

Fairhaven to Church Scar Coast Protection Scheme Stage 2 Governance & Resource



Fairhaven Newcliffe looking from the beach



Church Scar Newcliffe looking from the beach

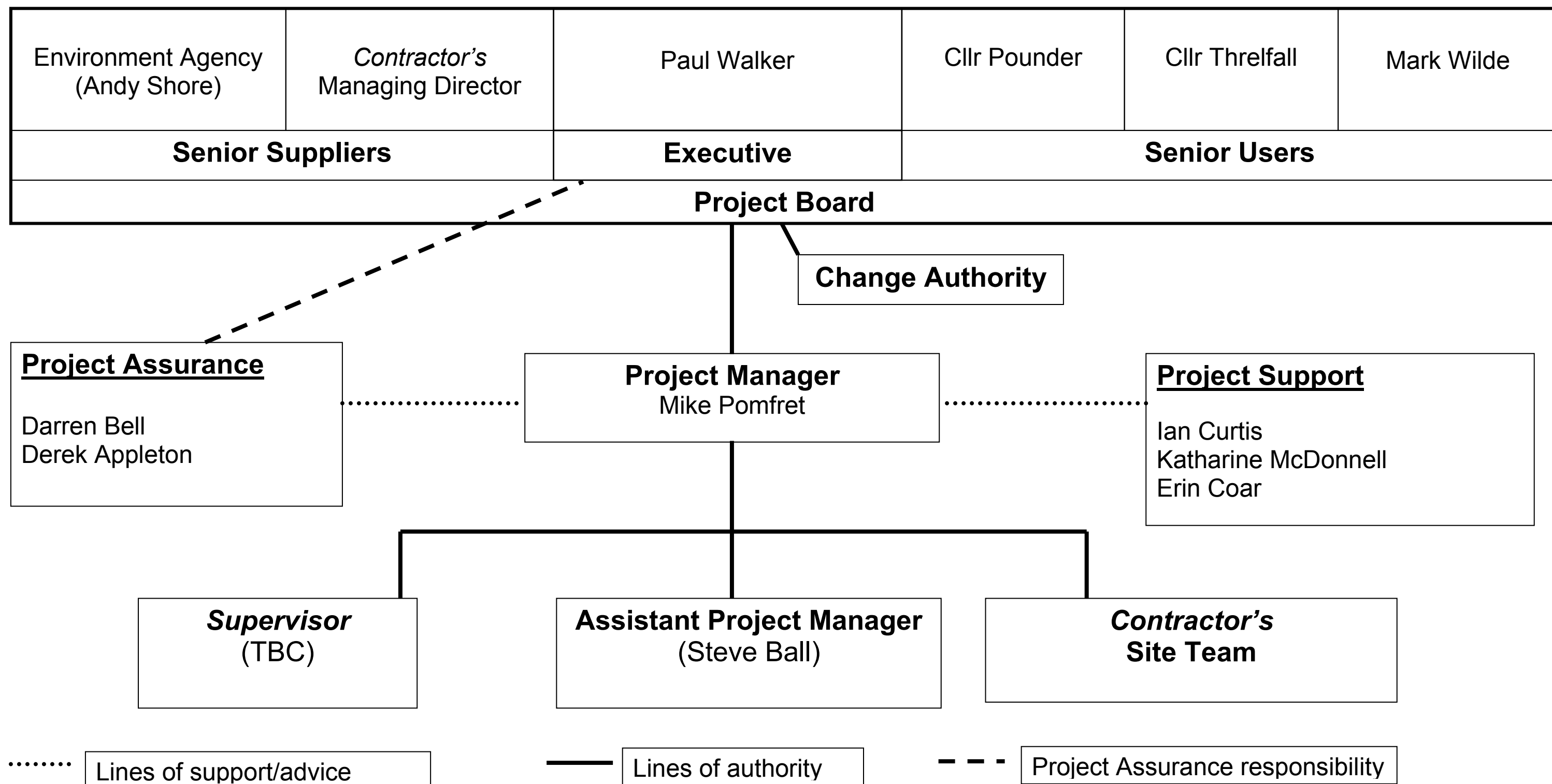


Church Scar Newcliffe looking from the beach

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The purpose of this document is to establish the project governance for Stage 2 of the Fairhaven to Church Scar Coast Protection Scheme. This includes the roles and responsibilities of the project board members. The document also sets out proposed change control procedures and financial assurance procedures.

