

Finance Making a Real Difference in Projects

CIPFA Senior Management Group
3 July 2009

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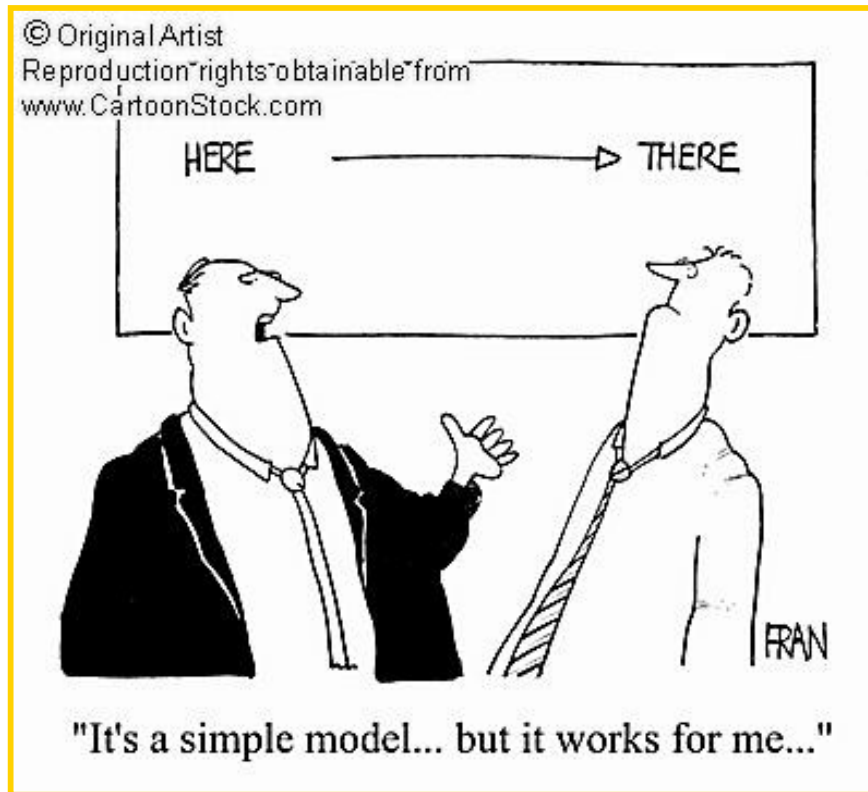
Agenda

- ▶ Context
- ▶ Finance has traditionally taken a back seat role
- ▶ The challenges of project & programme management
- ▶ What finance can bring to great project delivery
- ▶ Case studies where finance has had a value adding role
- ▶ How finance can organise itself for successful project delivery
- ▶ Conclusion

Context

- ▶ Economic recession and reduction in new capital spend programmes
- ▶ Growing demand for public services combined with less funds to deliver
- ▶ Targeting areas for earlier returns – a need to clearly articulate alignment with outcomes
- ▶ Therefore even greater need for great project/ programme management to ensure focus on outcomes
- ▶ Critical need for FDs to adapt role to take on new priorities
- ▶ Opportunity in adversity to put finance on the front foot

