

Setting up your project for success

Seminar 4: Planning and risk

ARUP



FUTUREGOV

copper

 Grant Thornton



Welcome!

Agenda

Facilitators

Simon Bevis– Nichols, Project and Programme Management advisor

- Chartered Civil Engineer
- Experience in the design, set up, delivery and assurance of projects
- Public and private clients across urban regeneration, infrastructure (rail and roads), international development, defence and education sectors

Chris Wingham: Nichols, Project and Programme Management advisor

- Chartered Engineer with experience leading capital investment and business change initiatives across whole lifecycle
- Values ranging from £5k to £100M plus
- Former Army Engineering Officer and 10 years delivering major Programmes for TfL

1. Welcome

2. Project Delivery Planning

3. Dependencies

4. Risk management

5. Next week

Slido poll: 579237

Project Delivery Planning

Project Planning

Rightly or wrongly, projects are often judged by stakeholders as a success or failure depending on whether they are delivered on time

It is essential to build a robust project delivery plan and manage it effectively

Current market conditions are impacting project timescales



Projects costs and duration continue to rise

S.P.E.C.S Q4 2021



Source Savills Research

Market insights by project type

Q4 2021 S.P.E.C.S Indicators

Source Savills Research

	New build and refurbishment costs	New build and refurbishment timescales*	Occupier fit-out costs	Occupier fit-out timescales*
Offices - Central London	↑	↑	↑	↑
Offices - Regional	↑	↑	↑	↑
Warehousing <100,000 sq ft	↑	↑	↑	↑
Warehousing 100,000 - 500,000 sq ft	↑	↑	↑	↑
Warehousing 500,000+ sq ft	↑	↑	↑	↑
Central London prime residential	↑	↑	↑	↑
Central London mid-market residential	↑	↑	↑	↑
Regional mid-market residential	↑	↑	↑	↑
Foodstores	↑	↑	↑	↑
High street retail	↑	↑	↑	↑
Out of town retail	↑	↑	↑	↑
Shopping centre	↑	↑	↑	↑

Source Savills Research Note *Time taken from project sign off to commencement including procurement and delivery of building components

Why plan?

“Plans are worthless, but planning is everything.” Churchill

Common drivers for planning

- Doing something unfamiliar or unknown
- Doing something you’ve done before but can’t fail. E.g. BREXIT infrastructure
- Complexity due to multiple interfaces or organisations involved in the delivery of an activity e.g. dense town centre development
- Resource constraints e.g. need to spend money within a specific period against a defined financial forecast



Slido- What is the primary driver for the need to plan your project(s)?

Benefits of planning

Effective planning will help you and the team by providing:

- a breakdown of the project workload
- clarity on who is responsible for each item
- a common understanding of the approach to achieving the project's objectives
- a clear way of showing dependencies, both internal and external
- a baseline against which to manage progress
- a tool for project management

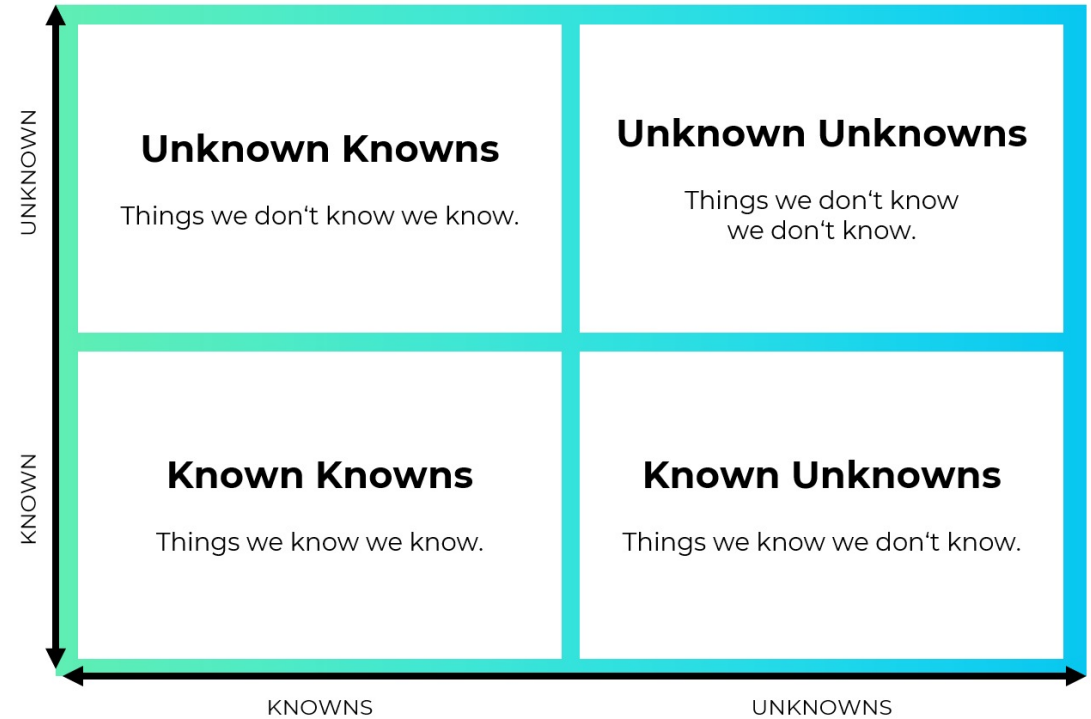


How to develop a robust delivery plan

The biggest challenge in planning is uncertainty

The business case will provide a high-level plan- you need to build on this in the Project Initiation stage

- Identify main areas of work i.e. create a WBS
- Use the Johari window
 - Capture known knowns
 - For unknown knowns make educated assumptions and record them (need to re-test and validate as you proceed)
 - Identify what you don't know (known unknowns)
 - Make a plan of actions needed to get the right knowledge
 - Seek input from domain experts (unknown knowns)



Project planning is best done with others, the more minds the better

Slido- how have you developed the plan for your project and/or programme?

