University of St Andrews
Financial Operating Procedure
Management of Large Capital Projects

1. Introduction

This procedure provides guidance to University staff in the management of Large Capital Projects (deemed to be those with an investment value of £1 million or more which also require approval from PARC or the University Court). Although not mandatory for capital schemes with a cost of less than £1 million or other significant projects, the principles contained herein should be considered and applied for any such investment or change project.

This procedure covers expectations around the process to be followed, the key project stages and decision points and the establishment of roles and responsibilities. It is the responsibility of staff within these projects to ensure that they fully understand the roles placed upon them both individually and collectively. If they do not fully understand the roles or responsibilities they should seek further advice and support from their line manager or a member of the Principal’s Office.

This procedure is supported by more detailed guidance from support units in relation to the area of their respective involvement in support of the project (for example Procurement will outline the various procurement routes procurement approach along with the detailed requirements for documentation and process of evaluation and selection etc, relating to the chosen route options).

This procedure is mandatory to all staff. This procedure applies to all expenditure, regardless of funding source, reflecting the importance of managing large schemes effectively and efficiently with a clear understanding of all within a project of their Roles and Responsibilities.

The broad structure of this procedure is to outline the process to be followed for large projects. This will see a Project Sponsor being accountable for the development and implementation of the project. The Project Sponsor will be supported by a Core Project Team consisting of the Project Sponsor, a Project Manager from the appropriate professional discipline and a Senior User who will lead on the development of an effective and viable business case. Each project will require a Project Plan, the development implementation of which will require the engagement of professional services throughout the University. This plan will outline how the project will be delivered, highlighting key decision points along the project’s journey and taking cognisance of formal approval Gateways, which will have to be passed for the project to continue. At each of these approval Gateways, the Core Project Team and those professional services with appropriate involvement will have to positively indicate there satisfaction with progress of the project at that point.
2. Process

The chart at Annex 1 shows the overall project management process from inception to post implementation review. Annexes 2 through to 6 then show the individual stages of this process. Broadly speaking the process is divided into segments, each of which must produce certain outputs which will evolve through the lifetime of a project, answering more focussed and detailed questions through time.

Projects will also have to pass through a number of formal gateways in their journey in order to receive additional funding alongside permission to proceed. If having passed through a Gateway, the budgetary requirements change and a project is likely to exceed the authority granted by that Gateway, then the Project Sponsor should seek to re-pass that Gateway at the earliest practical opportunity. This may involve halting current progress on the scheme to minimise potentially abortive costs. These stages are summarised below;

2.1 Stage 1 – Project Inception

Projects can be initiated in a number of ways, either through a management request for change / improvement, or from identification of a need for change from front line staff. This initiation can occur in a formal or informal manner. This process does not seek to stifle the process of project initiation in any way, but any idea or initiative must become formalised prior to being taken forward as a project.

The output from this stage would be the creation of a Core Project Team consisting of a Project Sponsor, a Project Manager and a Senior User (see Section 3 for definitions). This project team would be expected to produce at this stage a Project Plan which would include a description of the proposal, the goals and objectives of the process, the costs and benefits involved (including recurring resource requirements) and an outline of the risks faced. This Project Plan would be expected to evolve in detail and clarity as the project itself progresses.

At this stage it is also essential that there is early engagement with Service Units to ensure that they are made aware of the Project’s Inception which will allow them to properly and effectively engage at this and every future stage of the project. The involvement of the Service Units should be evidenced within the Project Plan. This plan should provide for key decision points throughout the project’s duration, including but not limited to the formal Gateway reviews. The Service Units which would be expected to be involved would be;

- Procurement,
- Estates,
- Health & Safety,
- Corporate Communications,
- Finance,
• Human Resources,
• IT Services.

This list should not be regarded as exhaustive. Each individual Service Unit will be responsible for developing an Engagement Model for their respective Unit at each and every stage of the project. These engagement pieces will support the proper implementation of this Procedure.

It is essential that at this early stage that the Core Project Team and the Project Sponsor in particular have full ownership of the process to be followed and are clear where responsibilities for tasks essential for the project’s success rest. Where responsibility for tasks is delegated, it is equally important that those individuals who have delegated responsibility are fully aware of their respective responsibilities.