1 FCS Stage 2 Governance Structure



2 Core Roles

Project Executive (ultimately decision maker & ultimately responsible for the project)

- Appoint and dismiss/change the Project Manager
- Appoint people to the Senior User and Senior Supplier roles
- Ensure that a tolerance is set for the project by corporate/programme management
- Authorise customer expenditure and set stage tolerances
- Approve the End Project Report and Lessons Report
- Brief corporate/programme managements about the project progress
- Organise and chair the Project Board meetings
- Recommend future action on the project to corporate /programme management if the project tolerance is exceeded
- Approve the sending of the notification of project closure to corporate/.programme management.

Senior User (responsible for the specification of the needs of all those who will use the final products)

- Ensure the desired outcome of the project is specified
- Make sure that progress toward the outcome required by the users remains consistent from the user perspective
- Promote and maintain focus on the desired project outcome
- Ensure that any user resources required for the project are made available
- Approve Product Descriptions for those products which act as inputs or outputs from the supplier function, or will affect them directly and that the products are signed off once completed
- Prioritise and contribute user opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Resolve user requirements and priority conflicts
- Brief and advise user management on all matters concerning the project

Senior Supplier (represents the interests of those designing/developing project products)

- Agree objectives for specified activities
- Make sure progress toward the outcome remains consistent from the supplier perspective
- Promote and maintain focus on the desired product outcome from the point of view of supplier management
- Ensure that the supplier resources required for the project are made available
- Approve Product Descriptions for specialist products
- Contribute supplier opinions on the Project Board decisions on whether to implement recommendations on proposed changes
- Resolve supplier requirements and priority conflicts
- Arbitrate on, and ensure resolution of any specialist priority or resource conflicts
- Brief nontechnical management on specialist aspects of the project

Project Manager (authority to run project on day-to-day basis; prime responsibility is to ensure that the project produces required products to required quality within set tolerances)

- Manage the production of the required products
- Direct and motivate the project team
- Plan and monitor the project
- Produce the project contract (PID)
- Prepare Project, Stage and, if necessary, Exception Plans in conjunction with Team Managers, and appointed Project Assurance roles, and agree them with the Project Board
- Manage business and project risks, including the development of contingency plans
- Take responsibility for overall progress and use of resources, and initiate corrective action where necessary
- Be responsible for change control and any required configuration management
- Report to the Project Board through Highlight Reports and end stage assessments

- Liaise with the Project Board or its appointed Project Assurance roles to assure the overall direction and assurance of the project
- Agree technical and quality strategy with appropriate members of the Project Board
- Prepare the Lessons Report
- Prepare any follow-on action recommendations required
- Prepare the End Project Report
- Identify and obtain any support and advice required for the management, planning and control of the project
- Be responsible for project administration
- Liaise with any suppliers or account managers

Project Assurance (Business Assurance: has to be independent of the Project Manager; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Manager)

- Maintenance of thorough liaison throughout the project between the supplier and the customer
- Customer needs and expectations are being met or managed
- Risks are being controlled
- Adherence to the Business case
- Constant reassessment of the value-for-money solution
- Fit with the overall programme or company strategy
- The right people are involved
- An acceptable solution is being developed
- Project remains viable
- The scope of the project is not 'creeping up' unnoticed
- Focus on the business need is maintained
- Internal and external communications are working
- Applicable standards are being used
- Any legislative constraints are being observed
- The needs of specialist interests, e.g. security, are being observed
- Adherence to quality assurance standards

3 Specific Requisites for Delivery Team

3.1 Project Manager

As well as the PRINCE2 Project Manager role above the further requisite/duties here is to be the NEC3 ECC *Project Manager*.