Finance has traditionally taken a back seat role

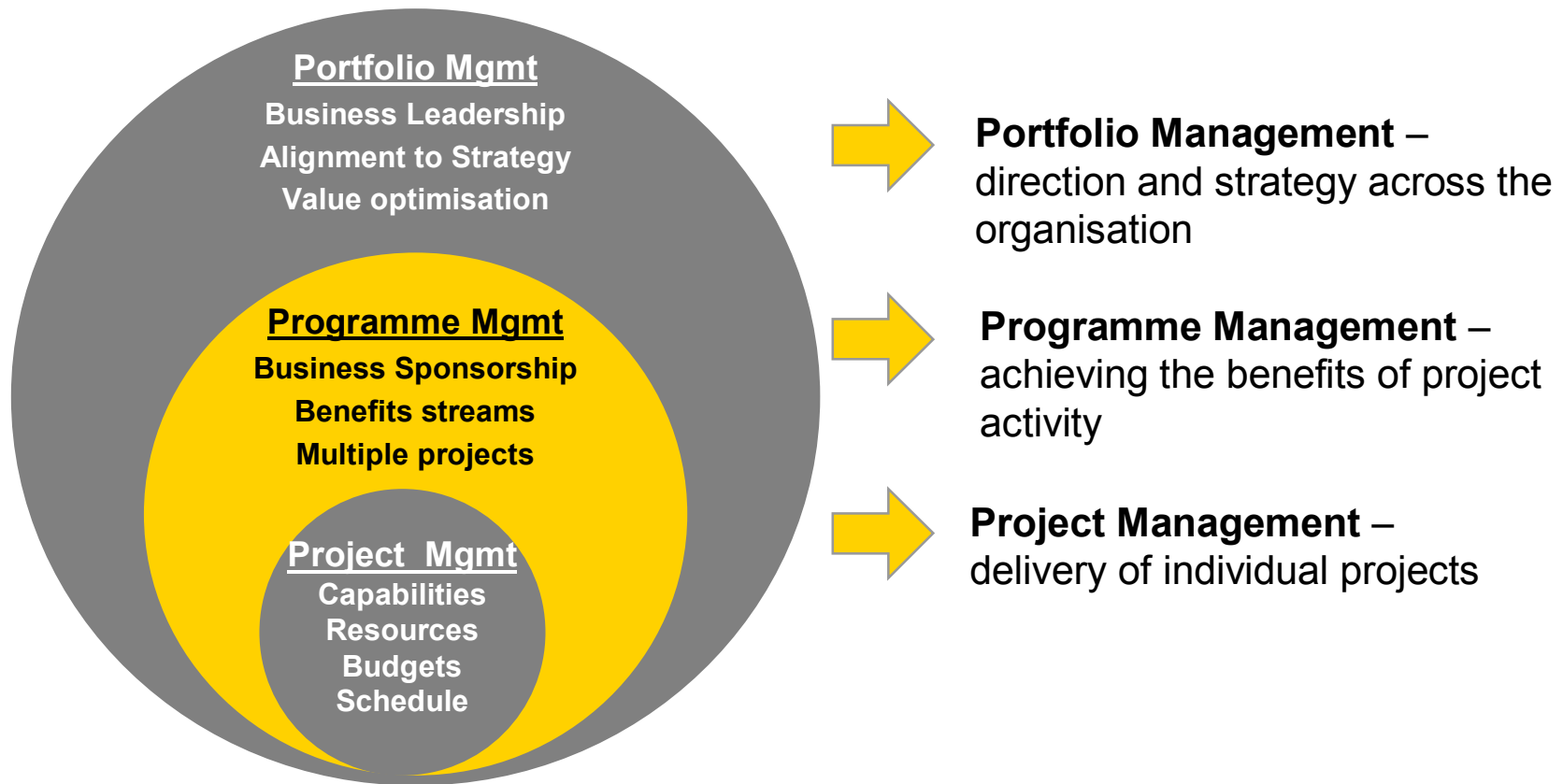


- ▶ 'Sponsor' typically develops brief and initial costings
- ▶ Limited information to finance at the outset
- ▶ Focused on business case often after the event
- ▶ Role of finance seen to be more of a bookkeeper

***.....Move focus on to outcomes,
taking more of a strategic approach from the outset***

Project and programme management

The products of public service organisations are delivered through a portfolio of projects and programmes



Changing emphasis over project lifecycle

There should be a different focus depending on the stage in the development lifecycle that the project or programme is at.

Strategy	Planning & Procurement	Design & Implementation	Complete & Sustain
<ul style="list-style-type: none">Assessment on business impact or priorityAssessing alternative optionsDefining critical success factorsClear governance arrangementsProviding senior management support	<ul style="list-style-type: none">Appropriate resources in placeRealistic risk assessment and allocation of project risksRobust and/or realistic cost informationPinning down budget and timetableAgreed balance between time, cost and quality	<ul style="list-style-type: none">Effective project monitoring and reportingEffective communication with stakeholdersControl of change ordersEffective decision making and resolution of issues makingRisk based, appropriate assurance plans	<ul style="list-style-type: none">Commissioning strategyCoordination and planning for handoverProblems and dispute managementOperating & maintenance managementDefects managementWarranties and guaranteesFinal account negotiationsEffective facilities management processesProject close-out review

