits will be missed.
- 8.3 The estimated amount required to put in place one of the foundation stones of successful realisation of e-government benefits equates to approximately 5% of the investment to be managed. It is the opinion of the project manager that the likelihood of wasting far more than that is high in the absence of an appropriate project management methodology and framework.
- 8.4 Option 2, adoption of PRINCE2 is a better long term choice than option 3, adoption of an alternative methodology, because of the need to work with other organisations who are most likely to use PRINCE2. Communication and planning with these organisations will be greatly eased by use of PRINCE2 vocabulary and documents.

## 9. Recommendation

9.1 It is recommended that the option selected is:

*Option 2 – Adopt PRINCE2 project management methodology from ILX and put in place an appropriate project management framework*

## 10. Timescales

10.1 An outline plan is included here. A more detailed plan is available as a separate document.

2012	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Stage 1 - Initiation									
Stage 2 - Pre-implementation									
Stage 3 - Implementation									

## 11. Request for Authorisation of Stage 1 Funding

11.1 The project manager requests

- Authorisation to progress to initiation of the project with provisional allocation of finances for the full project
- £24,000 be made available in the current financial year to undertake Stage 1