Land and Property Committee

Date: **21 September 2023**

Item: **Establishment of a Programme Management Office**

This paper will be considered in public

1   Summary

1.1   This paper describes the work to review current processes, systems and resources within Places for London for control and first line assurance of our projects and, identifies how Places for London can better manage and assure delivery risk across its extensive portfolio. The paper recommends the establishment of a dedicated Programme Management Office (PMO) within Places for London.

1.2   It is proposed that the new Places for London PMO would replicate the existing TfL PMO model, utilising a centralised resource approach, with a dedicated team embedded within Places for London, but drawing on resources, systems and ways of working from the central TfL PMO.

2   Recommendation

2.1   The Committee is asked to note the paper.

3   Background

3.1   Places for London has had a PMO capability within our Property Development (PD) team since 2016. In 2020, Independent Investment Programme Advisory Group (IIPAG) reviewed the governance and assurance framework for our development programmes. Their report identified the need to improve management of delivery risk and assurance of project delivery, a requirement for more robust project and programme management and a more standardised approach to data management and reporting.

3.2   Following the IIPAG review, we made a number of improvements to the way in which our PMO operated.

3.3   The existing team has historically only covered our portfolio of development projects. While project delivery is largely through joint venture arrangements, these require a significant amount of early work ahead of contracting with our chosen joint venture partners. This early phase work is managed in house by the PD team.

3.4   However, the establishment of TTL Properties (TTLP) (now Places for London) commercial financing arrangements, has also enabled us to move forward with our plans to invest in our existing commercial estate. We have created the Asset Management Delivery team (AMD) within our Asset Management (AM)

directorate to realise these plans. In conjunction with our sector leads, the team has developed a three-year pipeline of projects valued at some £100m.

3.5   These include works necessary for safety, investment to bring units back into lettable condition and projects which add value to our asset base. We recognised the need for more robust programme controls and project assurance for these projects. Work has begun to create these, supported by TfL's central PMO team.

3.6   For both AM and PD, much of the early work, including feasibility assessment, is undertaken in house, and we recognise the need for robust controls and assurance for this aspect of our projects as well as for delivery.

3.7   In March 2023, we approved the establishment of a single, central PMO within Places for London. It was agreed that all PMO activity within Places for London should be brought together within one team, with a PMO lead at Band 4 level, reporting to the Head of Operations.

3.8   It was also agreed that a single central PMO team should be created within Places for London, to oversee and assure delivery of our 20,000 homes and commercial development programmes, as well our extensive pipeline of projects on our existing estate and our programme of initiatives, aimed at the continuing development of Places for London as a commercial property company. These latter initiatives include delivery of our people and digital strategies as well as our plans under our Environmental, Social and Governance strategy.

3.9   The team's role would be to apply best practice systems and processes across the whole portfolio and adopt a consistent approach towards risk management, project controls, data management and reporting.

4   Review of Current Arrangements

4.1   In order to understand how best to develop and implement this approach, we worked with an experienced Programme Controls Manager, from TfL's central PMO, to review our current governance, processes, systems and resources. The review considered the large and diverse nature of the portfolio of projects undertaken across Places for London, their delivery mechanisms, values and risk profiles and recognised that a one size fits all approach, may not always be most appropriate or achieve the desired outcomes.

4.2   Within PD, project management of the early stages of a project are managed 'in house' with project delivery generally carried out by the joint venture rather than directly by Places for London. Within AM, project management is headed up by a Project and Programme Delivery Manager, leading a team of sector level Senior Project Managers and project level Project Managers (PMs). The review found that a consistent level of project management skills, knowledge and experience is being demonstrated across both PD and AM.

4.3   The review found that whilst many of the required controls are in place, they are applied differently by PD and AM and do not always reflect the way TfL central PMO operates or use the systems TfL uses. For example, AM and PD are each using localised tools for data capture and reporting.

4.4   There are a range of approaches towards resourcing, with staff directly employed by Places for London in PD, an embedded consultant within AM recruited via the TfL central PMO framework and resources provided directly by the central PMO across both PD and AM. The review found that there are some gaps in resourcing for specialist skills, especially cost and risk management, planning and forecasting.

