

Appendix 4 – Physical Investment Programme

Reporting Officer:	Gerry Millar, Director of Property and Projects
Contact Officers:	Sinead Grimes, Programme Office Manager

1.0	Purpose of Report or Summary of main Issues
1.1	The purpose of this report is to provide a management update to the Committee on the progress being made to manage the 'Physical Programme, one of the key corporate risks relating to the Committee's sphere of work.
2.0	Recommendation
2.1	That the Committee notes the arrangements in place to manage this risk and the progress being made to implement additional controls / measures to reduce the level of risk further.
3.0	Main report
3.1	Description of risk
3.1.1	The Physical Programme risk, as captured in the Council's Corporate risk register is phrased as follows: Failure to effectively deliver the Physical Investment Programme within the affordability limits of the Council
3.2	Risk Owner
3.2.1	Accountability for the management of this corporate risk has been assigned to the Director of Property & Projects.
3.3	Risk assessment
3.3.1	Following detailed review of the corporate risks, this risk was assessed in terms of 'impact' and 'likelihood' (using the Council's risk scoring system, see Appendix 1) as follows: Impact – 4 (major) Likelihood – 3 (possible)
3.3.2	Given the strategic importance of the Physical Programme, both to the Council and to the city, it is crucial that the Programme is well managed to ensure the ongoing credibility of the Council and to minimise both financial and reputational risk. The

current assessment reflects this level of risk. The Council is however committed to doing all we can to reduce the potential impact and likelihood of the risk occurring.

3.4 **Current measures in place to manage the risk**

3.4.1 The Council has an established framework, policies and procedures to manage the physical programme. These include, but are not limited to, the following:

- **Resourcing** – a dedicated temporary Programme Office has been established for the physical programme with a programme office manager appointed. A resourcing plan has been put in place to monitor the resource requirements and current resources on the physical Programme which is now monitored at regular meetings by the senior management in the P&P Department.
- **Three Stage Approval process** – in November 2012 the SP&R Committee agreed a decision making process for all physical projects which confirms the role of the SP&R Committee as the Council’s investment decision maker
 - **Committed projects (Stage 3)** - projects which have completed a Full Business Case (FBC) and where approval has been obtained by SP&R to proceed to tender.
 - **Uncommitted projects (Stage 2)** –projects where a Strategic Outline Case (SOC) has been agreed by Committee and work is being progressed through the development of an Outline Business Case (OBC), but they have not yet been developed to a stage where permission could be sought from SP&R to proceed to tender.
 - **Emerging proposals (Stage 1)** –proposals which require completion of an SOC before they could be considered further by SP&R Committee.
- **Reporting** – There is detailed reporting on the progress of the delivery of the overall Physical Programme to the Strategic Policy & Resources Committee, the Budget Panel, Area Working Groups and the Corporate Management Team helping to ensure that Members and management have a means receiving assurance as to the timely delivery of the overall Physical Programme, in terms of key milestones, expenditure, deliverables etc. A monthly update report on the capital programme is taken to SP&R Committee, along with specific updates on capital projects (as required). The Committee is also kept updated on at least a monthly basis on area working including the implementation of Local Investment Fund projects, Belfast Investment Fund projects and the emerging projects being delivered on behalf of other agencies (SIF, Urban Villages and BSC).
- **Governance** – Updates on the Physical Programme, including financial reports are taken to the monthly Property and Projects/Finance Working Group and the Property and Projects/Finance Oversight Group
- **Monitoring** – A range of monitoring arrangements are in place for physical projects across the programme including:
 - Project Health Checks by independent experts when required, reports on

results of audits undertaken by external funders.