Worked example

CONSTRUCTION DELIVERY PLAN- New mixed use community hub building on a brownfield site

- **What are the main activities?**
- **What do we know about the main activities?**
 - How long?
 - Who will be undertaking the work?
 - Dependencies?
- **What don't we know?**
- **How are we going to resolve the unknowns?**

Worked example

Common schedule issues in the delivery of construction projects

- Insufficient time allowed for:
 - governance approvals
 - statutory approvals (i.e. planning)
 - land acquisition negotiations
 - site surveys- seasonality?
 - procurement of suppliers
 - the transition from construction into operations
- Cost pressures may result in the need for re-design/value engineering
- Internal and external dependencies not clearly highlighted (=lack of integration between project plans within a programme)
- Long lead materials- identify these early!
- Schedule risk and uncertainty not factored in appropriately

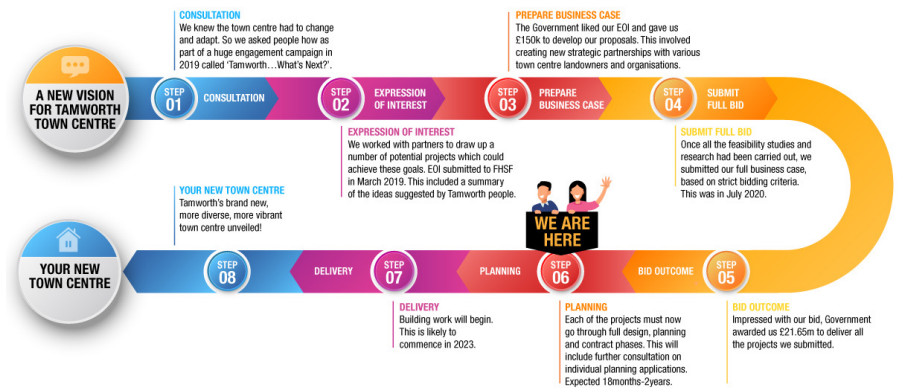
Construction project critical paths tend to run through applying and obtaining statutory approvals, land agreements and long lead items

Communicating your delivery plan

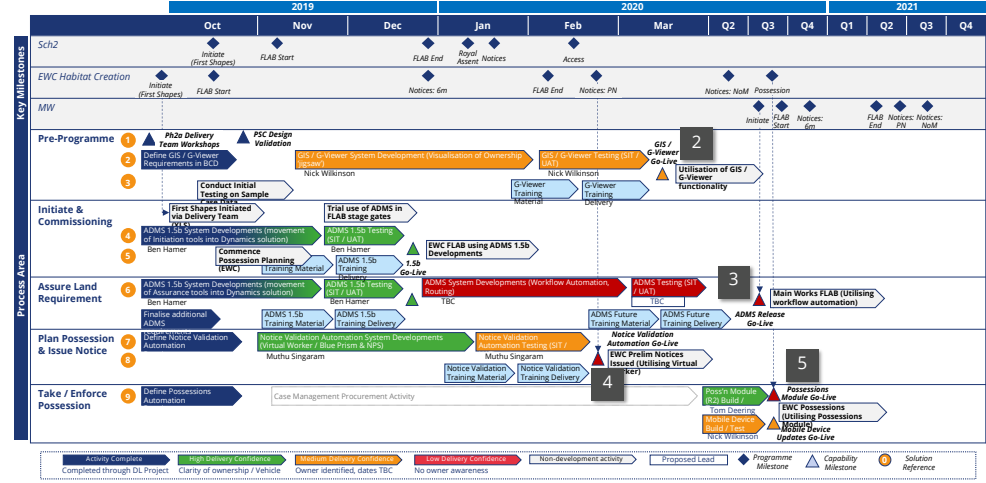
There are many scheduling software tools available. You need to consider the project's needs when deciding what to use and how to communicate to different project stakeholders

The format and level of detail in the plan should reflect the scale and complexity of the project

