SUPPLY CHAIN DEVELOPMENT THROUGH PROJECT MANAGEMENT

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ABSTRACT
Traditionally, examination of the interface between Supply Chain (SC) Management and Project Management (PM) focuses on how the former may support the latter, particularly in the construction industry. This is predominantly done by communicating project phase requirements to suppliers through the usage of ‘hard’ deterministic methodologies. Arguably, the alternative scenario according to which ‘softer’ PM methodologies may be used to facilitate SC development, has received limited academic attention. This is particularly true for the public sector and specifically the case of local councils. Our paper examines, theoretically and empirically, the role that PM has played in dealing with the difficulties related to SC development and procurement in the Manchester City Council (MCC). In more detail, we look at how the development and implementation of a novel PM methodology has fostered SC development and supported organisational change throughout by appropriately addressing external (citizens, EU, UK government) and internal (organisational structure) pertinent issues. Our research takes the form of a longitudinal study according to which relevant information has been recorded for the time period 2003 – 2006. The information has been collected through a series of interviews and meetings with the individuals that have been influencing or participating to the developments. Additional data has been obtained through other recorded information (e.g. company reports) and some ‘in house’ observations. Our paper concludes with the contribution of our work along with some interesting avenues for further research.

KEY WORDS
Project Management, Supplier Management, Organizational Structure, Public Sector, Case Study

1. Introduction
The public sector accounts for 40% of the UK’s gross domestic product and it is the biggest purchaser of goods and services in the UK, spending over £100 billion in 2004-05 for utilities, professional services, temporary labour, construction, social housing, social care and environmental services [17]. The central government alone spends approximately £460 billion per year on goods and services [12]. The majority of these funds are raised through taxation and, therefore, local councils are accountable to the taxpayers on how this money is spent. The European Union, on the other hand, has produced a ‘good procurement practice’ and following the Treaty of Rome in March 1957, has developed a number of directives that aim to aid local councils in the process of procuring goods or services. Under article 49 of the Treaty for instance, members of the European Union are required to provide freedom for the movement of services amongst the member states. For this reason, public procurement contracts must be made available to contractors across Europe.

The public sector has responded to the above developments by introducing a number of initiatives and policies in their supply base in an effort to ensure service improvement and the offering of best value to the citizens of local boroughs. Some of these initiatives include public private partnerships (PPPs), contracting out, private finance, market testing and others. Nevertheless, ensuring compliance with the relevant directives has been proved to be particularly difficult predominantly because procurement functions of public sector organizations tend to be fragmented and therefore heavily influenced by ‘local’ organizational structures [2]. Therefore, in order to ensure transparency and public accountability and in order to deal with the problems associated with organizational change, some local councils have attempted to standardize approaches to procurement and supply chain management through the usage of internal methodologies.

To this end our research examines, theoretically and empirically, the role that Project Management (PM) has played in dealing with the difficulties related to this new “status quo” in the Manchester City Council (MCC). In particular, we look at how the development and implementation of a novel PM methodology has fostered Supply Chain (SC) development and supported organisational change throughout. This is in contrast with the more traditional examination of the interface between PM and SC management where the focus is on how managing the supply chain may assist Projects (see for example[25]).
The remainder of our paper is organised as follows: Firstly, some background information is given on the structural changes occurred between 2003 and 2006 in MCC and on the pertinent PM and SC management issues. Subsequently, the European Union and UK government relevant legislative issues are reviewed followed by an examination of the literature on the key areas addressed in our paper, i.e. PM, Procurement and SCM and organisational structure. Methodological details are outlined in section 4 followed by the MCC PM framework and rationale for its development, discussed in section 5. Empirical results are then presented in section 6 and the conclusions of our work along with natural extensions for further research are discussed in section 7 of the paper.

2. Background Information

The MCC Capital programme is currently valued at £250-270m annually. Prior to 2003 construction projects were managed by the ‘City Architects’ staff (a mix of architects, engineers and quantity surveyors). Only few of the City Architects had professional PM skills and the general management skills varied from person to person. In many cases projects were looked at in isolation rather than as programmes of work; the focus was on the technical tasks (the ‘hard elements’ of the project) with silo working and less than ideal levels of communication (i.e. insufficient focus on the pertinent ‘soft’ issues). All of this contributed to outcomes that fell short of best value in too many instances.