- Periodic internal audit of the physical programme including the capital programme and projects, LIF programme etc. as per agreed audit plan

Council performance

3.5

The above measures have ensured the ongoing successful delivery of the Council's **substantial £400m physical programme** which is made of up **over 350 projects which are all at different stages and are different in terms of size and scale** – ranging from minor maintenance projects to the £40million Connswater Community Greenway project including -

3.5.1

Physical projects funded under the Council's own funding streams including -

- the **£150million Capital Programme** - Recent projects which have been successfully completed include the £30m extension to the Waterfront, the £11.7m Girdwood Hub, the £9.1m Innovation Factory, the £8m work on the North Foreshore with work currently underway finishing on the £40million Connswater Community Greenway, the £27m new office accommodation, the £21.7m Olympia Leisure Centre and new pitch facilities at Musgrave and Victoria.
- the **£105million leisure asset programme** to deliver new facilities at Robinson, Brook, Templemore, Avoniel, Andersonstown and Phase 2 of Girdwood and continued delivery of the new Olympia
- the **£5m Local Investment Fund** and the **£4m Local Investment Fund 2** where over 50 projects have already been completed across the city.
- the **£27million Belfast Investment Fund** – investment decisions are recently been taken in respect of
- **£2m of projects in the LGR transferring in areas**
- managing a **£250,000 Feasibility Fund**
- a **£6million ongoing programme of maintenance** across the Council's estate

3.5.2

In addition the Council's physical programme is a key mechanism of leveraging monies into the city. Under the Investment Programme the Council set an ambitious target of leveraging in £50m over the course of the programme. This target was doubled with approx. £100m levered in with more continued to be levered for the funding of projects.

3.5.3

Projects that the Council is delivering on behalf of other agencies - the Council is **now regularly requested to act as a delivery agent on behalf of a number of other agencies to deliver projects for the benefit of the city**. These requests recognise both the successful track record of the Council as a delivery agent for capital projects and also the uniquely placed role of the Council as a civic leader in the city. This is a sign of confidence in the Council and recognition of the Council's increasing role in terms of regeneration and emerging community planning role. Projects the Council is delivering include -

- **Social Investment Fund** projects on behalf of the Executive Office – managing the delivery of over £11m of SIF projects across the city. The gross value of

	<p>these projects is higher as some projects have multiple funding. These range from £7m major regeneration projects to local community refurbishments</p> <ul style="list-style-type: none"> • Urban Villages on behalf of the Executive Office – proposed to be the delivery for over £11m of UV funded projects across the 4 UV areas– Colin, Ballysillan, Eastside and South – the scope of these projects is currently being agreed • Building Successful Communities (BSC) initiative on behalf of the Department for Communities (DfC) – 14 projects worth nearly £1m. These project range from environmental improvements to community refurbishments to the installation of a number of other bike share scheme docking stations • Department for Communities – the Council has recently been requested to be the delivery agent for a number of Restore/Revitalisation upgrade schemes in the city centre and surrounding areas <p>Areas for improvement</p>
<p>3.6</p> <p>3.6.1</p>	<p>Even though the above arrangements are in place, we are always looking at ways to continually enhance the physical programme to ensure the major capital investment helps to deliver on the outcomes under the Belfast Agenda. The following areas for improvement have been identified and captured in the risk action plan -</p>
<p>3.6.2</p>	<ol style="list-style-type: none"> 1. Ensure that all physical projects are connected with client departments and the corporate centre to ensure that the benefits of projects are maximised for the city and that the physical programme helps to deliver on the objectives set out in the Belfast Agenda. 2. Development of detailed processes and governance framework for all physical projects 3. Finalisation and implementation of Project Management methodology and Handbook including all related templates 4. Development of a strategy for transition to a new project delivery process 5. Ensure that the appropriate level of resources are secured to ensure the ongoing successful delivery of the Physical Programme 6. Review of the financial system and links to capital project control and delivery with reconfiguration where appropriate. 7. Roles and responsibilities to be defined and training put in place around this. 8. Agree governance framework for projects delivered under Externally Funded Initiatives (reporting, LOO checklist, claims database). 9. Agree assurance framework for physical investment programme. <p>Progress against these actions is monitored and reported. Through these improvement programmes, we are working towards reducing the risk rating in terms of likelihood to 2 (low). However, ensuring the ongoing successful delivery of the physical programme will continue to be a priority area for as long as the Council continues to deliver capital projects.</p>