Express duties of the *Project Manager*

Core Clauses

10.1 – to act as stated in the contract and in a spirit of mutual trust and cooperation

13.1 – to communicate in a form which can be read, copied and recorded

13.3 – to reply to a communication within the period for replay

13.4 – to reply to a communication submitted or re-submitted for acceptance and to state reasons for non-acceptance

13.5 – to notify any agreed extension to the period for reply

13.6 – to issue certificates to the employer and contractor

13.7 – to communicate notifications separately from other communications

14.2 – to notify the contractor of delegation of any actions

16.1 – to give early warning of matters with delay, cost of performance implications

16.3 – to co-operate at risk reduction meetings

16.4 – to record decisions taken at risk reduction meeting, to revise the risk register and to give instructions changing the works information if necessary

17.1 – to give notice of ambiguities or inconsistencies in the documents and to give instructions resolving ambiguities or inconsistencies

18.1 – to give instructions changing the works information in the event of illegality or impossibility in the works information

19.1 – to give instructions stating how the contractor is to deal with prevention events

21.2 – to accept particulars of the contractor’s design or to give reasons for non-acceptance

23.1 – to accept particulars of the design of equipment or to give reasons for non-acceptance

24.1 – to accept replacement persons proposed by the contractor or to give reasons for non-acceptance

25.2 – to assess the cost incurred by the employer if the contractor fails to provide services and other things

26.2 – to accept proposed subcontractors or to give reasons for non-acceptance

26.3 – to accept proposed subcontract conditions or to give reasons for non-acceptance

30.2 – to decide the date of completion and to certify completion within one week of completion

31.3 – to accept the contractor’s programme within two weeks of submission or to give reasons for non-acceptance

32.2 – to accept a revised programme or to give reasons for non-acceptance

35.3 – to certify within one week the date when the employer takes over any part of the works

36.1 – to state changes to any key dates to be included in any quotation for acceleration

36.3 – to change the completion date, key dates and prices when a quotation for acceleration is accepted and to accept the revised programme

40.6 – to assess the cost incurred by the employer in repeating a test or inspection after a defect is found

43.4 – to arrange for the employer to give access and use to the contractor of any part of the works needed for the correction of defects after taking-over and to extend the period for correcting defects if suitable access and use is not arranged within the defect correction period

44.2 –to change the works information, the prices and completion date if a quotation for not accepting defects is accepted.

45.1 – to assess the cost of having defects corrected by others if the contractor fails to correct notified defects within the defects correction period

45.2 – to assess the costs the contractor would have incurred to correct defects for which he is not given access

50.1 – to assess the amount due for payment at each assessment date

50.4 – to consider any application from the contractor when assessing amounts due for payment and to give the contractor details of how amounts due have been assessed

50.5 – to correct any wrongly assessed amounts due in later payment certificates

54.2 – to accept a revision to the activity schedule or to give reasons for non-acceptance

51.1 – to certify payment within one week of each assessment date

61.1 – to notify the contractor of compensation events which arise from the giving of instructions or changing of earlier decisions and to instruct the contractor to submit quotations

61.4 – to decide within one week of notification (or such longer period as the contractor agrees) whether the prices, the completion date and key dates should be changed when the contractor notifies a compensation event and to instruct the contractor to submit quotations

61.5 – to decide whether the contractor did not give any early warning of a compensation event which should have been given and to notify the contractor of his decision

61.6 – to state assumptions for the assessment of compensation events in the event that the effects are too uncertain to be forecast reasonably and to correct any assumptions later found to have been wrong

62.1 – to discuss with the contractor different ways of dealing with compensation events

62.3 – to reply within two weeks to quotations for compensation events submitted by the contractor

62.4 – to give reasons to the contractor when instructing the submission of a revised quotation

62.5 – to extend the time allowed for the submission of quotations and replies if the contractor agrees and to notify the contractor of any agreed extensions for the submission of quotations and replies

64.1 – to assess a compensation event:

- if the contractor has not submitted a quotation within the time allowed
- if the project manager decides the contractor has not assessed the compensation event correctly
- if the contractor has not submitted a required programme
- if the project manager has not accepted the contractor's latest programme

64.2 – to assess a compensation event using his own assessment of the programme:

- if there is no accepted programme
- if the contractor has not submitted a revised programme for acceptance as required

64.3 – to notify the contractor of any assessments made of a compensation event within the period allowed to the contractor for his quotation