In response to these matters as well as the issues briefly discussed in the introductory section, in 2002 MCC extended the remit of the Capital Board chaired by the Chief Executive (with a clear focus on service improvement, best practice and best value) in an attempt to move the organization to a ‘better place’. The MCC has been constantly looking for ways to avoid duplication and get a better value for budgets (including increased Procurement value – what is termed as: MEAT – Most Economically Advantageous Tender, with a focus on outcomes and best value). To that end MCC appointed a Capital Programme Director to develop a change strategy. The creation of a Capital Programme Group in 2003 has followed that appointment. The development and roll out of a generic approach to project management (the Manchester Method) commenced at the end of 2003. In 2004 this was supplemented by the development of a coherent approach to the strategic and financial appraisal of the capital programme (the MCC Gateway Review process). Rethinking the MCC procurement strategy (supply chain management via partnered frameworks) was initiated at about the same time. Although originally pursued as two distinct improvement initiatives, the Gateway and procurement are now regarded as mutually reinforcing with consolidated reporting and progress on both reported quarterly to the Capital Board. It is interesting to note that the very first partnered framework agreement was for project management and cost consultancy. There are now (February 2007) 14 such framework agreements covering a broad range of construction and consultancy services.

Prior to 2004 only three PM phases (currently termed as Gateway stages) existed (please refer to Figure 1, The Manchester Method). In the current Gateway process (discussed in detail in section 5) those phases correspond to stages 3, 4 and 5. At the time they were not branded as ‘Gateways’ but nevertheless they were regarded as three separate stages in the management of capital projects, namely bid, budget approval and approval to spend. All three stages were owned by the City Treasurer. By 2004 a national Gateway process, developed by the Office of Government and Commerce (OGC), was already in existence with a focus on the business case and feasibility of major Governmental projects at start up and initiation stages. An organisation was commissioned to further develop national Gateway, offering external scrutiny (at cost) for major projects in local government. Again the focus was on start up and initiation. National Gateway was deemed inappropriate for scrutiny of the MCC capital programme but some of its principles were preserved in the current MCC Gateways 1 and 2.

![Figure 1: The Manchester Method (Project Management)](image-url)
The purpose of our research is to investigate, in a longitudinal manner, the changes occurred in the MCC during the period 2003-2006 and to examine how PM has facilitated SC development.

3. Literature Review

3.1 EU Directives

The origins of the European Procurement law and the development of directives can be traced back to the Treaty of Rome in March 1957. The treaty reinforced five main objectives namely, (a) transparency of procurement procedures, (b) free movement of goods, services and people between member states, (c) development of effective competition for public sector contracts, (d) standardisation of specifications and (e) provision of advance procurement information to the marketplace. Any public sector procurement decision that infringes the treaty can be taken up with the European Court of Justice.

The impact of the directives to the public sector has been profound. As discussed in the introductory section of our paper, compliance with the directives has been proved to be particularly difficult, predominantly because procurement functions of public sector organizations were fragmented and therefore heavily influenced by ‘local’ organizational structures [2]. Naturally, the enforcement of the directives into the UK legislation allows potential suppliers and service providers to take local councils to the UK or EU courts of law when discriminatory specification, improperly worded advertisement of tenders or unfair evaluation criteria have been applied by local procurers.

The relevant regulations are addressed in the Public Works Contracts Regulations 1991, the Public Services Contracts Regulations 1993, the Public Supply Contracts Regulations 1995, and the Utilities Regulations 1996 [3]. The pertinent regulations will depend upon the type of the procurement tender. According to the article 49 of the Treaty of Rome the tender process must be transparent and open to scrutiny. Therefore, all tenders must be advertised in three different forms namely the ‘Prior Indicative Notice’ (where forthcoming contracting requirements are listed), the ‘Tender Notice’ (in the official journal of the European Community), and the ‘Post Award Notice’ which provides unsuccessful bidders and the public with information about the contract and the awarded contractor. The selection of the final contractor is based on the ‘lowest price’ or the most ‘economically advantageous’ tender [3].

However, and despite the above discussed regulations, some studies reveal that cost and time overruns, poor safety performance and poor quality and environmental performance in delivering public sector projects remain serious issues for further consideration (e.g. [33], [34]). [11] examined 258 large transport infrastructure projects covering 20 countries, and reported that cost overruns occurred in almost 90% of the projects examined. According to [35], approximately 70% of the projects financed by the central government in UK experienced delays in final completion.