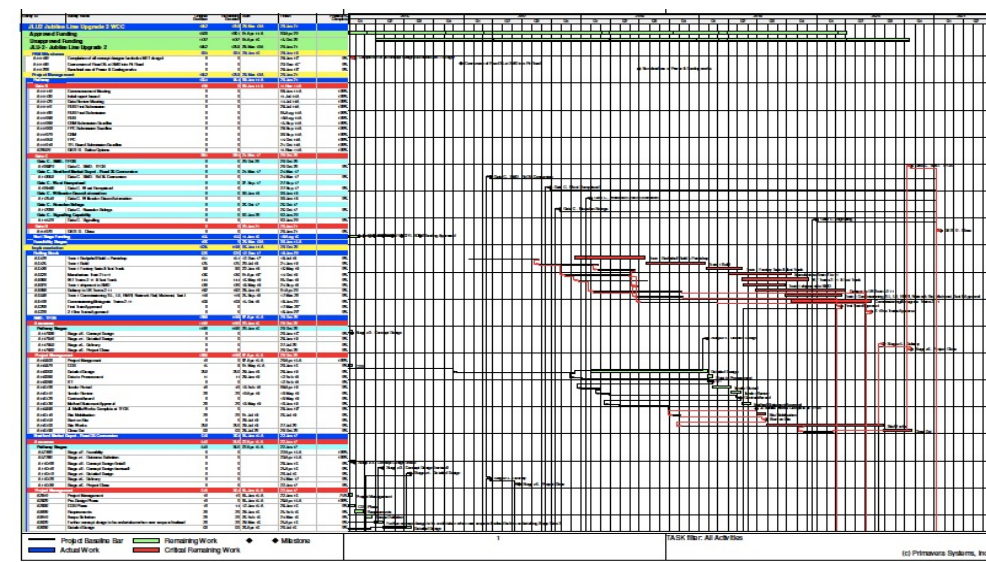
Level 1- High level milestone roadmap



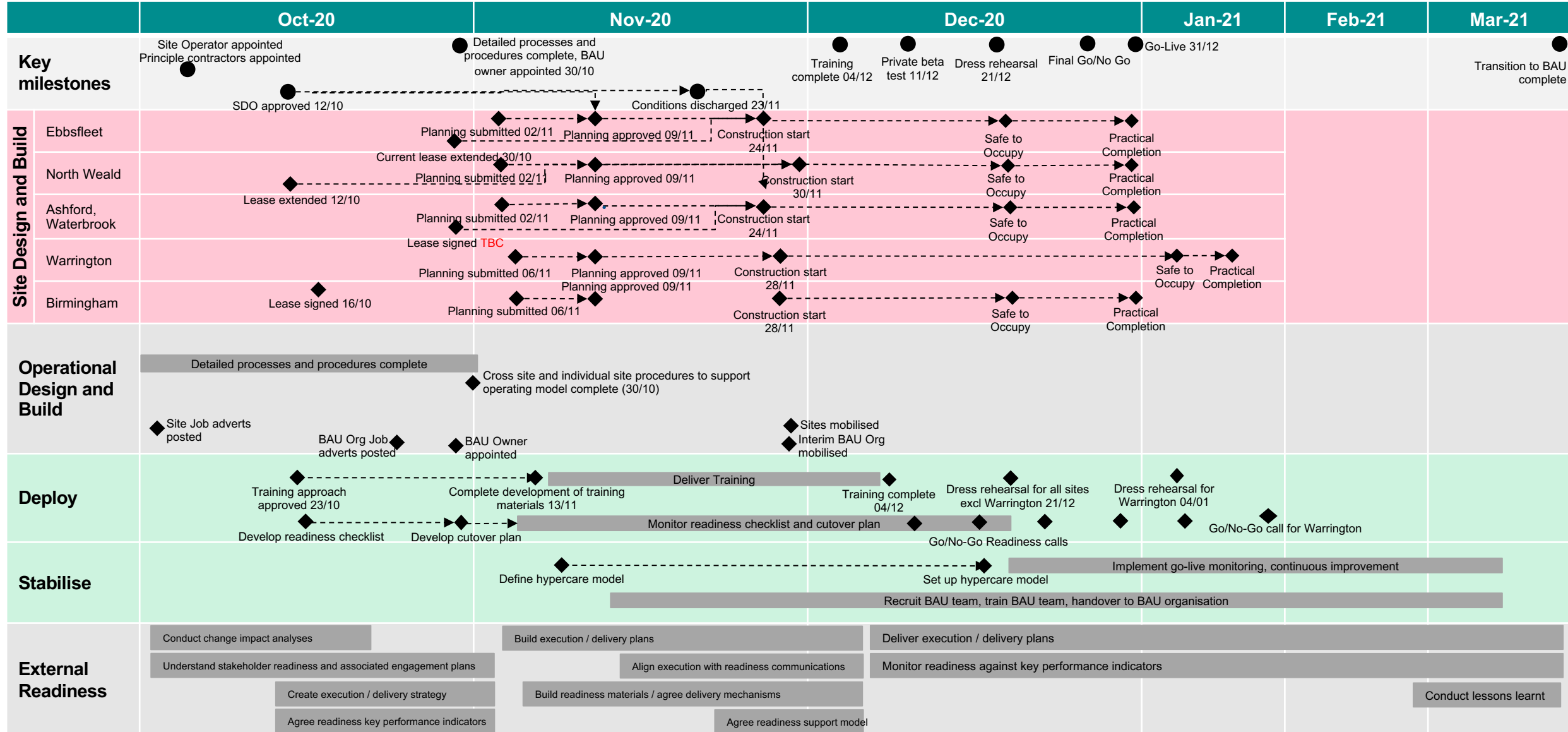
Level 2- management plan