65.1 – to implement compensation events by notifying the contractor of accepted quotations or his own assessments

65.4 – to include changes to the prices, key dates and to the completion date when notifying implementation of a compensation event

73.1 – to instruct the contractor how to deal with objects of value, historical or other interest

85.1 – to accept policies and certificates for insurances to be provided to the employer

90.1 – to issue a termination certificate when either party gives notice of termination for reasons complying with the contract

90.4 – to certify final payments within thirteen weeks of termination

Skills, Knowledge and Experience

The PRINCE2 Project Manager (and ECC *Project Manager*) should ideally be a chartered civil engineer for the civil engineering scheme. The Project Manager should essentially be a qualified/experienced PRINCE2 Practitioner. The Project Manager should essentially be qualified and experienced in the administration of complex multi-million pound ECC contracts.

3.2 Supervisor

Express duties of the *Supervisor*

Core Clauses

10.1 – to act as stated in the contract and in a spirit of mutual trust and cooperation

13.1 – to communicate in a form which can be read, copied and recorded

13.3 – to reply to a communication within the period for reply

13.6 – to issue certificates to the project manager and the contractor

40.3 – to notify the contractor of his tests and inspections before they start and afterwards of the results

40.5 – to do tests and inspections without causing unnecessary delay

41.1 – to notify the contractor when plant and materials have passed pre-delivery tests and inspections

42.1 – to give reasons for searches which are instructed

42.2 – to notify the contractor of defects found

43.3 – to issue defects certificates

71.1 – to mark equipment, plant and materials outside the working areas for payment purposes