3.2 Project Management Considerations

All projects share one common characteristic: The projection of ideas and activities into new achievements. Fundamentally, Project Management (PM) deals with trade-offs between Time/Cost/Quality conformance. It achieves this by using a generic methodology that: (a) formally addresses the main aims and objectives of the project, (b) identifies the key stakeholders, (c) establishes the critical success factors and their key performance indicators - KPIs, (d) plans and schedules the activities, (e) assigns resources to them and (f) evaluates the related risks [23]. The implementation of PM in the above form for continuous improvement initiatives is well established in the literature ([4], [6], [13], [18], [22]). This is further discussed in section 5 of our paper.

Perhaps a very important contribution, in the above direction, in the UK, is the latest work by the ‘Centre for Research in the Management of Projects’. In October 2006 a special issue in the International Journal of Project Management (IJPM) reported on the findings of the centre (a two-year study funded by the Engineering and Physical Sciences Research Council - EPSRC) on ‘Rethinking Project Management’. Contributions to the special issue dealt with project management from a number of different perspectives but the overall consensus is reflected on the statement by [37] “There is a growing conceptual shift away from the traditional engineering view of projects, towards a more business-oriented view, in which the primary concern is no longer the capital asset, system or facility etc. but increasingly the challenge of implementing business strategy, improving organisational effectiveness, and managing the realisation of stakeholder benefits (advance on line publication)”.

Arguably, and in line with the above statement by [37], the most prevailing project management thinking is the ‘hard systems model’ (also referred to as the ‘task perspective’ in certain publications) that focuses on planning, scheduling and the overall deterministic and control elements of projects such as critical paths and network analysis ([5], [25], [40]). Nevertheless, the ‘hard systems model’ approach has been criticised for failing to
According to [38] "experience shows that it is people who deliver successful projects, not methods and tools, and it is people’s ability to engage intelligently with the complexity of projects, that is central to the successful management of projects (advance on line publication)".

[25] analysed 763 papers and book reviews published in the Project Management Journal, the Project Management Network, and IJPM between 1990 and 1999, and concluded that ‘there is a need, fundamentally, to refocus the discipline and its research paradigm. We need to understand better, in particular, the linkages between project management and business performance, and project management’s generic responsibilities and actions in the area(s) of technology and design, IT, supply chain management . . .knowledge, learning and competency development is key.’

In a latest publication, [19] agreed with [25] and added a few more dimensions to the argument. They investigated 11 books published after 2000 and all articles published in IJPM between 1983 and 2004 on Project Management and reported six project perspectives: the task perspective, the leadership perspective, the system perspective, the stakeholder perspective, the transaction cost perspective, and the business by project perspective. According to this, the first two perspectives are the dominant ones, where traditionally (prior to 2000) most publication are concerned with the ‘harder’ task perspectives of projects whereas lately the focus has shifted to the ‘softer elements’ such as leadership. The authors concluded that “findings show that the task and leadership perspectives together are dominant in modern project management literature, indicating that the literature is primarily based upon these two perspectives. In addition, our findings indicate that the modern project management literature focuses more on leadership than the traditional literature used to (advance on line publication)".

3.3 Procurement and Supply Chain Considerations

Almost all of the above scholars stress, either implicitly or explicitly, the need to undertake further research in specific organizational contexts accounting for specific internal and external influencing parameters such as organizational structures, leadership, supply chains, business results and others (see for example [7], [19], [25], [28], [39]). Few existing studies on public procurement do highlight how common modifications of organizational structures are [8]. Nevertheless, the implementation of a novel PM methodology as an enabler for Supply Chain development and organisational change within local councils, has not received much academic attention.

[10] use the term New Public Management (NPM) to describe the paradigm shift in the administration of the public sector in the past 20 years. NPM has its origin in the private sector where efficiency and effectiveness in all affairs of the business is of paramount importance. NPM therefore attempts to enhance the performance of the public sector by adopting management methods from the private sector. [10] state that ‘some key terms are, concentration on core competencies [30], outsourcing and, more recently, supply chain management as a portfolio of vertical arm’s length and closer relationships between supplier and buyer. Long-term partnerships with suppliers can build “social capital” [9]. Social capital, mainly developed by trust and commitment [24], may reduce transaction cost and enhance linkages between public, private and not-for-profit sectors [9]. Public sector authorities are expected to concentrate on core competencies in the hope of eliminating non-efficient operations, thus creating a “lean state” (p, 221)”.