2.2 Stage 2 - Initial Business Case

This stage in the project culminates in a Formal Gateway Review of the project that will be required for the project to continue to proceed. This Gateway Review will be conducted by the Quaestor & Factor. The Project cannot proceed beyond this point if approval for the Project Plan & Initial Business Case has not been provided.

The output of Stage 2 would be a developed Project Plan, reflecting the advice of the appropriate Service Units and an initial Business Case for the proposal. The Project Plan would be an evolved version of that produced in Stage 1, with greater insight into timescales, resource requirements, options for consideration, risks and mitigation strategies and financial viability.

If resources are required to develop a project to this stage then these are assumed to be provided internally from the existing resources of the project promoters.

The Project Plan and Initial Business Case should be presented to the Quaestor & Factor for permission to proceed and for the allocation of additional funding (if required).

Alongside the Project Plan and Initial Business case, the Project Sponsor should provide a completeness review which requires positive assurance from the Core Project Team and those supporting professional disciplines to confirm that they are content with the progress of the project in line with key requirements to that point.

2.3 Stage 3 – Outline Business Case

This stage in the project culminates in a Formal Gateway Review of the project that will be required for the project to continue to proceed. If the resources sought at this stage of the project (irrespective of total project value) are less than £0.5million, then this may be conducted by the Quaestor & Factor, or if the Quaestor & Factor is the Project Sponsor, by the Principal’s
Office. If the resources sought at this stage are between £0.5million and £1m, then this may be conducted by the Principal’s Office. If the resources sought are in excess of £1million, then this review will be conducted by PARC. These financial limits are set by Court within the Standing Financial Instructions. The Project cannot proceed beyond this point if approval for the Project Plan & Initial Business Case has not been provided.

The output of Stage 3 would be a developed version of the Project Plan developed at Stage 2 and an Outline Business Case which is further development of the Initial Business Case. This would be expected to given further insight into timescales, resource requirements, options for consideration, risks and mitigation strategies and financial viability. At this stage the Project would be expected to be focussing on a smaller number (if not a single) option albeit with some variants still under consideration.

As part of the submission for this Gateway review the Project Sponsor should provide a completeness review which requires positive assurance from the Core Project Team and those supporting professional disciplines to confirm that they are content with the progress of the project in line with key requirements to that point.

### 2.4 Stage 4 – Full Business Case

This stage in the project culminates in a Formal Gateway Review of the project that will be required for the project to continue to proceed. For projects with a total cost of up to £5million, this review will be conducted by PARC. For projects with a total cost of £5million or more, this review will be conducted by Court. These financial limits are set by Court within the Standing Financial Instructions. The Project cannot proceed beyond this point if approval for the Project Plan & Initial Business Case has not been provided.

In proceeding through this stage it would expected that the project and the options considered would be subject to consultation within and perhaps out with the institution as appropriate.

The output of Stage 4 would be a developed version of the Project Plan developed at Stage 3 and a Full Business Case which will fully explain, the rationale for the project, the goals, objectives, constraints, benefits, resources required and the risk management strategy. This would be expected to recommend a single option, with a rationale for that option over others considered. The cost plan would be expected to be provided with significant certainty of capital and ongoing costs with certainly also on the attainability of ongoing funding associated with the resultant service change.

The Project Plan would be expected to properly outline the monitoring and control processes that would be in place during the implementation phase. This should also outline the actions required to bring about any growth in activity or service reform required to meet the business case objective. A fully developed risk register would be expected to be provided with effective risk
mitigation strategies in place for all major risks. Any areas where this was not possible should be clearly and explicitly highlighted.

As part of the submission for this Gateway review the Project Sponsor should provide a completeness review which requires positive assurance from the Core Project Team and those supporting professional disciplines to confirm that they are content with the progress of the project in line with key requirements to that point.

2.5 Stage 5 – Implementation

This stage would see the implementation of the project in line with any approval given by PARC and/or Court.

The output of Stage 5 would see any new asset in place and being used in a manner consistent with the Project Plan and business case, realising all of the targeted benefits sought by the University.

2.6 Stage 6 – Post Implementation Review

The University would expect for a Post Implementation Review to be conducted between 6 and 12 months following the completion of the implementation phase. The purpose of this review would be to consider whether the University had realised the benefits sought and to identify any improvements which could be implemented for future projects.