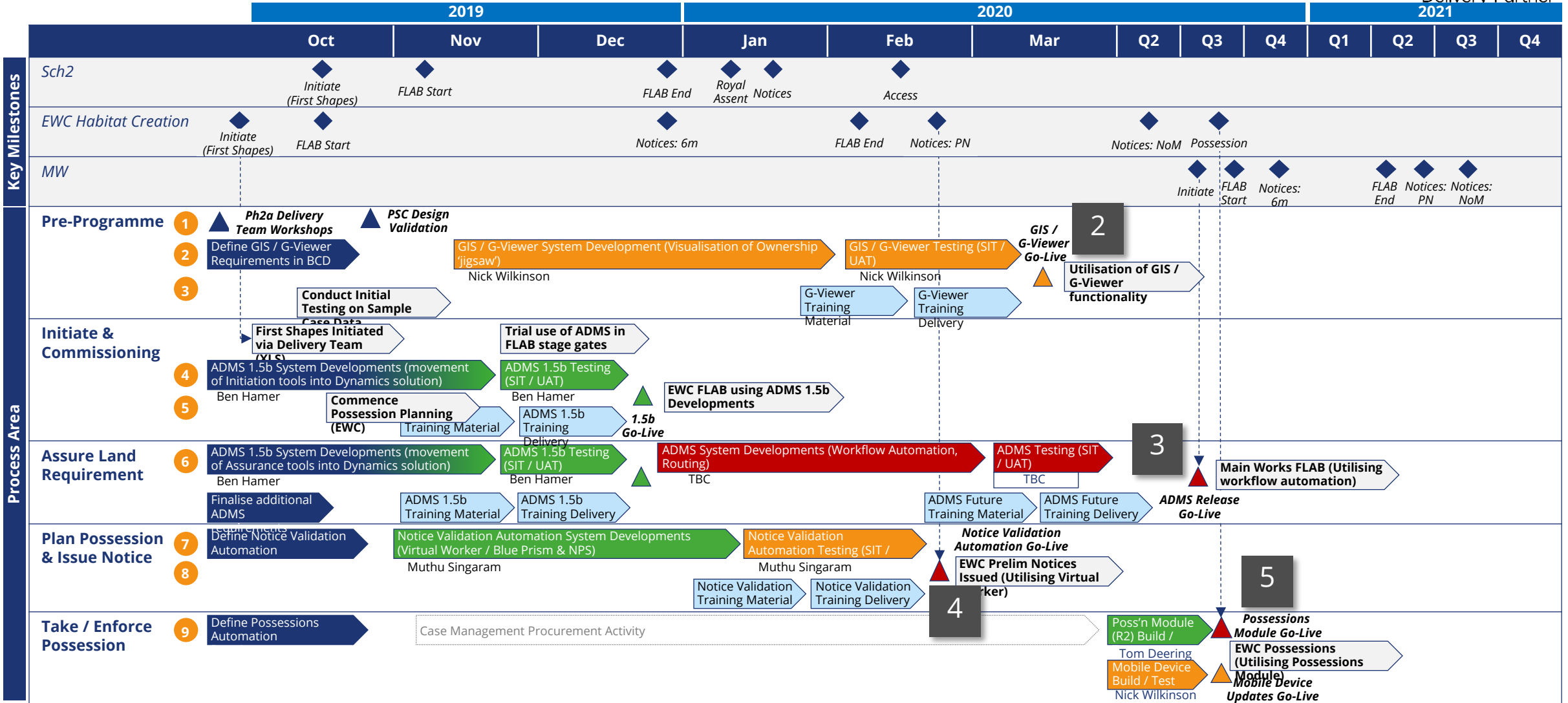
Level 3- coordination plan



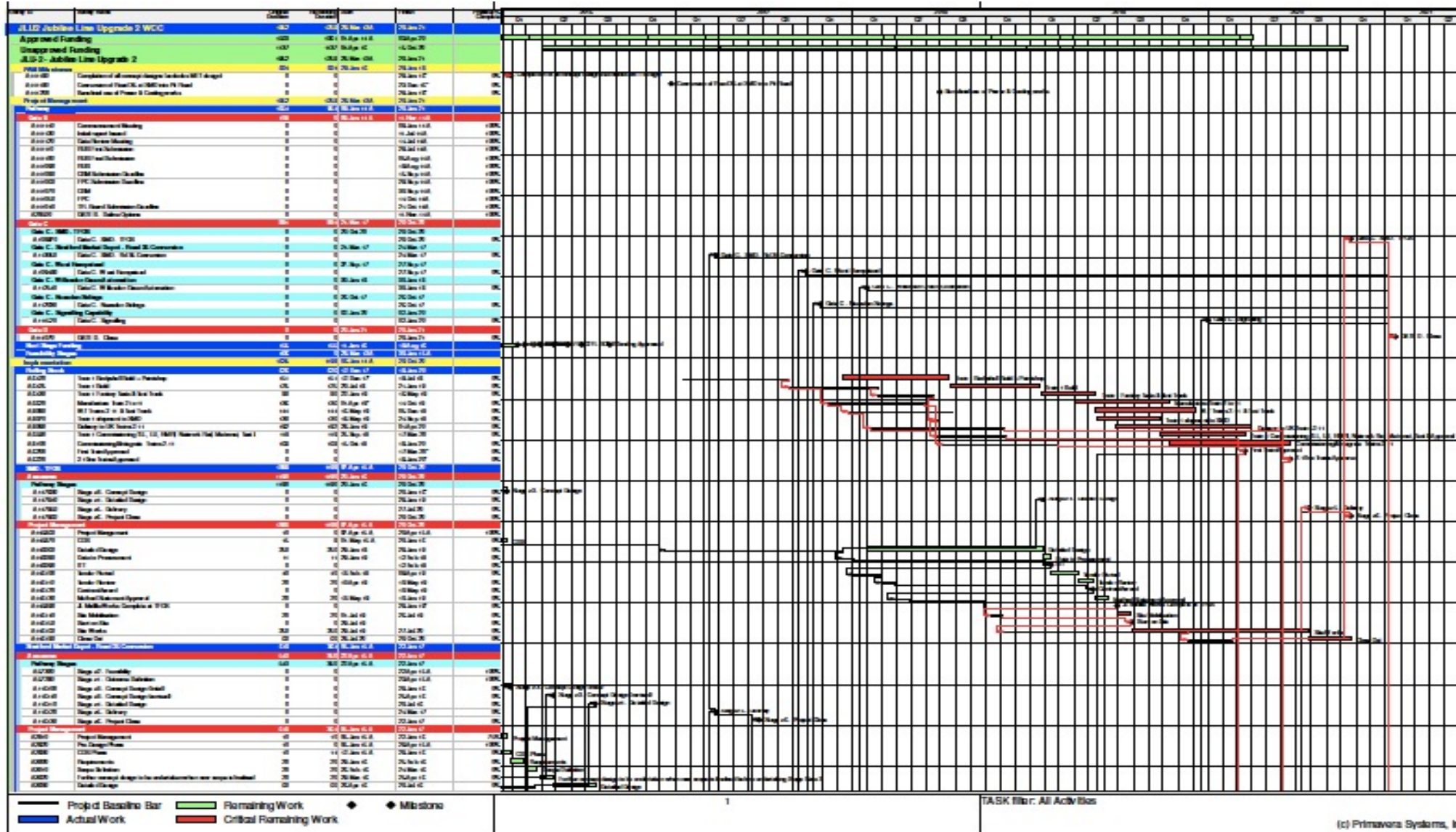
Example plan on a page: minor construction projects