3.4 Performance Measurement and KPI Considerations

Sir John Egan’s Report on ‘Rethinking Construction’ 1998 challenged the Construction industry to measure its performance and meet a set of improvement targets, and proposed an industry-wide collective responsibility for ensuring that procurement improved throughout the supply chain. A working group named ‘The KPI Working Group’ was set up to produce a comprehensive framework that construction enterprises could use to measure their performance against the rest of the industry. The framework has been designed to be used by all organizations large or small, designers or constructors. The KPIs presented to the industry are time, cost, quality, among others, the following metrics: Solution to brief, client satisfaction, client changes, business performance, level & impact of defects, response to defects, level and impact of snags, and response to snags. Other KPIs may also be introduced to include site establishment, accessibility to on-site staff, accessibility to off-site staff, response times to queries and instructions, programme control and reporting, cost control and reporting, problem solving, team working, and communication. Although the above KPIs were originally proposed for the construction industry in particular, they were perceived by MCC as generic enough to capture/reflect performance in a variety of industries.
3.5 Organisational Structure Considerations

According to [26] "organizational structure is the way that responsibility and power are allocated, and work procedures are carried out, among organizational members (p. 283)". In the relevant literature the nature of organizational structure is being described as inorganic (mechanistic) versus organic where the inorganic paradigm is effective when there is a high degree of certainty in the business environment, and the organic when the environment is unstable and volatile [29]. [21] argued that organizations seek to establish integrative structural mechanisms to deal with environmental pressures and the associated uncertainty and volatility.

The impact of organisational structures to the procurement and management of projects within any business is relatively established in the pertinent academic literature. [15] used a series of case studies to investigate the relationship between organizational structure and supply chain management and reported a very strong link. Lack of appropriate organizational support structures and a team approach to the development of agreements as well as isolated initiatives from individuals are the main factors hindering supply chain development [36]. [29] showed empirically that organisational structure is potentially a key catalyst to SC development, particularly on service level agreements and purchasing consortia, two methodologies widely used for public sector procurement. Other scholars have also discussed, empirically or theoretically, the relationship between organizational structure, project management and supply chain development. Previous work from [1], [16], [20], [26], [27], [36], [39], is particularly revealing in relation to the above discussed issues.

4. Methodological Considerations

Our research uses the ‘longitudinal single case study approach’ to report on the development of PM and Procurement functions for SC development within the MCC between 2003 and 2006 inclusive, accounting for the impact of organisational structure related changes. The information has been collected through a series of interviews and meetings with the individuals that have been influencing or participating to the developments. Additional data has been obtained through other recorded information (e.g. company reports) and some ‘in house’ observations.

The term longitudinal refers to research that extends over time and involves the studying of changes to the organisation or to the wider stakeholders. [32] states that “when the main interest is in describing or assessing change or development over time, some form of longitudinal research is the method of choice” (p. 50). In that respect such an approach could be used to investigate organisational structures, culture, leadership, supply chains etc.

Longitudinal research applied to management studies offers the best opportunity to acquire insight information on practices, policies and developments within all types of business [31]. Along the same lines, it can be argued that longitudinal research studies can be used to observe how a situation develops as a result of changes or interventions over time. These changes or interventions can be either internal or external.

This type of approach has been largely associated with the positivist methodological paradigm and cross-sectional studies, experimental studies and surveys [14]. Nevertheless, [32] states that although “a survey is often the main approach in this kind of research, there is no reason in principle why case studies could not be chosen” (p. 50).

5. MCC Framework

5.1 Project Management

Valuable lessons had been learned from the delivery of projects associated with the City Centre Task force (set up in 1996 to manage the rebuilding of Manchester City Centre following the IRA bomb attack and the Commonwealth Games in 2002 held in Manchester). However, prior to 2003, PM was mainly synonymous with a considerable number of problems, namely:

- Poor appreciation of project lifecycle (that in fact begins before procurement and extends beyond it)
- Inconsistent delivery processes or adherence to best practice
- Confused roles and responsibilities
- Unclear ownership and inadequate delivery structures
- No common language or recognition of PM skills
- No central support for PM
- Poor documentation and progress reporting and almost total absence of risk management, inconsistent or ineffective change control mechanisms and very high consultancy costs.