Service Units are also encouraged to conduct similar reviews throughout the process to ensure that there advice and inputs were to the maximum benefit of the University.

3. Roles & Responsibilities (Core Project)

The following is a list of roles that would be expected to exist as the Core Project Team within any project and their respective roles;

3.1 Project Sponsor – This will be a senior member of staff (ordinarily this will be a member of the Principal’s Office) who will lead the project through all of its stages. The primary responsibility of the Project Sponsor shall be to;

- Ensure that this procedure is adhered to,
- Ensure that a Core Project Team is formed,
- Manage the project taking appropriate advice from the Project Manager and Senior User,
- Report regularly on progress of the project generally and in relation to this procedure as and when required,
- ensure that users are fully and properly engaged,

3.1.2 Project Board

In some projects, particularly where there are multiple user communities, it may be advisable to create a Project Board into which the Core Project Team
would report. It is the Project Sponsor’s decision as to whether such a wider group is formed initially and throughout the life of the project.

The project Board provides an added layer of governance to the project but in no way diminishes the overall responsibility for the projects success (as outlined above) which rests with the Project Sponsor.

3.2 Project Manager – All schemes should have an internal Project Manager who will take on the day to day role of ensuring project delivery in line with the specification / requirements set by the Project Sponsor / Project Board. The Project Manager would be expected to be professionally qualified in the area in which the project is delivering i.e. for a Construction Project this would be expected to be an experienced and suitably qualified building professional, for an IT Project this would be expected to be an experienced and suitably qualified IT professional etc.

The Project Manager will be expected to deploy and follow an established Project Management methodology that is appropriate for the given nature of the specific project.

The Project Manager would report to the Project Sponsor ensuring that the Project Sponsor was fully and professionally advised throughout the project in a manner to ensure successful delivery of the project.

The Project Manager would be expected to work very closely with the Senior User Representation to ensure that key user requirements were fully and properly considered and taken account of at all stages of the project.

3.3 Senior User – The Senior User would report to the Project Sponsor and would be responsible for developing the business case for the project ensuring that key service objectives were met. The Senior User will also be responsible for leading on users requirements in engaging with the Project Manager and design team throughout the project.

The Senior User would be expected to work very closely with the Project Manager in ensuring that appropriate user requirements were fully understood and reflected in proposa
**PROJECT MANAGEMENT PROCESS MAP**

**Stage 1: Inception**
- Initial Consideration of whether project is worthwhile
- Development of Plan within departmental resources

**Stage 2: Initial Business Case**
- Detailed Development of Plan with corporate support
- Development of Plan within departmental resources

**Stage 3: Outline Business Case**
- Detailed Development of Plan
- Detailed support

**Stage 4: Full Business Case**
- Detailed Development of Plan
- Detailed support

**Stage 5: Implementation**
- Full Business Case
- Contractual Agreements
- Risks Review

**Stage 6: Post Implementation Review**
- Implementation Approval by PARC/Court
- Satisfy Gateway 3 requirements
- No further action or Revised documentation

**OUTPUT**
- Project Plan 1: Benefits
  - Timescales
  - Resources (£, Internal, External, Partners)
  - Initiate Service Engagement (Procurement, Corporate Comms, ITS, HR, H&S, Finance & Estates)

- Project Plan 2: Evolution of PP1
  - Initial Business Case
  - Options
  - Risk Register with Mitigation
  - Formal Sign Off by Core Project Team and Services

- Project Plan 3: Evolution of PP2
  - Outline Business Case
  - Implementation Plan (Initial) - Phasing/Forecasts
  - Options Appraisals
  - Risk Register including Mitigation
  - Formal Sign Off by Core Project Team and Services

- Project Plan 4: Evolution of PP3
  - Full Business Case
  - Risk Register including mitigation
  - Contractual commitment
  - Formal Sign Off by Core Project Team and Services

**To Cover:**
- Risks and mitigation
- Feasibility/Deliverability
- Credibility of plan
- £payback/Viability
- Alternative options
- Risk of inaction

**OUTPUT**
- Project Plan 2: Evolution of PP1
  - Initial Business Case
  - Options
  - Risk Register with Mitigation
  - Formal Sign Off by Core Project Team and Services