Example plan on a page: land acquisition



Example Primavera detailed plan



Slido

In what format(s) are you currently communicating your project plans?

Breakout groups

Breakout discussion (10 mins)

In your groups, discuss:

- **What is the current status of your project planning?**
- **In what format(s) are your plans?**
- **What are your project milestones and how much detail underpins them?**
- **Have you been capturing planning assumptions? If so, where are the logged and how often do you test them?**

Breakout feedback (10 mins)

- **What is the current status of your project planning?**
- **In what format(s) are your plans?**
- **What are your project milestones and how much detail underpins them?**
- **Have you been capturing planning assumptions? If so, where are the logged and how often do you test them?**

Dependencies

Dependencies

“Something on which the successful delivery of the project critically depends”

Association for Project Management

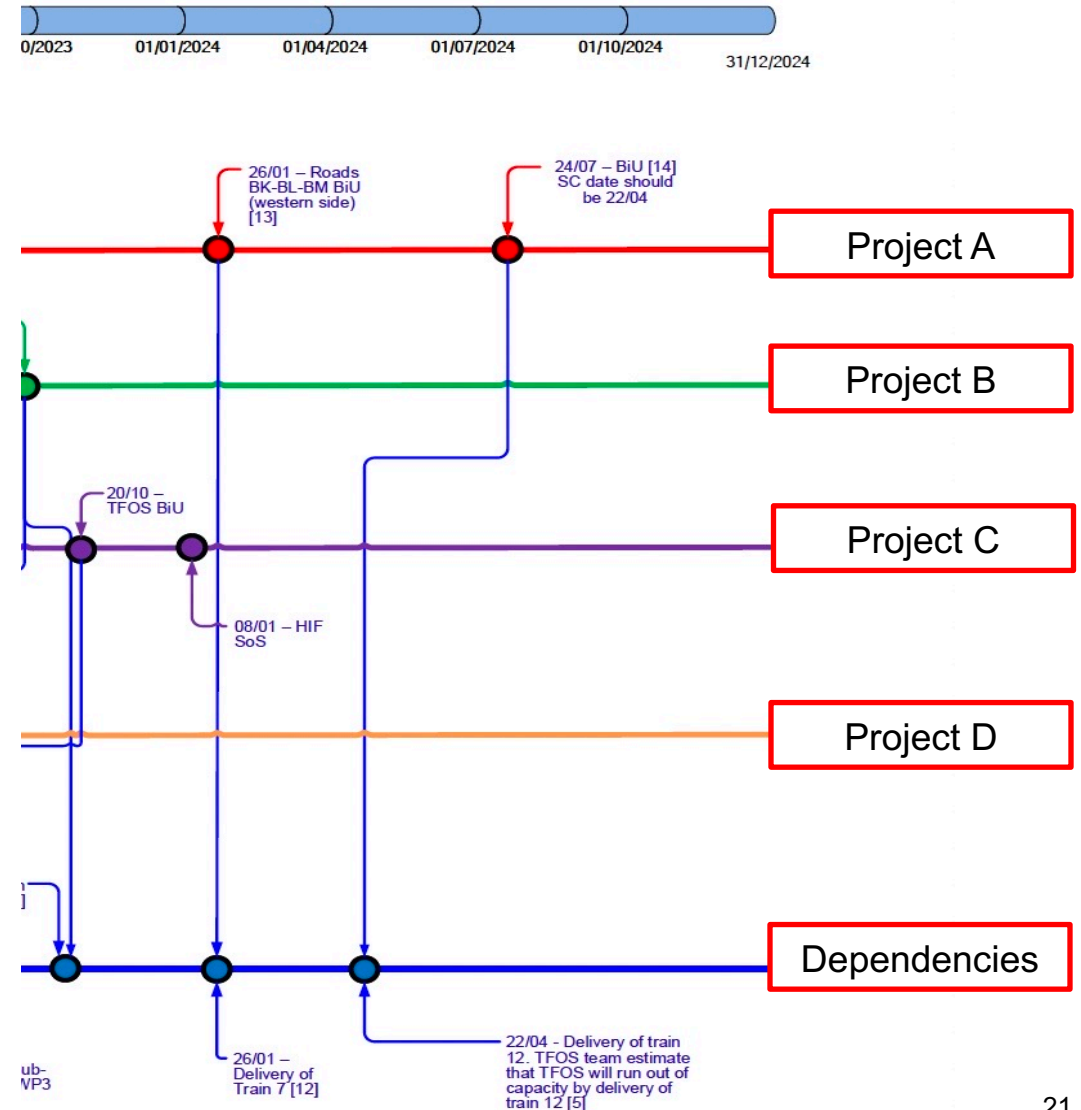
- What dependencies exist that are of significant importance to the project’s success e.g. land acquisition, planning permission, completion of enabling works?
- Are there other projects, operations, policies on which the project is dependent on?
- Are other projects or operations dependent on the outputs of this project?