4.5   The review concluded that the Places for London Investment Group (IG) provides appropriate oversight and assurance but noted there is no delegation of financial authority, below IG. This echoes the findings of the recent governance review undertaken by the TfL Risk and Assurance team, which the Places for London leadership team are addressing.

4.6   The review also identified other areas where the approach taken can be improved, for example adoption of TfL's document management system for archiving project information and application of Pathway to a wider range of projects, than is currently the case.

5   Actions Taken to Date

5.1   In response to these findings and as part of our ongoing work to improve project assurance, we have already taken the following actions, again working closely with TfL's central PMO.

5.2   The central PMO is currently working with the AMD team to implement a consistent project performance dashboard.

5.3   The Project and Programme Manager within the AMD team is working with central PMO to develop and implement Pathway consistently across AMD.

5.4   The central PMO is currently working with the AMD Senior Project and Programme Manager to implement a consistent approach to risk management that aligns to the TfL Risk Handbook, for projects with a value less than £15m. We are introducing a SharePoint based risk register from Period 6, across AMD projects.

5.5   PD has recently implemented a single whole life stage Cost Breakdown Structure (CBS). The AMD team has now developed a new CBS for implementation that allows some lifecycle cost management (Initiation, Design /Delivery, Handover / Completion).

5.6   ASITE, TfL's preferred document management system, is currently being piloted within AMD. We have recruited a Resourcing Manager who will focus on resource planning and forecasting for all Places for London teams. The central TfL PMO also offers a resource planning service. We plan to keep this capability within Places for London as we establish, but may in the future, draw on the central PMO team to provide this.

6 Establishment of a Places for London Programme Management Office team

6.1 In the light of these findings, we have considered different options for establishing PMO capability within Places for London. These are;

(a) continue with a locally led PMO with some utilisation of central PMO resource;create a separate PMO within Places for London with limited links to central TfL PMO; and

(b) create embedded TfL PMO team dedicated to Places for London.

6.2 Our preferred option, and that of TfL central PMO, is to draw on the central expertise and create a dedicated, ring-fenced, core PMO team, led by a Band 4 Programme Controls Manager (PCM) accountable to the Places for London, Head of Operations but resourced from the TfL PMO with additional specialist support also provided by the TfL PMO as required. The existing Places for London team will be retained and strengthened.

6.3 The PCM would lead on the implementation of the establishment of the team, and embedding new processes and systems where required. The principal benefits of this option over, for example, creating a new team from scratch within Places for London, are speed, and being able to draw on existing expertise. This option will enable a quicker establishment (up to nine months) than other options, targeting business as usual from April 2024 supporting both the Directors of AM and PD and their teams with a range of essential services and effective first line assurance.

6.4 Initially the new PMO function will focus on:

(a) establishing first line assurance, by embedding the most appropriate and scalable application of Pathway, and developing and implementing progress reporting and change control rhythms aligned to the broader TfL assurance model;

(b) optimising existing project, sector and business unit performance reporting to provide early warning, escalation and resolution of issues arising, as well as identifying risks and opportunities that could impact the bottom line and agreeing active mitigation;

(c) characterising the work into a consistent Project, Programme and Portfolio delivery hierarchy, fit for integration with TfL systems; and

(d) developing a complete, accurate and consistent picture that will inform decisions regarding the management, quality and control of projects.

6.5 Once the core team has been established, Places for London will be able to draw on the wider services that the central TfL offers, for example, value management, process and guidance and dedicated quality teams. We will also have access to central benchmarking and lessons learnt data.

6.6 The central TfL PMO is currently leading an Our TfL Programme initiative of bringing Pathway PMs together into a community for agile deployment to create

better, efficient use of resources, whilst focusing on the capability and career development of colleagues. PMs within Places for London will become part of the Project Management Network, where there will remain dedicated to Places for London but be able to access training or events for PMs to continue their professional development. The PMs do not form part of this PMO proposal.

List of appendices to this report

None.

List of Background Papers:

None

Contact Officer: Lisa-Jane Risk, Head of Operations, Places for London Limited
Email: lisajanerisk@tfl.gov.uk