- Project Plan 3: Evolution of PP2
  - Outline Business Case
  - Implementation Plan (Initial) - Phasing/Forecasts
  - Options Appraisals
  - Risk Register including Mitigation
  - Formal Sign Off by Core Project Team and Services

- Project Plan 4: Evolution of PP3
  - Full Business Case
  - Risk Register including mitigation
  - Contractual commitment
  - Formal Sign Off by Core Project Team and Services

**GATEWAY 1**
- Spend money
- Q&F/PO (non-departmental budget approval)

**GATEWAY 2**
- Q&F, PO or PARC (significant cost/reputation at risk)
- Outline Business Case
- Planning Timescale
- Right Brief
- Options Appraisal

**GATEWAY 3**
- Project Plan 1: Benefits
- Timescales
- Resources (£, Internal, External, Partners)

**IDEA!**
- Event: Project Start
  - Core Team established
  - Project Sponsor
  - Project Manager
  - Senior User
  - No further action or Revise idea

**Support Lend nomination**
- Individual Support Plans and checklist preparation

**OUTPUT**
- Investment delivered
- Risk Register including mitigation
- Ongoing reporting on progress
- Budget
- Time
- Service change/Growth objectives

**Business Growth/Change Activity**
- Monitoring and control of investment
- Checking that the goals and benefits have been realised
Stage 1: Inception

Initial Consideration of whether project is worthwhile

IDEA!

Event: Project Start

Core Team established
Project Sponsor
Project Manager
Senior User

No further action OR
Revise idea

User Consultation

Individual Support Plans and checklist preparation

Support Lend nomination

OUTPUT

- Project Plan 1:
- Benefits
- Timescales
- Resources (£, Internal, External, Partners)
- Initiate Service Engagement (Procurement, Corporate Comms, ITS, HR, H&S, Finance & Estates)
- Risks/Constraints
Stage 2: Initial Business Case

Development of Plan within departmental resources

**GATEWAY 1**
Spend money
Q&F/PO
(non-departmental budget approval)

Appoint External Project Manager (if required) → Develop: Initial Business Case
Options
Internal feasibility
Review (2) → Satisfy Gateway 1 requirements

NO

No further action OR
Revised documentation

**OUTPUT**
- Project Plan 2: Evolution of PP1
- Initial Business Case
- Options
- Risk Register with Mitigation
- Formal Sign Off by Core Project Team and Services

**To Cover:**
- Risks and mitigation
- Feasibility/Deliverability
- Credibility of plan
- £ payback/Viability
- Alternative options
- Risk of inaction
Stage 3: Outline Business Case

OUTPUT
- Project Plan 3: Evolution of PP2
- Outline Business Case
- Implementation Plan (Initial) - Phasing/Forecasts
- Options Appraisals
- Risk Register including Mitigation
- Formal Sign Off by Core Project Team and Services

To Cover:
- Risks and mitigation
- Costs and timing
- Affordability
- Payback
- Benefits arising
- What if ‘No’
- Consequences/Delay
- Prioritisation v other projects
- Business case development
- Market Research analysis
- Customer commitments
- Cost Plan
- Potential add ons

GATEWAY 2
Q&F, PO or PARC (significant cost/reputation at risk)

No further action OR Revised documentation

Detailed Development of Plan with corporate support
Stage 4: Full Business Case

Seeking formal approval for investment

GATEWAY 3
Implementation Approval by PARC/Court

OUTPUT
- Project Plan 4: Evolution of PP3
- Full Business Case
- Risk Register including mitigation
- Contractual commitment
- Formal Sign Off by Core Project Team and Services

To Cover:
As previous list plus
- Detailed commitment
- Certainty
- Contracts
- Funding (cash)
Stage 5: Implementation

- Award Main Contract
- Construction
- Design Evolution / Change Control
- Commissioning and Acceptance
- Handover and Use

Stage 6: Post Implementation Review

- Monitoring and control of investment

OUTPUT

- Investment delivered
- Risk Register including mitigation
- Ongoing reporting on progress
- Budget
- Time
- Service change/Growth objectives

Monitoring

Service Engagement

Review

Checking that the goals and benefits have been realised