Great Programme Management at a Glance

70% of major programmes fail to deliver the expected benefits

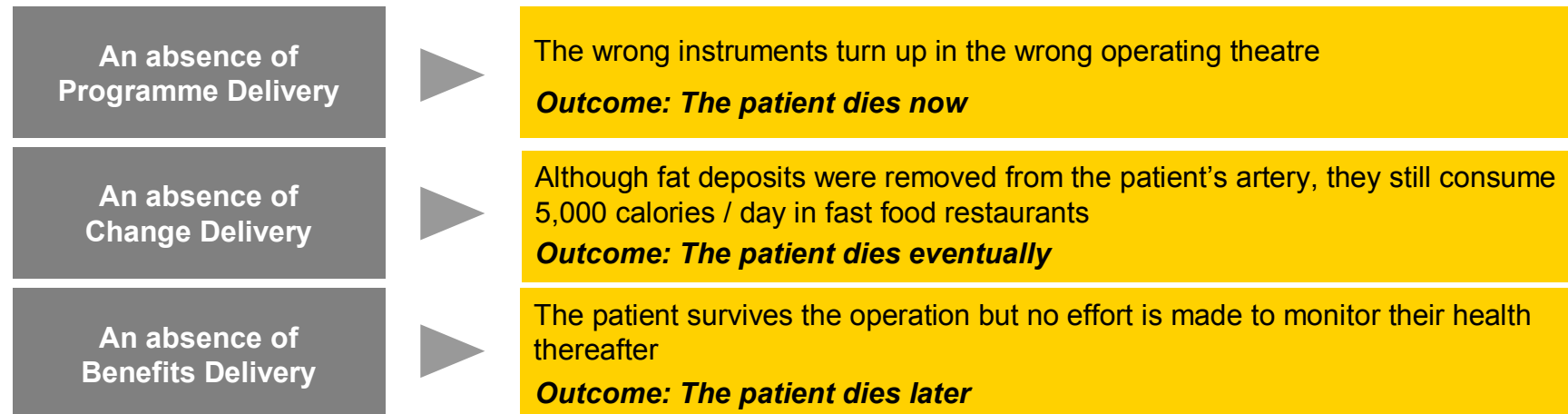
10% are doing the wrong things. 60% are doing the right things badly

– this is why great Programme Management is so important

Key elements of Programme Management:

- ▶ Programme delivery
- ▶ Change delivery
- ▶ Benefits delivery

Illustration: Angioplasty to widen main artery



Great Programme Management at a Glance

Critical success factors:

Success Factor	Description	Enabled by
Sponsorship	Overall direction and leadership responsibility rests with one individual – at Board Level who is the key sponsor of the PMO	Stakeholder Strategy
Focus on Change	A clear vision is defined and communicated with all members of the Board united by the vision and outcomes	Vision, Blueprint
Communication	PMO management and support processes are in place to help monitor and the change programmes and ensure “On time, on costs, on quality, on benefits”	PMO Processes and Controls
Capability	The organisation is capable of achieving the change required by the programme(s) and has the appropriate skills and experience	Resource Plans, dependency tracking
Empowerment	The Head of PMO or PMO manager is empowered to make the health checks, audits of projects, review and challenge status reports	Programme Assurance
Scope	A defined, prioritised and baselined roadmap aligned to strategic goals where the impact on any change is formally assessed and understood	Change Control process
Sustainability	Clearly assigned accountability for the delivery of business benefits, which are sustainable, measurable and realisable post transfer to business as usual state.	Benefits Realisation Plan

What finance can bring to great project delivery

- ▶ Strong analytical skills
 - *devil is in the detail*
- ▶ Commercial know-how
 - *wider business sense to keep the project true to its intent*
- ▶ Business Case Development
 - *robustness in its focus on adding value at the outset*
- ▶ Benefits
 - *robustness in its focus on delivering to the desired outcome*
- ▶ Project accounting
 - *integrity in the numbers and representation in the book of business*
- ▶ Budget management
 - *maintaining an true and impartial view on what is spent / left*
- ▶ Embedding and integrating risk management effectively
 - *eliminating future issues and not being afraid to call out*