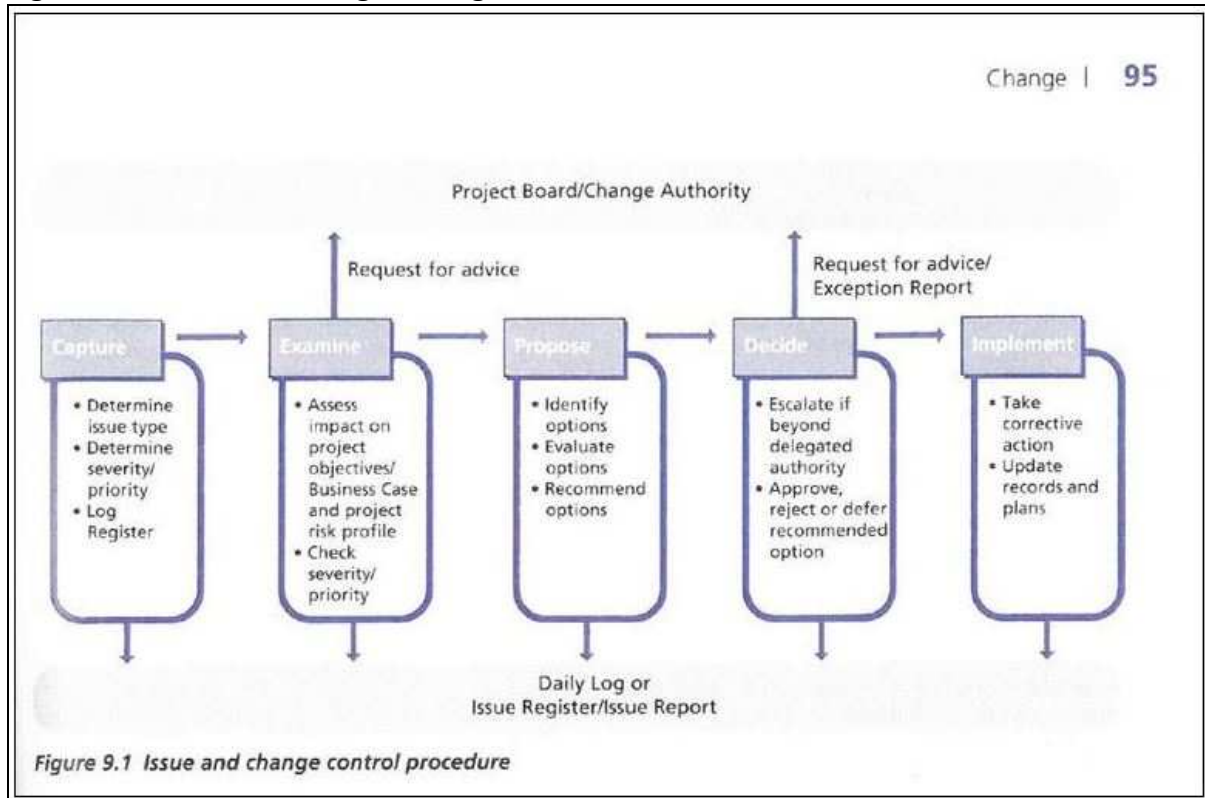
Skills, Knowledge and Experience

The *Supervisor* should ideally be a chartered civil engineer. The *Supervisor* should essentially have significant experience in supervising coastal construction schemes.

4 Change Control

The PRINCE2 process for Change Management is contained in Figure 4.1 below.

Figure 4.1 – PRINCE2 Change Management Procedure



For FCS Changes fall into one of two brackets, proactive change and reactive change.

1. Proactive change is a positive change driven by requests.
2. Reactive change is change incurred through the administration of the contract and the contract's reaction to rights and obligations.

With reference to the Governance Structure in Section 1 above, in particular 'Change Authority'. Change Authority is the authority for pro-active change. It is recommended that the Project Board retain full Change Authority. Thus any proactive Changes will be managed through the above process and Issue Reports to the Board to obtain the authority to make any proactive changes.

Reactive change is determined by the law of contract. Ideally this happens at the right time, however if a due contract change does not happen at the right time it may well happen several months later along with significant legal costs.

The WEM form of contract NEC3 ECC has a very prescriptive process to manage change control under the contract. There are several key steps, all with tight time lines. Whilst the NEC3 ECC is a modern and successful project management based contract, if the NEC3 ECC is not followed properly/to the time scales then it quickly becomes very punishing and unforgiving for the party in default. It is for this reason why it is essential to have a competent, qualified and experienced NEC3 ECC *Project Manager* to avoid such risks.

Proactive change is recorded in the Change Log.

Reactive change is contained in the ECC Compensation Event register for the project.

Note that if pro-active change is administered through the contract then this would also show up on the respective Compensation Event register.

5 Financial Assurance

There is often a misnomer from lay people that in construction a quantity surveyor is always needed to assess costs. Within the field of civil engineering, quantity surveying is a branch of civil engineering (it is a taught module in a civil engineering degree for instance, alongside management, contract law, etc.) with its own method of measurement 'Civil Engineering Standard Method of Measurement' (CESMM). Besides this any chartered professional ought to in reality be competent to assess costs (a mechanical engineer, or an IT specialist, does not have a quantity surveyor to assess costs for instance).

Given that the express duties of the *Project Manager* are intertwined with each other also; it is recommended that the *Project Manager* retains all its express duties under the contract with regards to assessments.

A review of Fylde Council's Financial Regulations was undertaken, along with the proposed monthly financial assurance (Ref Governance Structure in Section 1). This proposal highlighted monthly meetings between the respective capital accountants and the Project Manager. Ahead of such meetings the Project Manager populating graphs like the below examples. After the content of the graphs being discussed with the capital accountant the Project Manager then publishing the graphs in the respective Highlight Report (Board Report).