Moreover, the prior to 2003 strategic and financial assessment highlighted the inconsistent or ineffective scrutiny and location appraisal, the absence of corporate lead and central support, the inconsistent approach to determining feasibility and the unrealistic ‘spend profiles’ and poor appreciation of risk.
5.2 Procurement and Supply Chain Management

Traditionally, MCC tendered every project separately via a random selection of companies from the Council’s Standing List of Approved Contractors (SLOAC). This separate tendering process was both time consuming and costly and the selection criterion was ‘lowest price’. Risks were loaded on the contractor and included in the price. If risks were avoided then the client would pay in full; but if a risk did arise then the contractor would claim for additional costs. Contracts were commercially adversarial and therefore disputes became common place.

In addition, client budgets were often prepared without due rigour and the brief was often loose. Consequently, the delivery times were unrealistic. Tenders often came in over-budget with a consequential reduction in scope or compromise on quality. As a result, in many of these cases there was a failure to deliver a product that was fit-for-purpose and client expectations were rarely met. In line with the Egan and Latham Reports, too many contracts were over budget, delivered late and achieved little client satisfaction.

5.3 The MCC Capital Programme Gateway Process

The first full version of the MCC Capital Programme Gateway Process (Gateways 0-7) was published in July 2004. Since then there have been minor modifications to the narrative presented in the boxes within the flowchart but the 7 Gateways remain, effectively, unchanged in principle. The latest version, no. 7 (June 2006), is presented in appendix A.

Gateway 0 ‘sets the agenda’ where the needs, initial ideas and opportunities for improvement are discussed for the first time. Gateway 1 defines the evaluation criteria for projects and programmes whereas Gateway 2 is concerned with the corporate fit of projects. Gateway 3 sets the evaluation criteria for the detailed bid appraisal. Gateway 4 is the budget approval stage where the sign off of projects for inclusion in the capital budget is taking place. In Gateway 5 the VAT sign off and approval to spend is authorised. Gateway 6 is the confirmation of project completion and Gateway 7 is the confirmation of the financial closure of the project. Gateways 0 to 3 constitute the start-up phases of the project; Gateway 4 is the initiation stage whereas 5, 6 and 7 constitute the delivery phase of the project. As an integral part of the above categorisation, procurement is explicitly facilitated by Gateways 1, 3, 5 and 6.

5.4 Current Construction Frameworks within MCC

Our paper is using three main construction frameworks which have been procured by MCC over the last three years, in order to discuss the benefits raised from the implementation of the above discussed PM methodology. Those frameworks are the following:

- Education Framework One (education projects £500k to £5m). This is now coming to the end of its third year and likely to be extended to a five-year period.
- Education Framework Two (education projects over £5m). This is currently part way through year two out of four in total.
- Small Works Framework (all MCC client department projects, up to £500k). This is a four year arrangement that commenced in June 2006.

In more detail, our subsequent discussion focuses on the above mentioned construction frameworks and the benefits derived from the implementation of the Capital Programme Gateway Process, the improved Procurement for Supply Chain development and the changes in the organisational structure.

6. Empirical Results

6.1 Project Management Methods and Outcomes

Initial benefits associated with the development and rollout of the Manchester Method has changed the culture for project delivery and enhanced PM competencies throughout the Council. The corporate initiative for instance, is promoting national best practice based on the principles of Prince 2. Board members and delivery partners have now received formal training and advice and support to service departments is available from the Capital Programme Group. This in turn has facilitated better management of risk and improved progress reporting via monthly Red Amber Green (RAG) reports. As a result, the council has achieved OGC and Office of the Deputy Prime Minister (ODPM) recognition for National Capacity Building and has also received the National Training Award and the Association of Project Managers (APM) National Award in 2005. Following that a PM intranet site was developed to support PM initiatives.