Some great projects where finance is enjoying some real value add

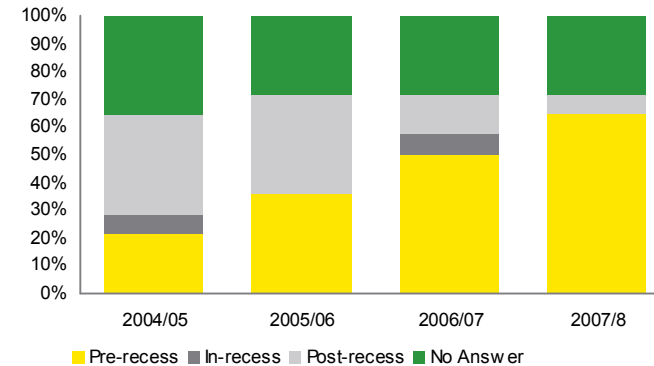
- ▶ Identity & Passport Services
- ▶ Olympic Delivery Authority
- ▶ Pandemic Flu
- ▶ Nuclear Decommissioning Authority
- ▶ Glasgow Commonwealth Games
- ▶ Commissioning
- ▶ GMPTE



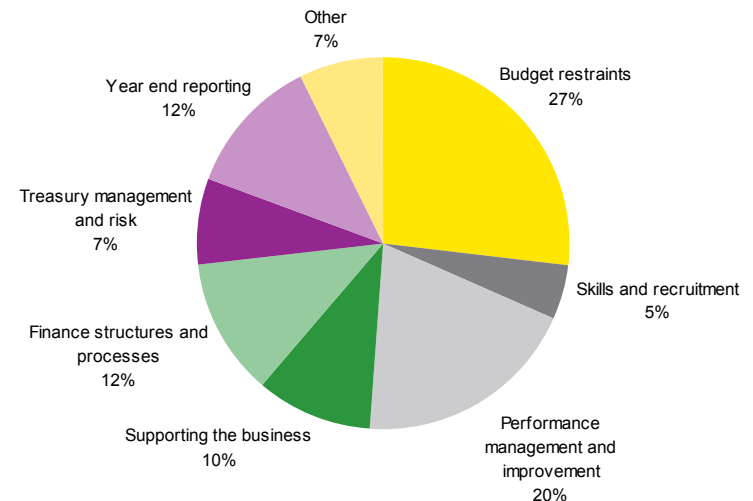
How finance can organise itself for successful project delivery

- ▶ Unlock itself from the ties of finance operations only
- ▶ Shift balance to value added services
- ▶ Gain confidence and acceptance from the board as their critical friend
- ▶ Dedicate resources to commercial finance & decision support
- ▶ Deploy finance professionals across the business
- ▶ Measure performance through satisfaction surveys across the business

Efficiency (months to lay accounts)