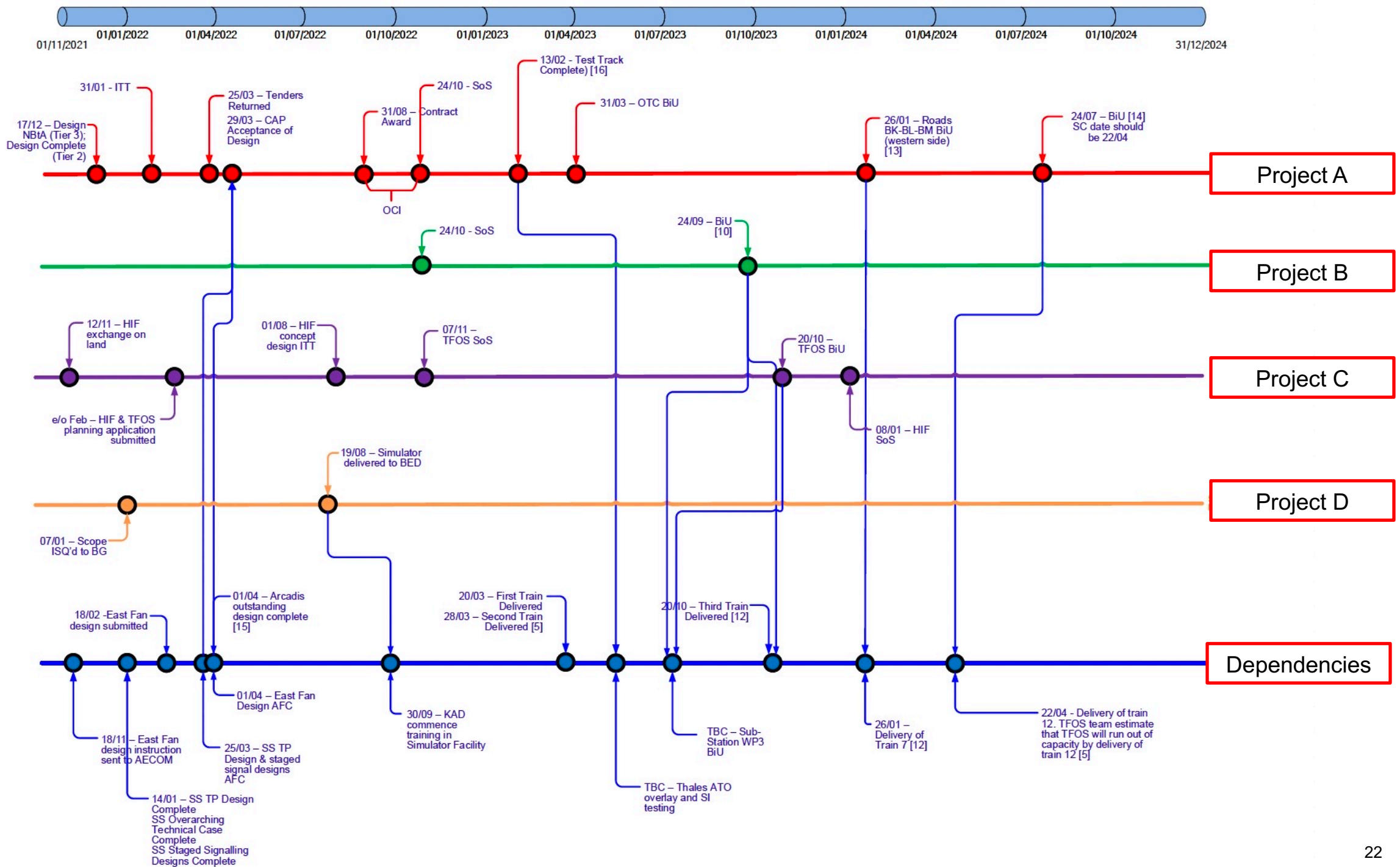
Tools for eliciting and capturing dependencies

- similar to requirements. 'day in a life of' workshop, design team and user workshop

Need to understand the design, how it will be built and how will it be operated

Worth highlighting/categorising dependencies on schedule so they stand out





Group discussion- dependencies

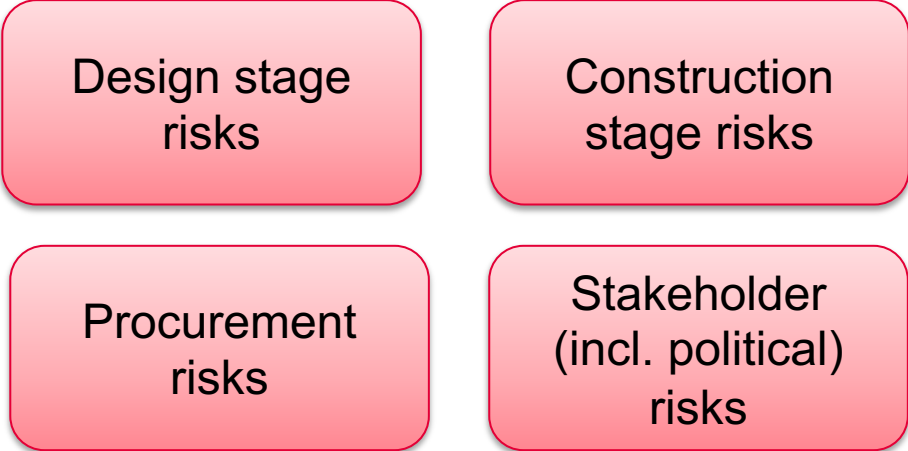
Using slido:

**What are the main dependencies on your
Towns Fund project(s)?**

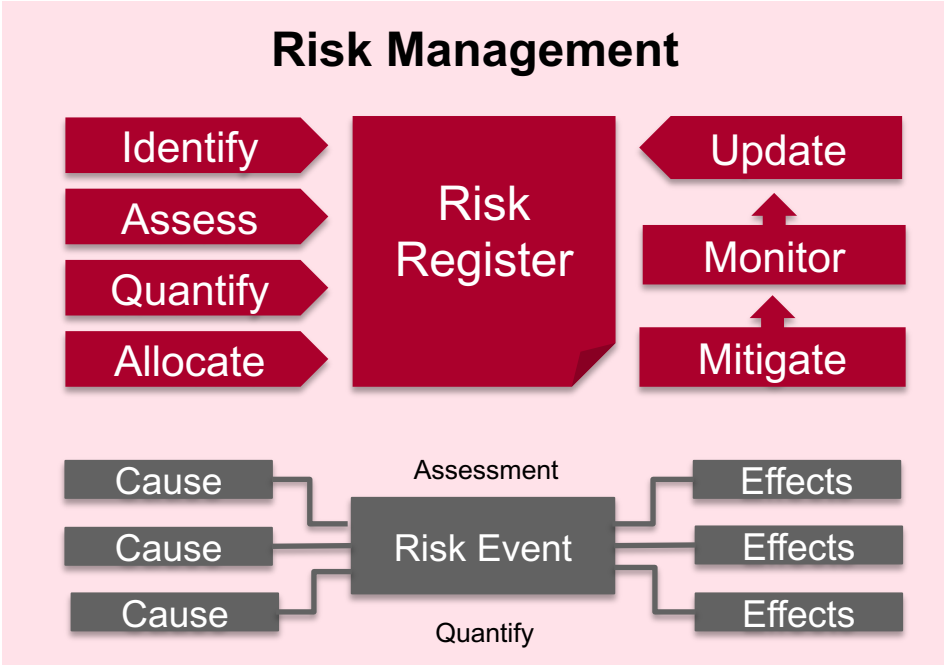
Risk Management

Risk Management

Construction projects are inherently risky



Effective risk management is a fundamental part of successful project delivery



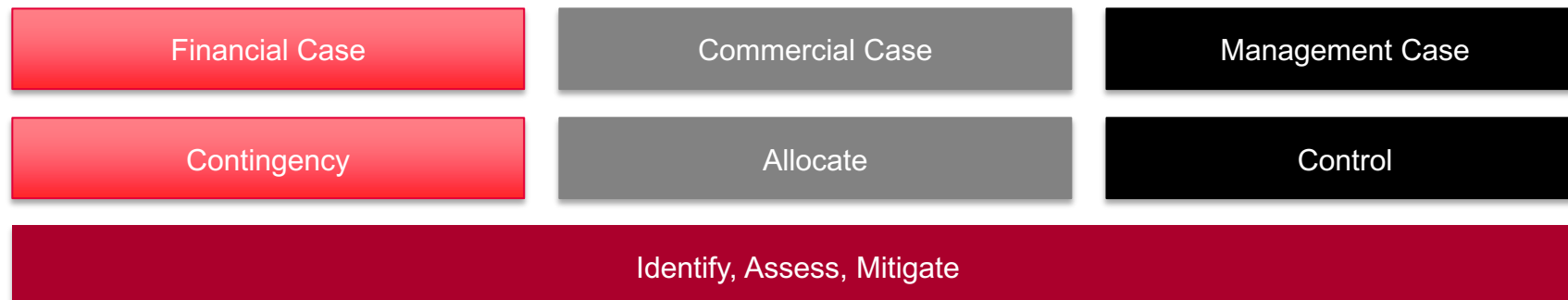
A risk register template is available on the Towns Fund Delivery Partner website

Slido- does a detailed risk already register exist for each of your projects?

What do you already know about your project(s) risk?

The project business case should:

- Summarise the risk management approach, processes and tools including whether qualitative and quantitative assessments are proposed
- Summarise key project risks and mitigations with reference to themes and capture them in a Risk Register
- Describe approach to opportunities management and realisation including opportunities to gain from industry productivity initiatives
- Cross reference risks amongst the 5 case model structure:



Slido- do you have a risk management plan in place for your programme/project?
Is it Towns Fund programme/project specific or an organisational approach to risk management?

Risk management considerations

In the project initiation stage, the team should consider:

- Are the top risks in the business case still valid, or have new risks emerged?
- How detailed was the risk management work undertaken to date and did it consult broadly with stakeholders? Robustness of impact assessments
- Does the right organisational/ programme/ project culture exist?
- Is there clarity on how risks are to be reported and when to escalate?