6.2 Procurement Benefits

In 2002, MCC began the process of changing the way that it procured building work, being driven by the ‘Best Value’ and ‘Rethinking Construction’ agendas (Egan and Latham reports) promoted by ODPM. Since 2003, MCC has procured several long term Partnered Framework agreements for both construction (including Design & Build) and consultancy services. Through the new
frameworks the anticipated additional savings and efficiency gains have been realised. Contracts are now delivered within approved budgets and on time, and the management of risk has been improved considerably. Further than that, the reported higher levels of contractor satisfaction with the PM process lead to higher level of client satisfaction with the end product; in the words of the project manager, “for the first time in living memory, no contractual disputes remain unresolved at present time”.

The rigour of MCC Gateway scrutiny is paying dividends. Projects get off to a good start with a proactive steer on PM and procurement at Gateway 1. The approach to procurement, client quality expectations, planned budgets and delivery timescales are formalised at Gateway 3. Projects are robust and well developed ahead of formal tendering, following approval to spend at Gateway 5. Projects are formally closed and handed over (practical and financial completion) at Gateways 6 and 7. Finally, a ‘log’ of lessons learned is being compiled and it becomes available to project delivery teams via the intranet and the Project Management Systems (PMS) in the future.

According to one of the managers, "suppliers and their supply chains want to work for Manchester. MCC has developed a reputation for employing best practice in its procurement ventures, which means that we set up our procurement vehicles in a fair, transparent and robust manner, and treat our suppliers as true partners”.

MCC can be seen to be responding positively to Central Government procurement agendas and is now in a far better position to spend its Capital Budget more effectively and efficiently. This not only gives an improved output for MCC in any given year, but it also enhances its chances of successfully bidding for future Central Government funds because there is documented evidence that the budget is being spent in appropriately.

6.3 Operational Examples

At the operational level, and in certain jobs related to the Education Framework One, the client changed their brief on disability access requirements in relation to lift specifications. In this instance, the framework contractors’ and MCC’s focus was on the solution to be adopted in contrast with the ‘traditional’ reaction of regressing into a defensive and claims related approach. This was seen as a positive action to a challenging issue and an area where the introduction of partnered working has benefited all parties.

In another example one contractor was introduced to an outline requirement in April 2005 to design, construct and complete a £600k refurbishment of a special needs school for the first week in September of the same year, within a pre-determined budget. The project was delivered successfully and this constitutes a prime example of what can be achieved via a collaborative approach. According to the procurement manager "the Council is in no doubt that such a project could not have been achieved without the framework arrangement and the partnering ethos embraced by the client and their supply chain partners”.

7. Conclusions and Extensions

The application of Project Management (PM) for the purpose of facilitating Supply Chain (SC) development has been suggested to be a fruitful area for further research (see for example [29]). This paper reports on the development and implementation of a novel PM methodology that negotiates SC development and structural related issues in the Manchester City Council (MCC). In particular we have examined, in a longitudinal manner, how the needs of external stakeholders (i.e. local citizens, EU, and Central Government) and the requirements stemming from internal organisational structure related changes have been addressed, by developing a standardized PM methodology for public procurement and SC development.

In that respect, the novelty of our research lies, partly at least, on the very application of a PM methodology to foster SC development in public sector, in contrast with the traditional examination of the interface under concern where the latter has been used as an enabler for the former. Moreover, we have examined the relationship in a rapidly changing environment where the need for a value adding standardized approach is necessitated by the very interaction between the heavily regulated public sector (with a focus on transparency and openness to scrutiny) and the entrepreneurial ‘ethos’ of the private sector (that focuses on efficiency and effectiveness).

The empirical results demonstrate the improvement achieved over the last three years in MCC through developing and implementing the above discussed PM methodology. To that end, our study provides both qualitative (statements of directors, observations) and quantitative (KPI metrics) operational examples related to those improvements. Three current framework agreements are used as the vehicle to discuss the relevant benefits.

Our work is also in line with the latest call from a number of influential scholars to undertake further research away from the conventional ‘hard’ perspective of projects in order to investigate ‘softer elements’ such as SC
development and organisational structure in specific contexts of application.

The MCC is currently looking at possible extensions of the Gateway process in terms of:

- Document retention - identifying what needs to be available on-line and for how long; this may not constitute a new Gateway but needs to be agreed and actioned at project closure.
- Benefits realisation - a formal review and evaluation that would take place 18 months to 2 years post project closure; this will perhaps constitute a new Gateway (no. 8).
- Document archiving - removing project documentation from the live system into a searchable archive; this will also perhaps constitute a formal stage (Gateway 9) that will follow the review of benefits realization.