Key finance issues & challenges



Conclusion

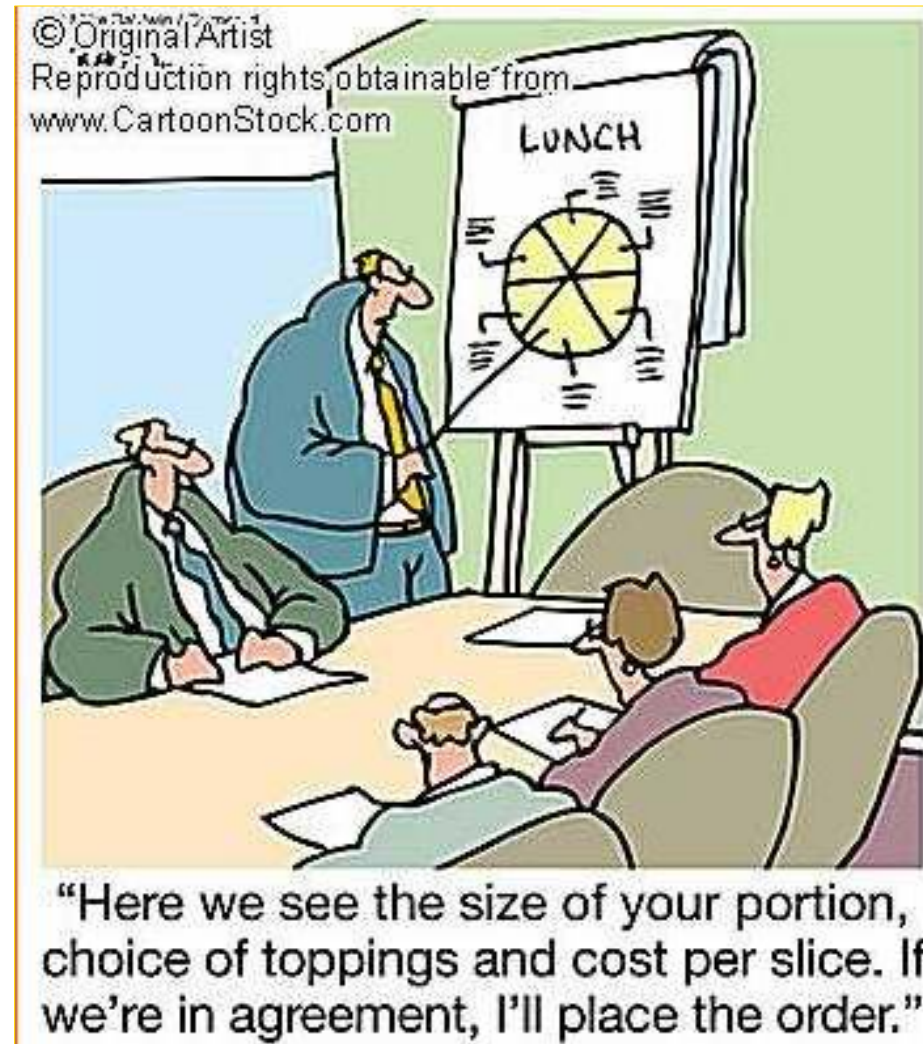
- ▶ Early involvement in projects will ultimately help avoid problems with establishing priorities, sources of funding, budgeting and project oversight
- ▶ Apply your broad perspective of organisation's overall needs to take more of a strategic role
- ▶ Facilitating communication to allow a better understanding with all stakeholders
- ▶ Taking the initiative in “the hour of need” to position finance on the front foot

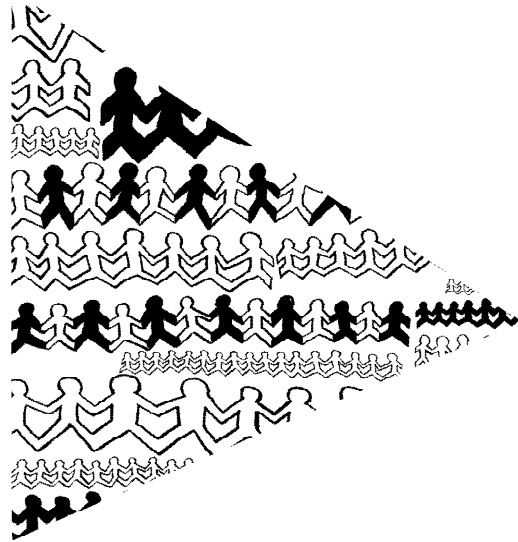
And finally.....

Now is the moment...

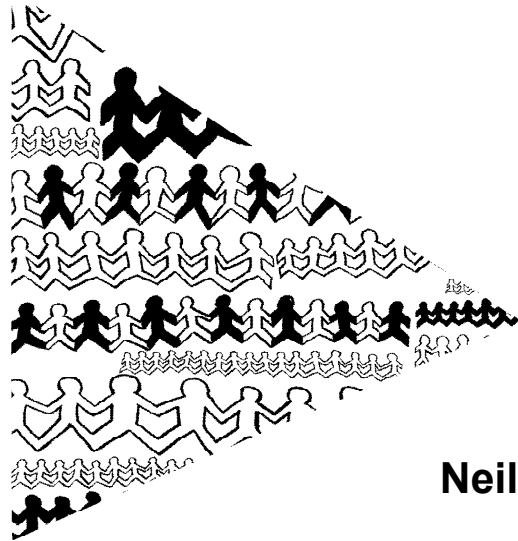
Be bold, get engaged....

Your programmes need your profession!!





Thank you



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