Delivery stage risks

- **Design stage delays** due to:
 - Late or changing stakeholder requirements
 - Several review and approval loops/iterations
 - Design work taking longer than planned
- **Construction delays** due to poorly coordinated works information or dependencies not being met
- **Cost increases** due to uncontrolled scope creep and/or poor cost estimates



Risk reporting

Section A: Programme Risks

- In section A, we will only be looking for a maximum of **three** key programme risks.
- If any top three risks that impact the overall programme and individual projects, please add these in both sections.

Section B: Project Risks

- This section will auto-populate a risk table for each of your projects. A maximum of **three** risks should be provided per project.

SECTION A: Programme Risks

No.	Risk Name	Risk Category	Short description of the Risk	Full Description	Consequences	Pre-mitigated Impact	Pre-mitigated Likelihood	Pre-mitigated Raw Total Score	Mitigations	Post-Mitigated Impact	Post-mitigated Likelihood	Post-mitigated Raw Total Score	Proximity	Risk Owner/Role
0	Example of how to complete >	External Stakeholder Management	Siloed Working	Working or communicating as a discrete silo and not learning from other Portfolios	Loss of opportunity to aggregate knowledge across teams, programmes, partners.	5 - Major impact	3 - High	15.00	Cross-function quarterly catchups	3 - Medium impact	2 - Medium	6.00	4 - Close: next 3 months	Rachel Gregson/Project Manager
1														
2														
3														

Note: The validations for this tab will allow you to submit one risk at a minimum to mark this tab as complete. However, we advise that additional risks, up to three, are provided to offer a robust assessment of the risks to your project.

A key consideration

Risk, schedule and cost considerations in DLUHC Monitoring and Evaluation guidance dated April 2022

Project progress summary RAG ratings:

Fig 7:

RAG Guidance					
Delivery	Score	Spend	Score	Risks	Score
Major issues causing significant delays (more than 6 months); processes interrupted or not carried out as planned (e.g. planning permission not secured); or significant changes to project. Project likely to under-deliver on forecast outputs.	5	A variance of over 50% against profiled financial forecast (total expenditure) or significant changes to project finances required (increases or decreases) due to poor or delayed delivery.	5	Programme includes projects with significant risks that are both high impact and high likelihood. Risk response not yet planned.	5
Issues arising causing long delays to the timetable (3 to 6 months) but no significant changes required to overall project. Outputs may still be deliverable but challenging.	4	A variance of between 30% & 50% against profiled financial forecast (total expenditure). Budget changes have been required due to issues with project delivery.	4	Programme includes projects with significant risks that are either high impact or high likelihood. Risk responses planned but not implemented.	4
Issues arising causing some short delays to the timetable (less than 3 months). Outputs still deliverable but require re-scheduling.	3	A variance of between 15% & 30% against profiled financial forecast. Some budget changes have been required.	3	Programme includes projects with some risks that have medium impact and/or medium likelihood. Risk responses planned and implemented.	3
Minor issues have arisen causing only small delays. Project is on track to deliver outputs.	2	A variance of between 5% & 15% . Small re-profiling changes to budget required.	2	Programme includes projects with some risks that have medium impact but low likelihood. Risk responses planned and implemented.	2
No problems. Project is on track to deliver outputs and keeping to schedule.	1	A variance of up to 5% . Spend is largely on track with any minor slippage expected to be picked up by end of next quarter.	1	All risks are tolerable with low impact and likelihood and do not require a response.	1

Risk scoring/ranking

How are you ranking risks?

Risk Ranking
Critical - 5
High - 4
Medium - 3
Low - 2
Minimal - 1

Have you defined how to assess the impact of risks and is this being done consistently across your programme of projects?

Risk Ranking	Expected Impacts			
	Schedule	Cost	Scope	Quality
Critical - 5	Project completion will be at least 12 months later than planned.	Cost overruns are expected to exceed <EXXM>	Core components/functions of the project cannot be delivered	Due to quality or reliability issues, cannot agree to handover because the impact to safety or operations would be catastrophic.
High - 4	Project completion will be 6-12 months later than planned.	Cost overruns are expected to be between <EXXM>	Major components/functions cannot be delivered or implemented	The expected impact to operations is between <EXXM> in lost revenue or additional expense.
Medium - 3	Project completion will be 3-6 months later than planned.	Cost overruns are expected to be between <EXXM>	Some minor components/functions cannot be delivered or implemented	The expected impact to operations is between <EXXM> in lost revenue or additional expense.
Low - 2	Project completion will be 1-3 months later than planned.	Cost overruns are expected to be between <EXXM>	A few minor components/functions cannot be delivered or implemented	The expected impact to operations is between <EXXM> in lost revenue or additional expense.
Minimal - 1	Project completion will be 1 month later than planned.	Cost overruns are expected to be up to <EXXM>	Negligible minor components/functions cannot be delivered or implemented	The expected impact to operations is less than <EXXM> in lost revenue or additional expense.

Contingency

Contingency compensates for the uncertainty inherent in cost and time estimates, as well as risk exposure

- Contingency can be assigned against specific risks (known unknowns) and/or assigned for unknown unknowns
- Programme level contingency for strategic risks e.g. cost inflation
- Project level contingency for project specific risks
- Build in time contingency to your plan (schedule)
- Cost contingency is retained separately by the project and programme, it is drawn down with governance approval should risk events materialize

Slido- what level of cost contingency do you have for your projects?

Breakout groups

Breakout discussion

Items to discuss

- What are your top three project risks and what are you doing to manage them?
- What level of contingency do you have at Programme and Project levels?

**Next week: final seminar on
procuring and managing
delivery contracts**

End