Figure 5.1 – Monthly Financial Overview Example

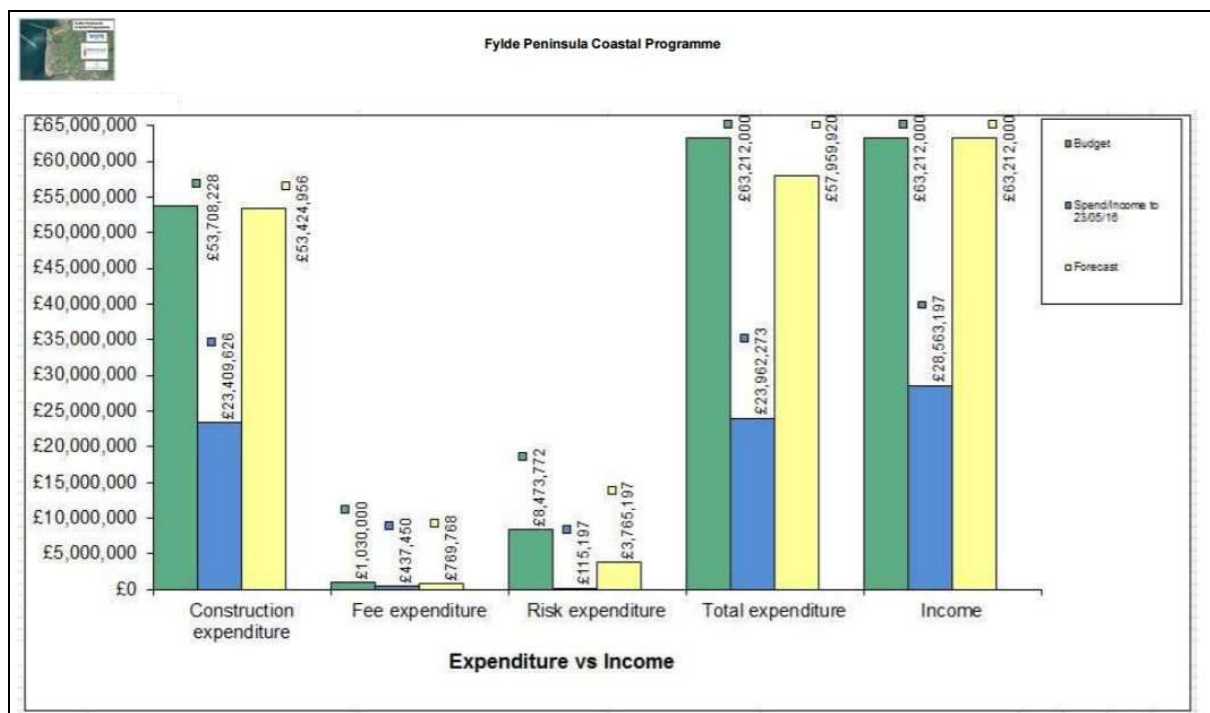
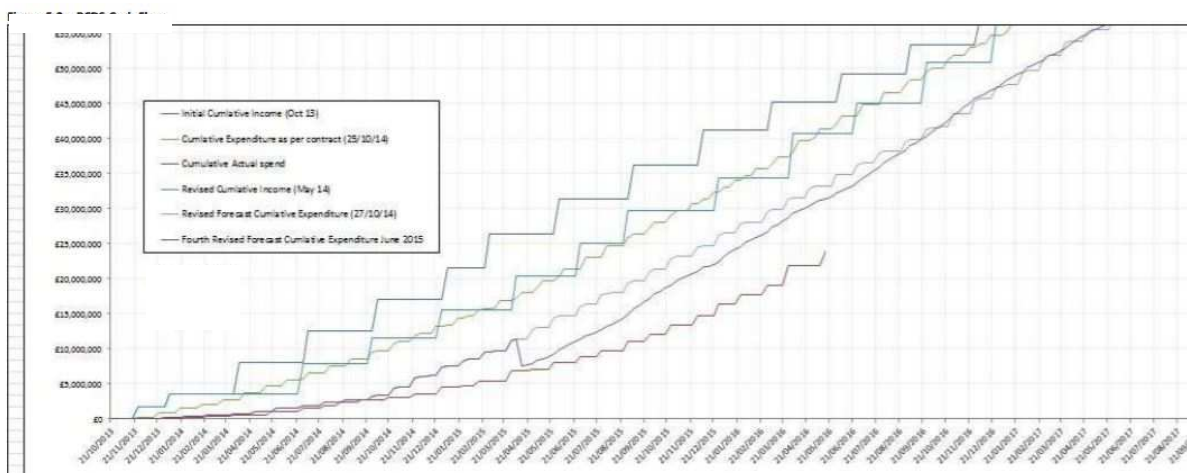


Figure 5.2 – Monthly Cash Flow Forecast Example



The above measures, and all other interfaces between Fylde Council's financial regulations and the ECC contract with regards to finance/payment were documented and reviewed. Minor comments were received back. The commented document is attached in conjunction with this document ('Financial Regs Review.pdf').