Employees within MCC agreed that the introduction of KPIs specific to the context of public sector procurement is desirable. These context-focused KPIs should be precise enough to consider Government and European Legislation and Directives for public procurement as well as being flexible enough to allow the incorporation of future developments and potential enlargements of the European Union.

Extensions of the work presented in this paper would include but not limited to: (a) Application of alternative research methodologies to validate the appropriateness of the PM model in similar public sector contexts; (b) Investigation of the extent to which other internal organisational issues such as culture or leadership styles could influence SC development through PM; (c) Evaluation of whether the success of the proposed PM methodology for SC development in MCC could be transferable to other relevant industries, such as public hospitals and public education, and whether it would still be beneficial under different organisational structures.

References


Appendix A. Capital Programme Gateway Process

**Gateway 0**
Mandate
Service Depts/External Partners

Drivers:
* MCC Improvement Programme
* Access Manchester
* Public Service Agreement Targets
* Asset Management Strategy
* Local Strategic Partnership
* Regeneration Development Plans
* NEM Implementation Plan
* Joint initiatives - external partners
* PPP/PFI initiatives
* Section 106 receipts

Needs/ideas/opportunities
(Owner: Chief Officer)

**Gateway 1**
Strategic fit
Gateway Review Group

Evaluation criteria for projects & programmes
* Current status and outline business case
* Strategic fit (internal and external partners)
* Geographic fit/impact on other projects
* Potential funding sources/procurement aspects
* Stakeholders/partnership support
* Impact on asset portfolio
* Potential VAT impact (major projects/programmes)
* Contribution to ‘Greening Manchester’
* Signed off by Regeneration (major programmes)

Accept, advise or reject
(Owner: Deputy Chief Executive – Regeneration)

**Gateway 2**
Corporate fit
Strategic Management Team

Report by exception via Deputy Chief Executive – Regeneration:
* Observations from Review Group
* Corporate aspects
* Strategic appraisal against overall shape of MCC Capital Programme
* Periodic reviews of major Programmes

Accept, advise or reject
(Owner: Deputy Chief Executive – Regeneration)

**Gateway 3**
Detailed bid appraisal
Scrubtny Panel

Evaluation criteria:
* Review of mandate and business case
* Review of feasibility/option studies
* Evidence of consultation with partners/stakeholders
* Indicative costs/delivery timescales
* Appraisal of funding and procurement proposals
* Revenue consequences including VAT
* Whole lifecycle costs/Environmental impact - CO2
* Risk analysis/project delivery to MCC Method
* Asset Management Strategy/AMP appraisal
* Evidence of consultation with Regeneration
* Planning constraints/ICT/ DfA2/DDA appraisal
* Evidence of consultation with members

Do we have a viable and worthwhile project / programme?
(Owner: City Treasurer)

**Gateway 4**
Budget approval
Executive & Council

Appraisal of monthly increases:
* Comments from Scrutiny Panel
* Available financial resources

Appraisal of annual bids:
* Comments from Scrutiny Panel
* Available financial resources

Sign off for inclusion in Capital Budget
(Owner: City Treasurer)

**Gateway 5**
CAPEX/VAT approval
City Treasurer/Executive Member
Finance

Appraisal:
* Financial scrutiny – via Capital & Projects Section (Part A)
* VAT scrutiny via Taxation Group (Part B)
* Technical scrutiny via Capital Programme Division and Capital & Projects Section (Part C)

VAT sign off and approval to spend
(Owner: City Treasurer)

**Gateway 6**
Practical completion
Capital Programme Group

Review:
* Final Red/Amber/Green report
* Lessons Learned report
* End Project report
* Handover Plan
* Agreed responsibility for financial completion
* Recommended follow on actions
* Any updates to Asset Register

Confirmation of project completion
(Owner: City Treasurer)

**Gateway 7**
Financial closure
Capital Programme Group

Review:
* Formal closure of capital account via SAP
* Performance review
* Benefits Realisation report
* Updated Lessons Learned report

Confirmation of financial closure
(Owner: City Treasurer)

**Lessons**

**Benefits**

**Realisation**